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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Tuesday 19 April 2016

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

National Insurance Numbers (Other EU Nationals)

1. **Henry Smith** (Crawley) (Con): When HM Revenue and Customs plans to publish data on the number of active national insurance numbers used by people from other EU countries. [904537]

The Financial Secretary to the Treasury (Mr David Gauke): The Government are committed to providing data on active national insurance numbers used by people from other EU countries. HMRC is currently compiling that information and is working closely with the Office for National Statistics, which is reconciling the four main sources of international migration data. The data on active national insurance numbers will be published as part of, or alongside, the ONS's publication. It is up to that independent statistics authority to decide when it is ready to make public the information.

Henry Smith: I have been asking HMRC for the figures since January. The British people have a right to know such facts, particularly in the context of the UK's EU referendum debate. Will we know before 23 June how many foreign nationals from other EU countries have national insurance numbers?

Mr Gauke: It does take some time for HMRC to combine and match multiple datasets and hundreds of millions of lines of its own and the Department for Work and Pensions' data. The intention is to publish the information alongside the ONS analysis. I note that according to its website the ONS plans to publish in May a note on migration incorporating the latest available migration data, and helping to explain further why the two datasets show different trends.

Chris Leslie (Nottingham East) (Lab/Co-op): What about the 3.3 million people—one in 10 of the existing workforce—who pay their national insurance and tax and whose jobs are linked to UK exports to the EU? Does the Minister agree that leave campaigners should not just cross their fingers and dismiss reality and that Members on both sides of the House have a duty to spell out the fact that leaving the EU would put real jobs at real risk?

Mr Gauke: The hon. Gentleman will be aware of the Treasury analysis published yesterday that shows the various models and the consequences were we to leave the EU, including a permanent reduction in our GDP compared with what it otherwise would be and significant damage to productivity growth. The hon. Gentleman is right to highlight that point.

Mr Steve Baker (Wycombe) (Con): Do the Government welcome the opportunity to bring forward actual data without the need to project forward 14 years using techniques that have proved to be inaccurate every six months?

Mr Gauke: As I said, HMRC has gone through the data and will provide them to the ONS. It is for the ONS to decide the timing, but I have drawn the House's attention to what it has said.

Returning to the Treasury analysis, it compares one scenario with other scenarios, and all three possible scenarios for leaving the EU would leave this country poorer than we otherwise would be.

Helen Goodman (Bishop Auckland) (Lab): The impact of EU membership on jobs is obviously significant. Will the Minister pass on my congratulations to the officials who did the useful analysis that was published yesterday? A regional breakdown on page 65 of the document suggests that 100,000 jobs in the north-east are dependent on EU exports. I had thought that the figure would be 140,000, so will he ask the officials to look at it again with a view to revising it up?

Mr Gauke: I will certainly take that representation on board. Of course, the north-east of England has the very large Nissan plant, which provides a significant number of jobs. The argument in the Treasury analysis is that we benefit from an open economy. If we leave the single market, we become a less open economy, which will have a cost to the British people in their living standards.

Mr Philip Hollobone (Kettering) (Con): The disgracefully dodgy document published by the Treasury yesterday is, frankly, worthy of the children's programme "Jackanory". The immigration figures suggest that there will be 3 million more immigrants in this country by 2030, placing my hon. Friend in clear breach of the Conservative manifesto commitment to reduce immigration to tens of thousands a year. What is his response to that accusation?

Mr Gauke: The numbers are based on the ONS projection that was used at the last Budget. No account is taken of the achievements of the renegotiation secured by the Prime Minister. On the Treasury analysis, a large number of independent economic commentators have argued that it is broadly in the right direction. My hon. Friends who advocate that we should leave the EU should come forward with their own analysis, setting out exactly what model they would follow and what the economic consequences would be.

First-time Homebuyers

2. **Victoria Prentis** (Banbury) (Con): What steps he is taking to help first-time homebuyers. [904538]

The First Secretary of State and Chancellor of the Exchequer (Mr George Osborne): We are both building more houses and helping young families afford those homes. Some 400,000 new homes are being built over the years of this Parliament, half of them starter homes for first-time buyers. In the Budget I also launched the new lifetime ISA, so that young people no longer have to choose between saving for a home and saving for their retirement—we are going to help them do both. All this from a Conservative Government who support people's aspirations to buy their own home and, in time, pass that on to their children.

Victoria Prentis: Following the promise of an extra £19 million from the Treasury to help make Bicester garden town a reality, will the Chancellor update the House on the other means he is using to encourage house building, particularly for first-time buyers?

Mr Osborne: I am delighted that we can support the community that my hon. Friend so ably represents in Parliament, and provide money for the upgrade of the M40 junction and a new secondary school to go with the new homes being built in Bicester. Of course that comes as part of a suite: we are investing in new starter homes and in shared equity products for people; our help to buy ISA has been used by hundreds of thousands of people; and the new lifetime ISA will also help young people. Those are all things we are doing to make sure this a home-owning democracy.

Alison McGovern (Wirral South) (Lab): But there is a problem, because the Office for Budget Responsibility says that lifetime ISAs will increase house prices, as they will increase demand and there is relatively restricted supply. Is the Chancellor confident that his measures to increase the supply of housing will mean that the OBR is able to revise that analysis—yes or no?

Mr Osborne: I agree that it is vital that we not only help people afford homes, particularly young first-time buyers, but build more homes. That is the plan we set out in the spending review; a big priority of the capital budget was the additional billions we will be spending on building homes—much more than was spent under the last Labour Government.

Mr Christopher Chope (Christchurch) (Con): How is having net migration of an additional 3 million people going to help first-time buyers find a home?

Mr Osborne: As I say, we have the products to help first-time buyers in this country afford housing, but I make this observation on migration: you cannot have access to the single market without accepting the free movement of people. That is an absolutely clear principle, which has been made very starkly clear to this country by Germany and France, and is internationally accepted. If we want access to the single market, we have to accept the free movement of people.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): Will the Chancellor confirm that the number of under-35s who own their own home has fallen by a fifth since he came to office?

Mr Osborne: Under this Government the number of first-time buyers is up by 57%, whereas under the last Labour Government in the last Parliament it fell by 50%.

Seema Malhotra: Perhaps the Chancellor will be hearing for the first time that the number of under-35s heading homes they own has fallen by more than 280,000 since 2010. Indeed, the number of affordable homes available to buy has halved since then. Private rental prices rose by 2.6% in the year to February, with incomes failing to keep pace. In September, the Government spoke of a “national crusade” to get 1 million homes built by 2020, but in November that figure was more than halved. Shelter says the Government's starter homes scheme takes away homes that people on typical wages could afford. Is it not true that home ownership is in freefall because of the housing crisis, with young people who are aspiring to own being the hardest hit?

Mr Osborne: I have already said that the number of first-time buyers is actually up by 57% under this Government, and I would make this observation: we cannot have a strong and successful housing market, and people getting on the housing ladder, unless we have a strong and successful economy. If we followed the prescription of the Labour Front-Bench team, of nationalising half the economy and imposing punitive tax rates, there would not be anyone able to afford any home in this country.

23. [904559] **Chloe Smith (Norwich North) (Con):** Is it not the case that this Government's lifetime ISA could help to produce, at maximum rates, a home deposit of up to £50,000, and, even at lower rates of savings, a deposit enough for a terraced home in Norwich costing £120,000?

Mr Osborne: The lifetime ISA will be a very popular and successful new saving product precisely because it does not require people to choose between saving for a home or saving for their retirement; they can do both. We are also now looking at ways for people to draw on their savings during their lifetime for particular emergencies, or for when they need bits of money, like they do in the United States with the 401(k) scheme. The lifetime ISA will be a radically new savings product, and it will do what we need to do in this country, which is build a savings culture.

Productivity

3. **Kirsty Blackman (Aberdeen North) (SNP):** What assessment he has made of recent trends in the level of productivity; and what steps he is taking to increase productivity. [904539]

The Chief Secretary to the Treasury (Greg Hands): Productivity performance in the UK has been weak since the financial crisis, as it has been in all developed countries. The Government published their productivity plan “Fixing the foundations” last year. At the Budget, we announced additional reductions in corporation tax and business rates to incentivise investment, and gave the green light to infrastructure projects such as Crossrail 2 and High Speed 3.

Kirsty Blackman: The Scottish National party has continually argued that the UK economy is in dire need of investment to stimulate productivity. Despite the productivity plan, the Chancellor seems determined to persevere with policies that stifle productivity. What policies have the UK Government enacted that will encourage an increase in productivity?

Greg Hands: The hon. Lady is right in saying that there is an issue in relation to productivity in this country, but there is an issue across all major developed economies. Over the past year, productivity growth in this country was about 1%, which compares with 0.9% across the G7. On specific measures, we have established the National Infrastructure Commission, protected science funding at the Budget and spending review, introduced the Housing and Planning Bill, announced the apprenticeship levy, which is coming in, and announced a £100 billion infrastructure programme over the course of this Parliament.

Neil Carmichael (Stroud) (Con): Does the Chief Secretary to the Treasury agree that, by being a member of the European Union, this country benefits hugely from a cross-fertilisation of good ideas across the European Union, the supply chain, and foreign direct investment at 50%? Our trade, too, also benefits from our being in the single market—[*Interruption.*]

Mr Speaker: Order. No! The hon. Gentleman is very, very wide of the question. I have great respect for him. He has put his thoughts on the record, but they have absolutely nothing to do with the question on the Order Paper, to which the Chief Secretary will not therefore reply.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): May I press the Minister? He cannot just hide behind what he claims to be happening in all advanced economies. We are performing worse than most, particularly France. Is the reason for that not to do with the lack of skills of our workers and the lack of good education in our country? Will the Chancellor's silly policy on forced academisation help or hinder?

Greg Hands: We recognise that there is an issue with productivity, which is why we published the productivity plan, but in terms of growth, the UK was the fastest-growing major economy in 2014. Last year, we were in second place; this year we are also projected to be in second place, growing at a healthy rate. Therefore, with regard to growth, this country is doing very well indeed.

Damian Collins (Folkestone and Hythe) (Con): Does the Chief Secretary to the Treasury agree that £540 billion invested by foreign businesses in the UK over the past decade is vital to our future productivity, and that, if we left the EU, the uncertainty of our trading relationship with Europe and the world would put that investment in jeopardy?

Greg Hands: I agree with my hon. Friend. Leaving the EU would damage UK productivity. It has the potential to deny access, or to make access more difficult, to markets and investment. It is worth noting that the UK, with 28%, is the No.1 EU destination for foreign direct investment, and a large part of that is to do with our status as an EU member.

Rob Marris (Wolverhampton South West) (Lab): It was five years in office before we saw a productivity plan, and what happened last year? Productivity in the UK was 18 percentage points below the average for the rest of the G7. One sector that needs help is the UK steel industry. It needs more capital investment to be more competitive. How much money will the Government invest in steel in the next 12 months to improve productivity and save British jobs?

Greg Hands: The hon. Gentleman mentions the figure of 18 percentage points, and I refer him to an earlier answer in which I said productivity has been a long-standing issue in the UK. In fact, the figure was 17 percentage points back in the 1990s. As he well knows, the action we have taken on steel includes securing state aid to compensate for energy costs, securing flexibility over EU emissions regulations, ensuring that the procurement rules can also allow social and economic factors to be taken into account, and continuing to tackle unfair trading practices. The Government have been very active on steel, and that has not ended today.

Tax Havens

4. **Rushanara Ali (Bethnal Green and Bow) (Lab):** What steps he has taken to reduce the number of tax havens worldwide. [904540]

5. **Neil Gray (Airdrie and Shotts) (SNP):** What his policy is on requiring multinational companies to disclose to the public the profits they hold in tax havens (a) in British overseas territories and Crown dependencies and (b) elsewhere. [904541]

7. **Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op):** What steps he has taken to reduce the number of tax havens worldwide. [904543]

12. **Tommy Sheppard (Edinburgh East) (SNP):** What his policy is on requiring multinational companies to disclose to the public the profits they hold in tax havens (a) in British overseas territories and Crown dependencies and (b) elsewhere. [904548]

The First Secretary of State and Chancellor of the Exchequer (Mr George Osborne): The Government are leading the world in the fight against tax evasion and it was Britain that first demanded that multinationals publish, country by country, where they pay tax. Thanks to our leadership, that is now being taken up at a European level. Multinationals selling into Europe will be required to report the tax they pay, including in ultra-low tax locations. Britain has also got its leading allies to agree to share information on the beneficial ownership of companies. We are now seeking international leadership on a blacklist of tax havens, with punitive action against the jurisdictions on that blacklist. We want the rest of the world to follow our example; where we lead, others should follow.

Rushanara Ali: I thank the Chancellor for that answer, but Conservative MEPs have voted six times on instruction from the Treasury to block EU-wide measures against tax avoidance. What action will the Chancellor take to get all Crown dependencies to establish a public register of beneficial ownership?

Mr Osborne: At a European level, we are now getting agreement to ensure that multinationals should disclose where they pay tax around the world, including in ultra-low tax jurisdictions. We have just agreed with our leading European allies, France, Germany, Italy and Spain, that we will exchange information on beneficial ownership. In terms of public registries, we are literally one of the very few countries in the world—one of only two or three countries in the entire world—to have committed to a public register, but we want all jurisdictions, not just our overseas territories but all the other advanced economies of the world, to follow our lead.

Neil Gray: Last month, I tabled a series of written questions about the tax gap resulting from individuals and businesses using overseas territories and Crown dependencies. All seven questions were grouped into one answer from the Financial Secretary, which basically said, “We have no idea.” Now that the Government have been shamed by the Panama papers into hasty action, will they finally rectify the extraordinary situation whereby the Government have no idea how much is lost to the Treasury in this way each year? Would a public register of beneficial ownership not help in this regard?

Mr Osborne: We have published more detail on the tax gap than the previous Government and we have shown that it is at one of its lowest levels in our history. This Government have collected £26 billion more than was being collected by a Labour Government in extra compliance.

Jonathan Reynolds: Tax havens are merely a symptom of a much wider problem, which is that too often the wrong values are at the heart of our financial system. There is too much greed. There is insufficient reciprocity. There is still too great a disconnection between the real economy and the needs of our society. Eight years on from the financial crisis, what is the Chancellor’s genuine assessment of how much has changed for the better?

Mr Osborne: That is a perfectly reasonable question, and it was well put. A huge amount has changed. There is much tougher regulation of the financial system, and we have better regulators. Banks are more on the case of bad action in their areas, but it is true that more needs to be done to create a proper culture in the banking system in which they treat customers fairly and seek to do the right thing. That is happening, and the banks that do it will get rewards from customers in the marketplace. Like other professions, the industry is seeking to improve its standards of conduct.

Tommy Sheppard: The Chancellor will be aware that the reporting requirements for private companies are a lot less stringent than those for publicly listed companies. Although the register of beneficial ownership is an improvement, we need to know not just who owns a particular company but how much tax they are avoiding. If a company gets away with not publishing income, turnover or profit, that will not do. May I ask him what steps he will take with our overseas territories to ensure that this is rectified?

Mr Osborne: Of course, all companies have to pay their correct taxes, and we have taken action to ensure that. Country-by-country reporting is designed precisely so that people can see in particular where multinational businesses pay tax.

Mr Andrew Tyrie (Chichester) (Con): The recent information-sharing agreement that the Chancellor has just referred to could turn out to be a very significant step in the fight against tax evasion, and I support it. The public are right to be upset when businesses or individuals do not pay their fair share of tax. Evasion needs to be rigorously pursued, but does the Chancellor agree that when that is caused by tax avoidance, it is the job of Government to simplify the tax code and close the loopholes exploited by the avoiders?

Mr Osborne: I broadly agree with my right hon. Friend. I welcome the welcome that he gives to the agreement that we have with four other European countries on the exchange of information on beneficial ownership. We hope that will set an example that not just the rest of Europe, but the rest of the world will follow.

On tax avoidance, of course it is the responsibility of the House of Commons and the Government to try to make sure that the tax code and tax law are simple and do what is intended, but we are in a constant race, as has always been the case, against highly paid accountancy firms and the like, who design very contrived systems to avoid tax and avoid the intention of Parliament. There has been a significant development in our jurisprudence whereby the Supreme Court now takes into account the intention of Parliament, as well as the letter of the law. I think that is right, because as I say, there is sometimes a bit of an arms race in relation to the tax code, and the wishes of Parliament should be taken into account by our courts.

Michael Ellis (Northampton North) (Con): I congratulate my right hon. Friend on the agreement that he has just reached. Is it not the case that HMRC employs 26,000 investigators who work to stop tax evasion and avoidance, and that they have brought in more than £2 billion over the past six years from offshore tax avoidance? Does he agree that we should congratulate HMRC on doing the good job that its investigators are doing, and thank them for their work, and that anyone who criticises HMRC in that respect is just plain wrong?

Mr Osborne: My hon. Friend is right to highlight the good work that HMRC does. It has never been popular to be a tax collector in any country at any point in history. HMRC is doing a good job in that respect. We are putting more resources in so that it can target particularly wealthy individuals who are evading tax. We now have 26,000 people employed by the Government to ensure that people comply with our tax laws.

Mark Spencer (Sherwood) (Con): I congratulate the Chancellor on the work that he has done to close loopholes—more than any previous Chancellor—but does he recognise that a low-tax economy will attract wealthy people from all over the world to invest in our economy, create jobs and pay more tax, so the Exchequer draws more tax in the end?

Mr Osborne: I entirely agree. We as Conservatives believe that there should be low taxes, but taxes that are paid. That is the right approach. That is why we have reduced corporation tax, and why we are reducing income tax by raising the tax-free personal allowance. When we cut the top rate of tax, we collected more income for the Exchequer.

Luke Hall (Thornbury and Yate) (Con): With the tax gap now at its lowest level on record, does the Chancellor agree that this Government have done much more to ensure that the taxes that are owed are paid than the Labour Government ever achieved?

Mr Osborne: My hon. Friend, who is an excellent Member of Parliament in the west of England, is right. We get lots of suggestions from the Labour party about what we should do about tax. Labour was in office for 13 years and had Treasury Ministers answering questions for 13 years. Not a single one of these things happened when they were in charge, and no one believes that if Labour were ever back in charge, it would be tough and take action.

John McDonnell (Hayes and Harlington) (Lab): Shall we bring the discussion back to today? In the Panama revelations about the behaviour of offshore companies, the Chancellor could not fail to notice the key role played in many of those deals by UK-headquartered banks and UK-based intermediaries. For example, HSBC and its affiliates created more offshore companies through Mossack Fonseca than any other bank. In view of the significant role played by UK banks, will the Chancellor support the new clause tabled by Labour to today's Bank of England and Financial Services Bill, requiring British financial institutions to record the true owners of any companies or trusts that they work for? Will he also, like me, welcome the proposal from my right hon. Friend the Member for Birkenhead (Frank Field) for a register of the beneficial owners of property in the UK to tackle money laundering, often linked to tax evasion?

Mr Osborne: First, we are introducing a register of the beneficial ownership of companies and trusts that need to pay tax, and of course banks must therefore comply with it. Secondly, we are introducing—this will be in the Queen's Speech—a new criminal offence of facilitating tax evasion, which will apply to the corporate sector in Britain as well. That is in addition to the criminal offence we have introduced that says ignorance is no defence when someone comes before the courts if it is found that they have been evading taxes.

Stewart Hosie (Dundee East) (SNP): Tax havens lead to a loss of revenue here as individuals can hide through opaque structures and businesses simply do not pay UK tax in respect of where economic activity takes place. Given the revelations from Mossack Fonseca, has the Treasury carried out a new assessment to calculate the scale and size of the revenue lost to the UK?

Mr Osborne: There are already a large number of ongoing investigations in respect of Panama, which we hope will lead to prosecutions, and the Government already had data on Mossack Fonseca. If there is additional information available in the Panama papers—despite our requests, the media organisations have not yet handed all that information over to us—we will act on it.

Stewart Hosie: Can I ask the Chancellor to be more assertive and to go much further? Mossack Fonseca is the fourth biggest such firm in Panama, and I presume that there are dozens, scores or hundreds of smaller ones, and there will be many, many more in other

countries. The scale and scope of this are likely to be astronomical. He and the Government need to go much further. We need to have a much clearer understanding of the scale of this. I ask him to make all the representations he can to the Panamanian authorities and other jurisdictions where similar activities are taking place.

Mr Osborne: To be frank, representations are not going to be enough with some of these jurisdictions. That is why we want international agreement to a blacklist that jurisdictions will go on if they do not comply with the norms that we are establishing on transparency, exchange of information and the like. Once they are on the blacklist, they are subject to penalties and punitive action—sanctions, if you like—so that it is clear that they cannot carry on doing business in the way they have been. If the whole world comes around on that—there was welcome support for this British-promoted concept at the G20 last week in Washington—so that we get that blacklist and that punitive action, I think that we will help to solve this problem.

Mr Speaker: We have to move on—far too slow.

Corporation Tax

6. **Mr David Hanson** (Delyn) (Lab): What assessment he has made of which groups within the UK population will benefit from planned changes to corporation tax. [904542]

13. **Justin Madders** (Ellesmere Port and Neston) (Lab): What assessment he has made of which groups within the UK population will benefit from planned changes to corporation tax. [904549]

The Financial Secretary to the Treasury (Mr David Gauke): Corporation tax cuts have been a central part of the Government's economic strategy, and that strategy is working; there are 2.3 million more people in employment since 2010. The further cuts in the main rate announced at the Budget, which will bring it down to 17% by 2020, will benefit over 1 million companies, large and small. Lower corporation tax rates will support UK companies to invest and grow, creating jobs as they do so.

Mr Hanson: One of the justifications for the corporation tax cut was that businesses would pass it on to workers through the increase in the living wage. Evidence is now emerging that some companies intend to pocket the tax cut and squeeze conditions for their employees, so what steps do the Government intend to take to monitor that?

Mr Gauke: The cuts in corporation tax will result in greater investment in this country, and greater investment drives productivity growth, and productivity growth is what will drive higher living standards. Let us remember that it is this Government who have brought in the national living wage, and we have seen very large numbers of people see increases in their wages and salaries.

Justin Madders: Owing to changes in personal independence payments, people with disabilities are set to lose £1 billion at the same time as corporation tax is

being cut, so can the Minister honestly say that he is comfortable with prioritising big business over disabled people?

Mr Gauke: We are providing more support to help the disabled get into employment, but let me just make this point to the hon. Gentleman, and to the House: the way this country is going to be prosperous and able to afford good public services and support for the most vulnerable is by having a strong, growing economy, and competitive business taxes help us to have that strong, growing economy.

David Rutley (Macclesfield) (Con): Is my hon. Friend aware that the Federation of Small Businesses has said that the decision to further lower corporation tax to 17% is an important statement of intent and will provide a boost for the affected firms? Does he agree that that will help to further underpin the enterprising economy that we need?

Mr Gauke: I completely agree, and my hon. Friend is absolutely right to highlight the comments of the FSB. The reductions in corporation tax will help small businesses and large businesses, and they will help to drive a competitive and dynamic economy.

James Berry (Kingston and Surbiton) (Con): Does my hon. Friend agree that it is easy to trot out phrases such as “tax cuts for companies”, but it is vital that we have low corporation tax to attract investment into this country and to ensure that we have jobs here? The Chancellor has repeatedly encouraged companies to pass on tax cuts to workers, which is where they should go.

Mr Gauke: My hon. Friend is absolutely right to highlight that. All taxes are ultimately paid by people, but business taxes that discourage investment discourage the economic growth we need in this country, and that growth is what this Government are determined to deliver.

General Anti-tax Avoidance Principle

8. **Grahame M. Morris (Easington) (Lab):** For what reasons the Government have not introduced a general anti-tax avoidance principle. [904544]

The Financial Secretary to the Treasury (Mr David Gauke): A general anti-avoidance rule was considered by an independent study group led by Graham Aaronson QC in 2011. The group recommended an anti-abuse rule for the UK because it felt strongly that it would strengthen and complement existing tools available to HMRC. The Government accepted the recommendation and introduced a general anti-abuse rule in 2013, striking the right balance between protection against avoidance and certainty for taxpayers.

Grahame M. Morris: One way to put an end to aggressive tax avoidance is a general principle—a principle, not a rule. I am sure the Minister understands there is a difference: people can find a way around a rule, but it is not easy to do that with a principle. Will the Government therefore back their public statements about tackling aggressive tax avoidance and legislate for a general principle of tax avoidance?

Mr Gauke: I remind the hon. Gentleman that the last Labour Government looked at this issue and declined either a general anti-abuse rule or a general anti-abuse principle because of fears of uncertainty. We believe we have got the balance right. However, alongside the introduction of the anti-abuse rule, we have brought in measures to deal with accelerated payments and promoters, we closed 40 tax loopholes in the last Parliament and we have announced 25 closures in this Parliament already. It is worth pointing out that avoidance is coming down.

Support for the Economy (South-west)

9. **Scott Mann (North Cornwall) (Con):** What assessment he has made of the effectiveness of measures to support the economy in the south-west announced in the Budget 2016. [904545]

The Chief Secretary to the Treasury (Greg Hands): We announced at the Budget an extensive package for the south-west covering both rail and road: a new marine hub enterprise zone in Cornwall, a £4.5 million boost for ultra-fast broadband across the region and, to top it off, a £900 million devolution deal with the west of England. The south-west will also benefit from the income tax cuts and business rate reductions announced in the Budget.

Scott Mann: One item that went largely unnoticed in the Budget was the £19 million for community land trusts in the south-west to mitigate the impact of second home ownership. How will that money be allocated? Will my right hon. Friend work with me and fellow Conservative MPs in the south-west to ensure that that money is put aside to help people to purchase plots and to help working people to get on?

Greg Hands: My hon. Friend is right that we will be releasing £19 million for community-led housing in the south-west. I look forward to discussing with him how we might best approach that issue. We are also introducing a new right to build and reforms to planning, which will boost the custom-build sector in Cornwall and beyond.

Rebecca Pow (Taunton Deane) (Con): Does my right hon. Friend agree that the Labour Government underfunded infrastructure projects in the south-west, resulting in lower productivity in the region and hence less of a contribution to the national economy than we should have had, but that it is this Government who are turning that around with their huge £7.6 billion commitment to infrastructure and connectivity?

Mr Speaker: Just as long as the Chief Secretary focuses on what this Government are doing. He does not need to burble on about the past.

Greg Hands: I welcome the opportunity to say something about what this Government are doing on infrastructure in the south-west. We have 35 projects in the infrastructure pipeline in the south-west with a value of £23.2 billion. At the Budget alone, we announced improvements to Exeter St David's station, at Weston-super-Mare and at Cheltenham Spa station. I have already mentioned community housing. There is also a fund to provide more and better roads in the south-west.

Solar Power

10. **Caroline Lucas** (Brighton, Pavilion) (Green): What fiscal steps he is taking to support the development of solar power. [904546]

The Exchequer Secretary to the Treasury (Damian Hinds): We are continuing our support for solar, keeping the small-scale feed-in tariff scheme open beyond January 2016, setting tariffs on a path to help transition the industry to a sustainable, subsidy-free future.

Caroline Lucas: I thank the Exchequer Secretary for that very short answer. Given that the EU's VAT reform action plan will give Governments discretion in applying rates of VAT, including on solar power, will he confirm categorically to solar installers in my constituency that the UK has officially and permanently dropped the proposal to hike solar VAT to 20%?

Damian Hinds: The reduced rate of VAT remains in place on all 11 of the categories of energy saving materials. Following the decision by the European Court, we have consulted interested parties on the issue and, given the complexities involved, we are still considering the responses.

Sir Oliver Heald (North East Hertfordshire) (Con): Does my hon. Friend agree that about 90% or more of the solar-powered energy available in Britain has been put in place under this Government? Does he also agree that, in order for intermittent renewable power to provide a steady baseload, the investment with which the Government are supporting battery technology is absolutely key?

Damian Hinds: My hon. and learned Friend is, of course, right on multiple counts. Solar has been a great British success story: more than 99% of the installed solar PV capacity has happened since May 2010. He is also correct to say that the development of battery technology here and elsewhere is incredibly important for the future.

Mary Creagh (Wakefield) (Lab): I am sure that the Exchequer Secretary will welcome the report published today by the Environmental Audit Committee, which finds that membership of the European Union has been overwhelmingly positive for the UK's environment. Our Committee is also conducting an inquiry into the Treasury's approach to sustainability and the environment. Will he encourage his colleague the Chancellor to come before the Committee to discuss the Treasury's approach to solar power, offshore wind, waste and recycling policy?

Damian Hinds: I look forward to reading the hon. Lady's report. The Treasury takes a balanced approach to making sure that we stay on target to meet our commitments. We are on target to meet our commitment of 15% of renewable energy by 2020, but we must do so in a cost-effective way, recognising that the subsidies to early stage technologies can only be paid for by taxpayers.

Nigel Huddleston (Mid Worcestershire) (Con): Will the Exchequer Secretary join me in congratulating the UK solar power industry on being one of the top 10 in

the world? It is larger than that in Australia and slightly smaller than that in Spain, despite having a rather less advantageous climate.

Damian Hinds: Indeed. Were it only the case that the sun would always shine. Under Labour, we had the highest dependency on fossil fuels in the G8 and the lowest contribution from renewable energy of any major EU country. As I said earlier, the deployment of solar power has been a great success story since 2010.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): One of the big things this Government could do to help solar and, indeed, all renewables is to remove the double charge on storage, whereby storage is charged when it takes on the power and charged again when it gets rid of the power and puts it back in the grid. Will the Treasury consider changing its approach and helping storage? It could do so with a stroke of a pen and it would make a huge difference. I urge the Treasury to stroke that pen and make sure that that change happens.

Damian Hinds: The tariffs are designed to make sure that there is a reasonable and appropriate return to investors. They have to be adjusted periodically when costs come down. Of course, one of the great parts of the success story of solar is the fact that costs have come down by about two thirds since 2010.

Rebecca Long Bailey (Salford and Eccles) (Lab): According to the Solar Trade Association:

"Government will be spending just 1% of new expenditure under the Levy Control Framework supporting solar power...yet mainstream analysts expect solar power to dominate future energy supply."

With that in mind, will the Chancellor promise to do much more to ensure that Britain becomes a market leader in the industry, or are we going to let China take the lead yet again?

Damian Hinds: Britain does have a leadership position in the industry, but we need a balance. We need a portfolio of energy sources and to recognise the importance of baseload power. That is why the development of new nuclear is also so important.

UK-Iran Financial Transactions

11. **Maggie Throup** (Erewash) (Con): What steps he is taking to facilitate transactions between UK and Iranian financial institutions. [904547]

The Economic Secretary to the Treasury (Harriett Baldwin): The Government fully support expanding the UK's trade relationship with Iran. The Treasury is actively liaising with UK banks and industry bodies, to understand concerns and help re-establish financial channels between the UK and Iran.

Maggie Throup: Despite the improving diplomatic relations between the British and Iranian Governments, UK businesses still face significant barriers to completing legitimate banking transactions for trade purposes. Will the Minister look at what more can be done to help to facilitate financial transactions between UK and Iranian banks, so that the UK economy can begin to benefit from this new market?

Harriett Baldwin: I thank my hon. Friend for her question. She is right that the situation with the payment channels between the UK and Iran is quite challenging, particularly because the US still has its primary sanctions in place. We have been speaking to banks at the highest levels. We have also been liaising with the US authorities to push for further clarity for UK banks. It is worth pointing out that some banks have a more extensive US business than others do, and that therefore it might be worth companies in my hon. Friend's constituency and elsewhere considering switching to banks that have less exposure in the US.

Sir Simon Burns (Chelmsford) (Con): Given the opportunities for British businesses in Iran as a result of the relaxation of sanctions, could the Treasury have a word with our friends the Americans to make sure that they do not seek to use their banking regulations to prevent some of the commercial deals that may flow to British companies as a result of that relaxation of sanctions?

Harriett Baldwin: My right hon. Friend is right to highlight one of the key issues. I assure him that we are working at all levels in discussions with the US authorities to ensure that British companies selling to Iran are able to put that money into UK bank accounts.

Manufacturing Exports

14. **Marie Rimmer** (St Helens South and Whiston) (Lab): What recent fiscal steps his Department has taken to support manufacturing exports. [904550]

The Economic Secretary to the Treasury (Harriett Baldwin): It is Export Week, and I can announce that UK Export Finance has provided more than £15 billion of support to exporters since 2010 and UK Trade & Investment has more than doubled the number of businesses that it helps to more than 54,000.

Marie Rimmer: UK industrial production and manufacturing output suffered sharp falls in February, and they remain well below 2008 levels. Meanwhile, the Office for National Statistics reported that house prices in London have reached an average of £524,000, which is 49% higher than their pre-recession peak and out of the reach of all but those who are on six-figure salaries or who have benefited from a trust fund inheritance. When will my constituents see the Britain held aloft by the march of the makers, and the economy rebalanced towards the north of England, as the Chancellor promised?

Harriett Baldwin: I encourage the hon. Lady to seek an Adjournment debate to elaborate further on her question. I am sure that she and her constituents will welcome the fact that employment in the north-west is at the highest level on record; that more than 89,000 businesses in the north-west will not pay business rates; and that 360,000 people in the north-west will now benefit from the living wage.

Mr Alan Mak (Havant) (Con): British exports to China have more than doubled since 2010, led by Havant-based manufacturers such as Colt and Lewmar. Will the Minister join me in congratulating those businesses,

and will she encourage others to follow their lead by supporting and maintaining the Government's pro-export policies?

Harriett Baldwin: It is wonderful to hear during Export Week about Colt and Lewmar, and their fantastic work exporting overseas. It is a key priority of the Government to continue to encourage more firms to export. In fact, we have ambitious aims to have another 100,000 businesses exporting over the life of this Parliament.

Rachel Reeves (Leeds West) (Lab): The current account deficit is at a post-war high of more than 5% of GDP, and 44% of our exports go to the European Union. It took Canada seven years to negotiate a free trade agreement with the European Union. Does the Minister agree that the last thing that exporters need, and the last thing that the one in 10 jobs that depend on our exports to the EU need, is the uncertainty that the referendum is bringing—and, indeed, that Brexit would bring—to them and to those jobs?

Harriett Baldwin: The last time I looked, I thought it was also Labour policy to have such a referendum, but I agree with the hon. Lady that it is very important that she and others get out the message about the value of exports and the importance for manufacturing of the UK's membership of the single market. That is why I shall vote in the same way as her on 23 June.

Topical Questions

T1. [904527] **Rebecca Pow** (Taunton Deane) (Con): If he will make a statement on his departmental responsibilities.

The First Secretary of State and Chancellor of the Exchequer (Mr George Osborne): The core purpose of the Treasury is to ensure the stability and prosperity of the economy.

Rebecca Pow: The innovative Claims Consortium Group in Taunton Deane has just received an Investors in People gold standard award, one of only 300 companies in the UK to have done so. It began in a back bedroom in Milverton just a few years ago, and it now employs 300 people. Does my right hon. Friend agree that not only is Taunton Deane an excellent place to do business, as this company demonstrates, but so is the whole of the wider south-west, thanks to the infrastructure and connectivity injections this Government are giving it?

Mr Osborne: Let me join my hon. Friend in congratulating the Claims Consortium Group on its award. I am glad that it has been recognised for its hard work. She is absolutely right that Taunton, and indeed the whole of the south-west, is a great place to do business. We are now investing huge sums in the roads and railways, broadband and housing. Of course, without her I do not think we would be having the A358 upgrade. There is a general lesson, which is that when the south-west votes blue, the voice of the south-west is heard in Parliament.

John McDonnell (Hayes and Harlington) (Lab): It is not just on tax that people are concerned about the behaviour of the super-rich and its impact on the economy.

I hope that the Chancellor will join me in welcoming the action taken by shareholders at BP's annual general meeting against the excessive pay awards recommended by the company's remuneration committee. The chief executive's pay in FTSE 100 companies has risen from 50 times the average employee's in the 1990s to 150 times today. Will he support measures to tackle the remuneration racket? To many, an old boys' network appears to operate to set each other's pay. In particular, will he support the widening of shareholder representation and employee representation on remuneration committees?

Mr Osborne: It is absolutely right that companies and the shareholders who own those companies think about their pay policy, act responsibly and do not pay excessive amounts to chief executives who do not deserve them. It is this Government who introduced those shareholder votes—they did not exist under previous Labour Governments—and I am glad that shareholders are using the opportunity we have given them. I do not think, if this is what the hon. Gentleman is hinting at, that we should be putting trade unions on company boards, but I do agree that we should make sure that shareholders use all the tools available to them.

T5. [904531] **Byron Davies** (Gower) (Con): Will the Chancellor update the House on any discussions he has had for a potential city deal for the Swansea Bay city region, and on what he can do to drive growth and create jobs in south-west Wales, particularly in my Gower constituency?

Mr Osborne: First, we are now in conversation with Swansea about what we can do for the city deal. We are of course acutely aware that we need to help the steelworkers in Port Talbot. We are working to achieve a sale of the site, but we are also helping those who have already been made redundant. We are also looking very closely at the tidal bay lagoon scheme and at whether we can make that fly as well.

T3. [904529] **Rushanara Ali** (Bethnal Green and Bow) (Lab): Analysis by the House of Commons Library, including that on the 2016 Budget, shows that, cumulatively, 86% of savings in the period between 2010 and 2020 will come from women's pockets. What has the Chancellor got against women?

The Economic Secretary to the Treasury (Harriett Baldwin): The analysis by the House of Commons Library is fundamentally flawed. First, it assumes that every pound of Government borrowing benefits people. It also does not highlight the fact that it is higher rate taxpaying women such as me, whose child benefit has been ended, who form the largest part of that group. Is the hon. Lady saying that her party wants to reinstate child benefit for higher rate taxpayers?

T6. [904532] **Stephen Hammond** (Wimbledon) (Con): Last year when I held a small business breakfast in Wimbledon, the level of business rates was the biggest issue, so my constituents are understandably delighted with the Chancellor's permanent doubling of small business rate relief. Will my right hon. Friend say what else he is doing and what else the Government can do to support small businesses to ensure that they invest for growth and further jobs?

Mr Osborne: Small business is absolutely fundamental to the economy and to job creation. That is why we had such a big package in the Budget to help ease the burden of business rates and why we reduced corporation tax, which is paid by small companies that are in profit. We have also increased the annual investment allowance so that small businesses can invest in the future. To help them with the burden of the national living wage we have increased the employment allowance so that they can employ four people on the national living wage and pay no national insurance at all.

T4. [904530] **Martyn Day** (Linlithgow and East Falkirk) (SNP): The Panama papers unearthed an array of revelations, amid which was the exposure of the relationship between tax and land ownership. What steps are the Government taking to ensure transparency of land ownership across the UK?

The Financial Secretary to the Treasury (Mr David Gauke): This Government are bringing in a register so that we will know the beneficial ownership of people or structures holding property in this country. We have not had that before, and we are making progress on it.

T7. [904533] **Chloe Smith** (Norwich North) (Con): In the Budget, the Chancellor outlined measures on tax avoidance and evasion to bring in about £12 billion. How much more does he expect to bring in from the measures announced since, which we all welcome, to make every business in this land pay its fair share?

Mr Osborne: The Office for Budget Responsibility assesses and puts on the scorecard the estimated revenue that we will raise from tax avoidance, but it will be around an extra £1 billion a year just from the measures in the Budget. In last year's Budget after the election, we had measures to raise £5 billion from clamping down on aggressive tax avoidance and evasion. The fight continues.

T8. [904534] **Judith Cummins** (Bradford South) (Lab): Following reports in this morning's *Daily Mail* that energy firms overcharged customers by £130 for their energy this winter, does the Chancellor agree that Treasury cuts to incentives for building new renewable energy sources were another one of his bad ideas?

The Exchequer Secretary to the Treasury (Damian Hinds): As we covered earlier, the tariff system in place to encourage renewable energy has to deliver a balanced portfolio of energy, and it does so. Of course, we encourage energy firms always to pass price cuts that they benefit from on to their customers.

T9. [904535] **Mr Alan Mak** (Havant) (Con): All 31 local firms that have reached the final of my Havant small business awards will benefit from the Government's corporation tax cut. Will the Chancellor join me in congratulating all the finalists and confirm that the Government will continue to support small businesses across the country?

Mr Osborne: I join my hon. Friend, who is such an excellent voice for Havant in this Parliament, in congratulating the small businesses in the Havant

constituency. They are thriving, and we are helping them with major improvements to roads and infrastructure in the area.

T10. [904536] **Mr Alistair Carmichael** (Orkney and Shetland) (LD): Ministers will have heard the concerns of small business organisations about the change to quarterly tax returns. What are they doing now that that change is in place to monitor its operation and ensure that it does not become unnecessarily burdensome to small businesses?

Mr Gauke: Let me be absolutely clear with the House that we are not talking about quarterly tax returns. This is not about having to do a full tax return but about reporting; indeed, the purpose of the changes is ultimately to reduce the burden on businesses. It will start to be introduced in 2018. I hope that we will set out further information about the plans in the coming weeks. The intention is to ensure that we reduce the tax gap and, ultimately, help businesses to comply with the tax system.

Mr Charles Walker (Broxbourne) (Con): I thank the Chancellor and the Economic Secretary for their good humour in their dealings with me over the past few days. This afternoon I will be moving new clause 9 to the Bank of England and Financial Services Bill. Are the Government now minded to accept new clause 9?

Mr Osborne: It is quite right that we take action against money laundering. That cannot only be done in this country—it needs to be done internationally. We should focus our effort, our resources and the force of the law where the risks are greatest. Like other Members of Parliament, I have been concerned that banks are at risk of going too far and being disproportionate when applying their rules to politically exposed persons in Britain, and their families in particular. I have written to the chief executives of the individual banks. My hon. Friend has worked with us on this issue and has tabled his new clause. We are happy to accept it because we are all trying to achieve the same goal.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): The Public Accounts Committee report issued last week highlighted the £16 billion of the tax gap that is tax fraud. The money brought into the Treasury for that has stayed pretty static, at 3% of total tax liability. Does the Chancellor think that there is more to be done, and does the fact that the number of the wealthiest individuals being investigated will increase from 35 to 100 by 2020 not demonstrate that he has missed an opportunity?

Mr Gauke: We are taking strong action on tax evasion and significantly increasing the number of criminal investigations—I understand that around 90 investigations into offshore tax evasion are currently ongoing. We announced in the Budget last summer an additional £800 million for Her Majesty's Revenue and Customs to support its activities, and through the common reporting standard—and ultimately through registers of beneficial interest—we are now getting access to much more information so that we can take on offshore tax evaders.

Several hon. Members *rose*—

Mr Speaker: Order. Quite a lot of people whom I would have called have toddled out of the Chamber. There seems to be a bit of a lack of stamina—very unfortunate—although not from Lucy Frazer.

Lucy Frazer (South East Cambridgeshire) (Con): I welcome the fairer funding consultation that has just closed. When taking into account figures for growth in pupil numbers, will the Minister consider the actual numbers for the new school year, rather than the previous one, to ensure that we have a truly fairer funding formula?

Damian Hinds: The national funding formula will address historical unfairness. As now, school budgets will be set on the basis of the pupil census in the October prior to the start of the funding year, giving schools the certainty they need. The Department's consultation also proposes to include a new factor to recognise in-year growth, targeting funding to schools with significant increases in pupil numbers.

Tom Elliott (Fermanagh and South Tyrone) (UUP): Nobody has ever accused me of a lack of stamina, Mr Speaker. Am I right and accurate in my assessment that LIBOR funds can be used only for charitable purposes and will not go to a Department?

The Chief Secretary to the Treasury (Greg Hands): The question is, I hope, about Air Ambulance Northern Ireland, and I confirm that we are working with the charity and the Northern Ireland Executive on how those funds are delivered. They will go to the air ambulance charity, which I know will be broadly welcomed across all communities in Northern Ireland.

Sir Gerald Howarth (Aldershot) (Con): In his document published yesterday, the Chancellor posed the question:

“Is our national security best served by retreating from the world?”

I hope that he is not foolish enough to suggest that those of us who wish the United Kingdom to leave the European Union want to retreat from the world, because the truth is far from that. We want the United Kingdom to break free from the sclerotic shackles of the EU and its superstate, and embrace the exciting world out there that befits the world's fifth largest economy, a nuclear power, and a permanent member of the United Nations Security Council.

Mr Osborne: Of course I respect my hon. Friend's views. We are having a referendum, and his vote and my vote count equally. I would make the point that our membership of the European Union enhances our national security—that point was also raised by the Secretary-General of NATO last week. Not one of this country's allies or friends abroad are recommending that we leave the EU.

Andrew Gwynne (Denton and Reddish) (Lab): The number of people sleeping rough on our streets has doubled since 2010 and increased by 30% in the past year alone, which is a shocking indictment of Government policy and society as a whole. Will the Chancellor step in and intervene in the shambles that is the Housing and

Planning Bill, and ensure that support for homeless people such as hostels and specialist accommodation is protected?

Mr Osborne: In the Budget we provided more than £100 million extra to help with the problem of homelessness and the particular problem of rough sleeping. We have provided money for second-stage accommodation for people as they leave hostels, to ensure that they have secure accommodation to go to. I am always happy to listen to further representations or ideas from the hon. Gentleman or any other Member.

Sir Edward Leigh (Gainsborough) (Con): The Treasury cannot even get its forecast for growth and the deficit correct for next year. Does the Chancellor realise that instructing his officials to produce a speculative report based on thoroughly tendentious figures about what might or might not happen in the event of Brexit simply belittles the reputation of the Treasury for economic competence and forecasting? Instead of relying on fear, why does he not give us his vision, compared with our vision of a free people in a free Parliament, controlling our own borders and leading the world towards free trade?

Mr Osborne: Our positive vision is that by being part of a reformed EU we can raise living standards, create more jobs and make sure that consumers have access to lower prices. We have set out in the Treasury analysis a range of possibilities for the alternatives that might happen if Britain leaves the European Union. All of them would make Britain permanently poorer, but if my hon. Friend and the leave campaign want to produce their own plan and their own analysis, then be my guest.

Callum McCaig (Aberdeen South) (SNP): Last week, the Financial Secretary confirmed to me that details obtained from Crown dependencies and overseas territories and shared with the UK would not be passed on to other tax jurisdictions. If that remains the case, there is a real chance that the UK would be complicit in tax evasion. Will the Chancellor urgently review the situation to ensure that tax is paid where it is due?

Mr Gauke: It is the case that the Crown dependencies and overseas territories are, at our prompting, ensuring that they have got registers of beneficial interests. It is also the case that the UK is co-operating, as my right hon. Friend the Chancellor has made clear, with other jurisdictions. I hope we move to a position whereby public registers are the norm, but even before we get to that point, clearly we will look at the opportunities for the information on the central registers to be shared among co-operative economies and jurisdictions.

Mr Stewart Jackson (Peterborough) (Con): I remember the good old days when the Chancellor regarded Treasury predictions as so discredited that he established the Office for Budget Responsibility instead. I cannot think what could have changed. The GDP projections in his dodgy dossier are predicated on breaking our manifesto commitment on immigration, while the cost implications of his new policy of mass migration for school places, housing, health and transport are not made explicit in the document. Why is that?

Mr Osborne: We are having a referendum, and people are going to take different views on the prospects of the United Kingdom as we go forward, but the public want facts and information. We have set out in the analysis produced by the Treasury what we think the likely impacts on the economy will be, and this analysis has now been supported by the London School of Economics. It gives out a similar message to that provided by the Bank of England on the economic shock that would come if we leave. Then there are bodies such as the International Monetary Fund and others saying a similar thing. The weight of evidence and the weight of opinion is clear: there would be an economic price if we left the EU. Some regard that as a price worth paying, which is a perfectly respectable argument, but it is not one that I agree with.

Several hon. Members *rose*—

Mr Speaker: Order. I am sorry to disappoint colleagues, but we must now move on to the statement.

Libya

12.37 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr Philip Hammond): With permission, I shall update the House on the current situation in Libya and on what the Government are doing to support the new Libyan Government of national accord.

Yesterday, I visited Tripoli; it was the first time that a British Foreign Secretary had done so since 2011. The fact that the visit was able to take place is a positive sign of the progress made in recent weeks, including in the security situation in and around the capital. During my visit, I met Prime Minister Sarraj and members of the Presidency Council in the naval base that has been the headquarters of the Government of national accord since they relocated to Tripoli on 30 March. I welcomed their commitment to representing all the Libyan people and the progress they have made in establishing the GNA as a Government of the whole of Libya.

I underlined to Prime Minister Sarraj the UK's support for the GNA as the only legitimate Government of Libya. They have the endorsement of the Libyan political dialogue and the majority of members of the House of Representatives. I believe the Libyan people want them to succeed. We look forward to the House of Representatives completing its formal vote of endorsement in line with its obligations under the Libyan political agreement.

I was encouraged to hear from Prime Minister Sarraj and his Ministers about the steps they are taking to assume control of Government Ministries in Tripoli. After five years of conflict following the overthrow of Gaddafi, the Libyan people are weary of fighting and eager for peace. They want a Government who will start to address the many challenges Libya faces. It is important that the international community works in partnership with the GNA as they continue to consolidate their position and take forward their work to meet the needs of Libyan citizens across the country.

In my meetings, I emphasised the need to keep up momentum on the political process and to deliver practical progress on the ground. I was encouraged to hear that a clear plan was being developed to address some of the immediate challenges: delivering security, tackling Daesh, restoring basic public services, countering people-trafficking, restarting oil production, and getting the economy back on track.

We agreed that delivering security was fundamental to improving the day-to-day lives of the Libyan people and creating an environment for economic reactivation. The security agenda must, of course, be owned and led by the GNA, but the UK, along with other European nations, stands ready to respond to requests from the Libyan Government for assistance in training the Libyan armed forces in order to improve their effectiveness in providing security and in the fight against Daesh. Prime Minister Sarraj and I agreed that we should continue to work closely to establish what those training and technical support requirements were, and what role, if any, the international community could play in helping to meet them.

A number of Members have speculated in recent days that the Government might be on the cusp of committing British troops to Libya in a combat, or combat support,

role. I am pleased to have the opportunity to clarify the situation. I am clear about the fact that there is no appetite in Libya for foreign combat troops on the ground. We do not anticipate any requests from the GNA for ground combat forces to take on Daesh or any other armed groups, and we have no plans to deploy troops in such a role. I will, of course, keep the House informed of any plans that we develop in the future in response to requests from the Libyan Government, but the type of mission that we currently envisage would be focused on providing training and technical support, away from any front-line operations.

The Libyan economy is suffering from the effects of years of conflict and the impact of low oil prices. It is clear that the Presidency Council is focused on the immediate need to alleviate the pressures on ordinary Libyans, including those arising from the current squeeze on liquidity in the banking system, the shortfall in power generation and the shortage of basic commodities, as well as the slightly longer-term challenge of ensuring the effective functioning of the key state financial institutions—the Central Bank of Libya, the National Oil Corporation and the Libyan Investment Authority—and the challenge of rebuilding oil production and export capacity. As I said to Prime Minister Sarraj, the UK stands ready to provide whatever technical assistance it can with those issues, in all of which British companies have relevant experience and expertise to share.

As for the migration threat, there is clearly an urgent need to tackle the challenges arising from irregular migration and the organised criminal and terrorist networks that facilitate so much of it. In my discussions, I highlighted our desire to work in close partnership with the GNA to make progress on that issue, including progress in tackling the people-smugglers and traffickers. As part of that initiative, we should look at creating a package of support that could include extending the EU's naval Operation Sophia and building the capacity of the Libyan coastguard to support, and eventually take over, the operation, but clearly such a package would be implemented only at the invitation of the Libyan Government.

Yesterday I announced that Britain would allocate £10 million for technical support to the GNA in this financial year, to be delivered through the conflict, security and stability fund. The package will support the strengthening of political participation, economic development, and the delivery of capacity in security, justice and defence. We will work closely with the GNA to ensure that that support is channelled into the areas where it can have the greatest effect.

After years of conflict in Libya, the formation of the Government of national accord and their arrival in Tripoli have the potential to mark a real turning point in Libya's fortunes. The challenges facing the GNA should not be underestimated, and delivering the security and economic development that will allow the Libyan people to realise their country's huge potential will not be an easy task to fulfil, but the UK, together with many of our international partners, stands ready to assist. It is in all our interests that Prime Minister Sarraj and his Government are able to re-establish security, reactivate the economy, and defeat Daesh in Libya as quickly as possible. I commend this statement to the House.

12.44 pm

Hilary Benn (Leeds Central) (Lab): I thank the Foreign Secretary for giving me advance sight of his statement. The situation in Libya over the past five years has been bloody and dangerous, and it is important to recall that it was Colonel Gaddafi's brutal and violent response to the protests that erupted early in 2011 that triggered a civil war and United Nations Security Council resolution 1973, which authorised a no-fly zone and action to protect civilians. This House voted to support that action, but since Gaddafi's fall, Libya has become a land of rival governments awash with rival militias. There is also the growing presence of Daesh and insecurity. Questions have been raised about the focus of this Government, and indeed of the international community, on what followed.

I join the Foreign Secretary in praising the enormous efforts of Libyan politicians, of the United Nations and of Special Representative Martin Kobler to reconcile the competing institutions and encourage them to form a single Government of national unity. I also join him in supporting UN resolution 2259, which has recognised the progress that has been made and called on member states to provide support to the new Government as requested.

We on this side of the House welcome the establishment of the Libyan Government of national accord led by Prime Minister Fayed Sarraj. As the Foreign Secretary said, they face a formidable task in ensuring security, restoring public services, building up the economy and tackling the threat from Daesh, but does he agree that their ability to do so will be determined by the extent to which they can gain support and consent right across Libya as they face the task of re-establishing governance in all parts of the country? Will he set out what assessment he has made of their capacity to do that, particularly in respect of the rival militias? Can he say anything more about the conversations he is having with our allies, including other EU Foreign Ministers, about what further steps could be taken to support stability and peace in Libya? Does he expect there to be a further UN Security Council resolution?

The United Kingdom Government indicated previously that they were not contemplating a British combat mission in Libya. Given the circumstances there, I think that that is the right approach to take, and I am grateful to the Foreign Secretary for confirming again today that the Government have no plans to deploy British troops in such a role. Can he therefore give us a categorical assurance that, were that view to change, any proposal to deploy forces in a combat role would come before this House for a vote?

The Foreign Secretary has, however, spoken about the possibility of providing training for the Libyan military. Did Prime Minister Sarraj ask for specific types of technical or training support during their recent discussions? Does the Foreign Secretary envisage that any such deployment, should it happen, would take place in Libya, or might it involve providing training in a neighbouring country? Will he give an undertaking that he will come to the House before any such deployment takes place and seek its approval as appropriate?

On economic development, we support all efforts by the international community to assist the new Government in improving the lives of their citizens and getting the

economy moving again, including through oil production. On migration, is further support being requested by the new Prime Minister, or is that being considered through the EU naval operation in the Mediterranean, Operation Sophia, to enhance Libya's ability to disrupt criminal human smuggling and people trafficking? The people of Libya have suffered a great deal in recent years, and this moment is enormously important for their future. It is the responsibility of the world community to do all that it can to help the new Government to succeed.

Mr Hammond: I thank the right hon. Gentleman for his response. Let me join in his praise of UN Special Representative Martin Kobler—it was remiss of me not to give that praise myself—who is an absolute dynamo. Since he was appointed, he has literally been shuttling between the parties, groups and power brokers in Libya. It is very much due to his energy and effort that we have got where we are today.

There is a Government of national unity, but we should be clear about Libya's historical context: it is a country that has traditionally had a high degree of devolution in its governance structure, which is often held together by a strong man at the centre. We now need to find a new model, under which the Government of national accord will be a national umbrella organisation, but Prime Minister Sarraj has made it clear that that will work only if municipalities are empowered and prepared to take on a significant degree of devolution. A devolved model is the only model that will work.

I also need to make it clear that the Libyan Government are in a very early stage of operation. At the moment, the Prime Minister and his Ministers are sitting in a naval base, physically separated from the civil servants who could support them. Yesterday, they retook operational control of three Ministries, which is a good step forward, but it will only be as they are able to re-enter the Ministries and regain working contact with civil servants that they can start to do some of the detailed work. That situation underpins and shapes my answers to some of the right hon. Gentleman's questions, because he is absolutely right that the GNA can succeed only with the support and consent of the various factions in Libya.

Let me say one other thing by way of scene-setting. When I went to Tripoli yesterday, I was expecting to find the Government incarcerated in a heavily fortified military base, defending against all comers, but that is not the situation. The base is relatively lightly defended, and it was clear that the Prime Minister's ability to operate there is based on the consent and acquiescence of the militias operating in that part of the capital. He is acutely conscious of the need to build a bottom-up consensus around his activities.

The right hon. Gentleman asked me about the European Union. I returned from Tripoli to Luxembourg last night, where there was a discussion at 28, including Defence Minister colleagues, about future support to Libya, looking at the possibility of extending Operation Sophia in a counter-migration role. No decisions were taken, but the matter is clearly high on the European Union's agenda. The key will be to develop a package that also addresses Libyan top priorities. The Libyans are focused on migration, but it is in all honesty not their top priority. We have to create an environment in which delivering on Europe's top priorities also addresses those of the Libyan people.

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The right hon. Gentleman asked about a UN Security Council resolution. I have not heard anyone suggest that there is an immediate need for a further resolution. The next moves at the UN will be the granting of some exemptions to the arms embargo, and possibly the unfreezing of some assets to allow the Government to function properly.

The House would of course be consulted were the UK Government to decide at any point that they wanted to insert ground forces, or any forces, in Libya in a combat role. We do not envisage that happening in the current circumstances.

The right hon. Gentleman referred to the situation in which a training deployment is contemplated, and asked me whether we would seek the House's approval for a training deployment. I should be clear that it is a question not of approval, but of consulting the House and allowing it to express an opinion through a vote, and the history of the past three years shows that the Government will take great notice of that. However, that would not be the case in the event of a training deployment. We have training deployments around the world. In fact, my Ministry of Defence colleagues informed me just before I came to the House that we currently have 16 permanent training deployments. It is not appropriate for the House to be consulted on such a deployment as if it were a combat deployment.

Did the Libyan Prime Minister ask for training support? Not explicitly, but he did indicate that the Libyan Government may well ask the international community for some form of support as they develop their plans. I gained the personal impression that his instinct is very much at the lighter end of the scale. He clearly does not want to be seen to be dependent on foreign support and wants to do as much as possible internally, using Libyan capabilities. Of course, if there is any question of training, we would want to look at the options for training outside Libya, as well as the permissibility of training inside Libya.

Crispin Blunt (Reigate) (Con): I welcome the Foreign Secretary's statement and last night's European Council conclusions on Libya. The sanctioning of the Speaker of the House of Representatives is welcome, as he has been a particular obstacle to the formation of the GNA. Also welcome is the commitment that the EU—and, I therefore assume, the British—contribution will be coherent and co-ordinated with other international support under the overall co-ordination of the United Nations Support Mission in Libya. A coherent British contribution will be easier with the consent and understanding of this House. It might need to include, for example, airstrikes on Daesh targets in addition to the training mission to which he alludes.

I counsel the Foreign Secretary that he is dancing on pretty thin ice when it comes to differentiating between a training mission in a combat zone and other missions, and when he talks about not seeking to carry this House's approval. I notice the language he has used in talking about being away from the frontline of operations. I wonder whether he can say anything more about that. I urge him to continue to try to carry this House with him.

Mr Hammond: I am grateful to my hon. Friend, who is right that any kind of international support will be more effective if it is properly co-ordinated. The work of the European Union, the Libya international assistance mission—LIAM—and the UNSMIL planning cell, which is already in operation, should be and will be co-ordinated.

Let me be clear that any proposal to carry out airstrikes in support of a counter-Daesh operation absolutely would trigger the convention that the Government consult the House and allow a vote, through which the House could express its view on the proposed intervention.

I understand my hon. Friend's concern, which he has expressed several times both in the House and in various newspapers, that the lines between what is a combat mission and what is a training mission could be blurred in situations such as Libya's, but we are clear that we can make that distinction. I draw his attention to Afghanistan, which is a kinetic theatre if ever there was one, yet our training mission has been successfully conducted there for the past 15 months with great effect. In Iraq, we carry out training activities in an active war zone. There is a big difference between training and advising troops and engaging in combat activities. The Government are extremely mindful of that distinction and of the obligations that they have entered into in respect of consulting the House.

Stephen Gethins (North East Fife) (SNP): I also praise the work of Martin Kobler and of the British ambassador to Libya, whom I met in Tunis and who has been making the best of a very difficult job. Libya has been an unmitigated disaster for this Government. We even had a sitting US President criticise a sitting UK Prime Minister. A UN official described the UK's humanitarian efforts as

“paltry bone-throwing from a European country whose bombers reaped so much destruction”.

We do not have a good record on Libya.

Following the questions of the right hon. Member for Leeds Central (Hilary Benn) and the Chair of the Foreign Affairs Committee, who raised a good point as usual, will the Foreign Secretary tell us how much of the mission he envisages taking place on Libyan soil? As for what he calls a training mission, will any deployment of UK troops on Libyan soil be brought to this House for consideration? Given that he can only have meetings in the naval base, how does he envisage a training mission in Libya taking place at the moment? Finally, does he commend the US President's candour in saying that Libya was his worst mistake, and what does he think has been the Prime Minister's worst foreign policy mistake?

Mr Hammond: It is very easy to sit on the Opposition Benches hurling stones, but I am afraid that the world is not a neat and tidy place, and we have to deal with the situations that present themselves. The hon. Gentleman talks about the humanitarian work, but I remind him that, when we intervened in Libya in 2011, it was to prevent an imminent genocide in Benghazi and that that successful intervention saved countless thousands of lives. Libya is a rich country, and we should not forget that—\$70-odd billion-worth of Libyan assets outside the country are currently frozen by a UN Security Council resolution. This is about getting the Government in place and then releasing those assets so that the Government can function. Libya is not a country that

needs humanitarian assistance in the conventional sense. It needs technical support with good governance, and help to get into a position where we can release its assets to it to enable it to function.

The hon. Gentleman mentioned the British ambassador. I join him in paying tribute to the work of our ambassador, who is currently based in Tunis. He came with me yesterday to Tripoli and it is his fervent desire, as it is mine and Prime Minister Sarraj's, to reopen the British embassy in Tripoli as soon as we are able to do so. Unfortunately, the location of our current buildings in Tripoli is in a rather less secure part of town, so I cannot promise that that will be imminent, but we will keep the matter under constant review and do it as soon as we can.

The hon. Gentleman asked whether any training mission to Libya would take place on Libyan soil, and I have to say to him, yet again, that there is no training mission, there is no putative training mission and there has been no request for a training mission. I speak as a former Defence Secretary when I say that, if there is a request for such a mission, the military will clearly want to ensure that it is undertaken with the minimum risk possible to UK personnel. Therefore, their first preference would be to do it here, their next preference would be to do it somewhere in the region and their third preference would be to do it in Libya, if it is safe to do so. I assure him that we will spare no effort in trying to ensure that any support we do give to the Libyans will be delivered in a way that represents the least possible risk to the British forces delivering it.

Mr John Baron (Basildon and Billericay) (Con): There can be no doubt that our intervention in Libya in 2011 has, as some in this House have suggested, been an unmitigated disaster resulting in many thousands of casualties, the establishment of Daesh and a vicious civil war. Looking forward, given that this country is at a tipping point of its involvement with Libya, given developments on the ground, what lessons can we learn?

Mr Hammond: My hon. Friend, as so often, asserts as fact that there “can be no doubt” on something that is deeply contentious, and I very much take issue with him. The situation in Libya is very difficult and the situation post-2011 was very messy, but countries in many parts of the world do not function as Britain or Switzerland do, and we have to deal with the real situation on the ground. We should look to the future. We should be positive about this potentially affluent country regaining stability and being able, once again, to function as an effective state, allowing the Libyan people to get on with their business. There is a weariness after five years and a growing sense that, if a properly devolved form of government can be established that co-opts the various militias and regional groupings, this can work.

Derek Twigg (Halton) (Lab): What assessment has the Foreign Secretary made of the size of Daesh in Libya and its capability, and does he have any idea what its plan is? Is it going to sit tight or move outwards to try to expand into the rest of Libya?

Mr Hammond: Speaking from memory, I think that our current assessment—the last assessment I have seen—is that there are probably up to about 3,000 Daesh fighters

in Libya, of whom a significant number would be foreign fighters. There is a generally accepted view that what Daesh is doing in Libya at the moment is very much a holding operation, seeking to hold an area of ground, possibly as a bolthole if it finds that its freedom of manoeuvre and freedom to operate is coming under intolerable pressure in Syria. There are many pointers to the fact that now is the time to move against Daesh in Libya, while its presence is still relatively thin on the ground and while its operation is very much in a holding phase.

Damian Green (Ashford) (Con): One measure of success of the new Libyan Government will be the creation of a functioning economy and, as a step towards that, a functioning central bank. Can Britain play any role in helping them achieve that?

Mr Hammond: Yes, and yesterday I offered Prime Minister Sarraj technical support in relation to the central bank, the national oil company and the Libyan Investment Authority. It is a tribute to Libyan resilience and ingenuity that international partners recognise the figures who have continued to run those institutions throughout this period of chaos over the past few years as technically competent and well motivated—they have been doing a good job. Prime Minister Sarraj has now brought the competing appointees—the eastern and the western chairmen of each of those institutions—together to work together and to seek to forge consensus on how the institutions can go forward as truly national institutions on a collaborative basis.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I was interested in what the Foreign Secretary had to say about the current state of Daesh, and how it needs to be contained now and not allowed to spread further. Are we talking to other allies, such as Jordan, about working on training deployments and training up troops? If we do not contain Daesh now in north Africa, it will simply be an expanding problem.

Mr Hammond: Yes, we are talking to other partners, such as Jordan, about how we can provide support to the Libyan Government. Of course other actors are acting independently; Egypt has a recognised vital interest, because of its long land border with Libya, and some of the problems Egypt has been facing in the Western desert are directly attributable to penetration from Libya. The House will recall the continuing issue of General Haftar, the commander of the Libyan national army. He is an important figure who commands significant military forces in the east but is unacceptable as a command figure to many who are supporting the new Government. That is one of the big challenges Prime Minister Sarraj is facing.

Dr Andrew Murrison (South West Wiltshire) (Con): I very much welcome the Foreign Secretary's statement and, in particular, the reassurances it contains about the use of British troops exclusively in training and mentoring, if that becomes necessary. Does he recall the disaster that was the training of Libyans in the UK? Will he assure the House that those mistakes have been noted and lessons have been learnt, and that, if he does intend to train Libyans in the UK, as his statement suggested, we will not make those mistakes again?

Mr Hammond: Yes, and we are not the only ones who had a poor experience with seeking to train Libyans outside Libya—the Italians and Bulgarians had similar experiences. Prime Minister Sarraj referred to that yesterday and is acutely conscious of what was not a very glorious episode in Libyan history. The situation on the ground has changed, but clearly we would look for the most effective location for any training. It is probably the case that that would not be in the UK, for climatic reasons as much as for anything else; we need to train people in an environment as close as possible to the one in which they will be operating. As I have said, there has been no request and there is as yet no plan, so I am afraid I cannot impart to the House any more information.

Keith Vaz (Leicester East) (Lab): May I welcome the progress that has been made but say that I am disappointed that more has not been offered to deal with the migration crisis? There has been an 80% increase in the number of crossings between Libya and Italy. This time last year, half a million people were waiting in Libya to get to Italy. As we know, the European Union is offering Turkey €3 billion to deal with the migration crisis and offering Libya nothing. What we need is permission to enter Libyan coastal waters in order to stop the people traffickers. Did the Foreign Secretary ask for that permission? When can we have that permission, so that we can deal robustly with people trafficking?

Mr Hammond: May I say to the right hon. Gentleman, whose question, I am sure, is well motivated, that he is approaching this in exactly the wrong way? We are not likely to get the buy-in we need if we, as a bunch of Europeans, go to Libya and say, “Here’s our priority agenda. What are you going to do about delivering it?” What we must do, and what I suggested to my European colleagues last night that we should do, is package the objectives that we want to achieve with the objectives that are priorities for the Libyans. That is the only way that Prime Minister Sarraj will be able to sell to the Libyan people a package that in any way questions Libya’s territorial sovereignty and that allows foreigners to operate in Libya’s waters. We must be acutely sensitive to the concerns in Libya about foreigners. I am in a rather strange position in that, on the one hand, I have one bunch of people in this House who are primarily concerned to ensure that we do not have any foreigners going into Libya, and, on the other, the right hon. Gentleman who is desperately keen to get some foreign naval forces into its territorial waters. The truth is that we must balance this very carefully and get a package that works for the Libyans as well as for the European agenda.

Sir Edward Leigh (Gainsborough) (Con): The Foreign Secretary and the shadow Foreign Secretary speak in grandiloquent terms of Prime Minister Sarraj, a Government of national accord and even a House of Representatives. Any member of the British public watching “News at Ten” last night would have seen our Foreign Secretary and the Prime Minister of national accord holed up in a naval base, unable to leave because they control none of the country. Apparently, they now control three ministerial buildings in a country the size of western Europe. Can we have a reality check, please? Can the Government at last realise that their bid to undermine authoritarian leaders such as Saddam Hussein,

Gaddafi, who had a deal with the Italian Government to return migrants, and now Assad has just involved the region in death and destruction? Can we just learn the lessons, try and find a strongman, and do what the Chairman of the Home Affairs Committee wants—and what we all want—and find a way of creating some kind of safe haven for migrants to be returned to?

Mr Hammond: The Chinese have a saying that a journey of 1,000 miles starts with a single step. I urge my hon. Friend to view this process in that context. Self-evidently, I did manage to get out of the naval base in Tripoli yesterday and return to these shores.

My hon. Friend is being a little harsh on Prime Minister Sarraj and what he has achieved. There is a process going on whereby militias—who, only a couple of weeks ago, were threatening to shoot down any aircraft seeking to enter the airport in Tripoli bringing his Government back into the city—are now patrolling the streets outside that naval base and were present on the ground when I landed in Tripoli yesterday. They have recognised and given tentative consent to this Government process to go forward. Its success will depend on Prime Minister Sarraj making the right judgments and being patient enough to bring all the relevant parties with him as he develops a plan for his Government.

Ian Paisley (North Antrim) (DUP): I thank the Foreign Secretary for an advance copy of his statement and congratulate him on his recent visit. Given the failure of the past two Labour Administrations to secure adequate compensation for victims of Libya-supplied Semtex in Scotland, England and Northern Ireland—at the same time America was able to get that compensation—will he now indicate that he will redeem this situation and place on the agenda of the Government of national accord and the Prime Minister that compensation will be a key issue that this Government will pursue with the new Administration?

Mr Hammond: I can confirm that it is already on the agenda. Prime Minister Sarraj is aware of our focus on this issue, but it is a question of timing. At the moment, the Government have not got access to the great majority of their ministries and civil servants. They do not have access to their assets, so it would be premature to make that the No.1 issue. However, this Government are focused on the need to raise and to resolve these issues at the right point in this progression, and Prime Minister Sarraj has already been notified that we will do so.

Mark Field (Cities of London and Westminster) (Con): We have seen a very thoughtful exchange between the Foreign Secretary and his shadow. Although there are flickers of optimism, the atmosphere remains very sombre, not least because, as other Members have pointed out, we have responsibility to a large extent for what has happened in Libya over the past five years. I say to my right hon. Friend, who has dealt with this whole issue of technical and other expertise very skilfully, that the British public would be very reluctant if there were any sense that our expertise was going into helping one side rather than another in what could still be a very bloody civil war. Although I appreciate that these are difficult things and that there are often no good guys on either

side, there must be an appreciation that that would be something that would cause angst to the public if we are to have a functioning Libya in the years ahead.

Mr Hammond: I am grateful to my right hon. Friend for that. If only it were so simple as there being two sides; there are about 120 sides as far as I can make out. He is absolutely right. Of course we must ensure that our support is targeted at the Government of national accord. We have to look for bright spots. One of the positive things that I take from the situation in Libya is that, by and large, the different factions are not motivated by ideology, particularly by extreme religious ideology, as they are in some of the other conflict zones. A lot of this is to do with traditional money and power interests. It is about people wanting to protect their local fiefdoms and making sure that they and their communities get their share of the wealth of the state. Prime Minister Sarraj is going about this in exactly the right way. He is going with the grain of Libyan society, recognising that reality and trying to build a consensus mechanism around it.

Jo Cox (Batley and Spen) (Lab): What guarantees can the Secretary of State offer that our key partners, particularly in Europe, have a coherent strategy on good governance and nation building as well as on the vital issues of migration and counter-terrorism? What reassurances did he get this week from the Government of national accord that they have a plan to broaden out what is essentially a UN-backed political deal, so it is not beholden, and therefore vulnerable, to the many rival regional factions?

Mr Hammond: The most effective step to broaden out the legitimacy of the Government will be the vote in the House of Representatives on the endorsement of the Government. The HOR is committed by the Libyan political agreement to do that, and we hope that it will happen very soon. On the question of our European partners, it is inevitably true that, for 26 of the other 27 EU states, excluding Ireland, migration is at the top of the agenda. It falls to me to urge them, as I urged the Chairman of the Home Affairs Committee, to accept that, if we want to make progress on the matter, we must try to set this in a context that makes sense not just to us, but to the Libyans.

Edward Argar (Charnwood) (Con): I welcome the progress the Foreign Secretary has outlined and appreciate his point about the practical realities on the ground. With that in mind, the long-term prospects for Libya are clearly linked to its economic prospects, which are in turn largely linked to the prospects of its oil industry. What steps, at this early stage, are UK Trade & Investment and the British Government taking to ensure that UK industry can play its full part in bringing the Libyan oil industry back on to the global market?

Mr Hammond: My hon. Friend is absolutely right. Libya has Africa's largest oil and gas reserves and a population of only 6 million, so, clearly, it is, in per capita terms, a potentially wealthy country. I am glad to report that British companies have traditionally played an important role in Libya's oil and gas industry, and Prime Minister Sarraj specifically made the point yesterday that BP would be very welcome back in the country. I shall pass that on to BP's management.

Mike Gapes (Ilford South) (Lab/Co-op): The Foreign Secretary has said that there is no appetite in Libya for foreign combat troops on the ground. Is there any appetite in the Libyan political system for foreign air forces or foreign naval forces operating in Libyan territorial waters?

Mr Hammond: On the latter point, we have already seen a clear wariness of any suggestion of foreign naval forces operating in Libyan territorial waters, even if the focus is counter-migration rather than counter-Daesh. I cannot rule out—it would be wrong to do so—any future requests for air or naval support for a counter-Daesh operation. I can envisage Prime Minister Sarraj, if his Government are successful, being able to muster enough ground forces to mount an attack on the Daesh stronghold around Sirte which, of course, is a coastal port. It is certainly the case that the Libyans will not be able to develop naval or air assets in any reasonable period of time to support such an operation, and it is quite possible that, from a military point of view, they would seek assistance from outside. Prime Minister Sarraj would have to balance that military imperative with the political issues that would arise if he were to request foreign assistance. There has been no such request and no discussion of such a request, but if it comes, we will consider it. If we think that the UK should participate in such action, we will come to the House and allow it to express an opinion through a vote.

Several hon. Members *rose—*

Mr Speaker: Order. A further 21 hon. and right hon. Members are seeking to catch my eye, and I am naturally keen to accommodate all of them. Brevity will assist me in doing so.

Johnny Mercer (Plymouth, Moor View) (Con): I thank my right hon. Friend for his statement. I know that I might be a lone voice, but I urge him to guard against parliamentary approval for every military intervention we undertake, which is out of keeping with an enemy that moves fast and that we need to go up against. May I ask the Foreign Secretary about a distinct strategy specifically to target Daesh, separate from but complementary to the wider diplomatic peace strategy? One can reinforce the other, but if we wait for the perfect political settlement before we start, we will be waiting forever.

Mr Hammond: I will treat my hon. Friend's warning on the use of war powers with the importance it deserves. As he will know, my right hon. Friend the Defence Secretary published a written statement yesterday setting out the Government's position. We must maintain the operational flexibility we need while ensuring that the House of Commons has proper involvement in any proposed combat deployment.

I am sorry; what else did my hon. Friend ask me?

Johnny Mercer: About targeting Daesh.

Mr Hammond: Before the formation of the Government of national accord, there was discussion among the international community about how we would deal with Daesh if there was no solution on the ground in Libya. We concluded that it would be pretty much

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impossible for us to do so. I am very pleased that we now have a Government formed in Libya that we can support to do that job.

Brendan O'Hara (Argyll and Bute) (SNP): The UK's past intervention in Libya has been an unmitigated disaster. The mess we have left behind has caused enormous reputational damage to the United Kingdom and that cannot happen again. Given that we are offering training and technical support to armed forces away from the front line, will the Secretary of State tell me what armed forces we will be training and supporting, given that Libya has myriad competing militias and groups?

Mr Hammond: Another assertion. I can tell the hon. Gentleman that it was not the view of the people I met yesterday that the intervention in 2011 was an unmitigated disaster. It has rid the country of Gaddafi and averted a genocide. He talks in the present tense about training support, and I say yet again that we are delivering no training support in Libya at present. If any request from the Libyan Government for training support were made, it would be for militia groups that had signed up to the Government of national accord's security plan and were being incorporated into the Libyan security forces that will be formed from them.

Henry Smith (Crawley) (Con): Like the right hon. Member for Birmingham, Edgbaston (Ms Stuart), I was struck by the Foreign Secretary's correct comments that we need to continue to move against Daesh in Libya. What discussions have been held with Gulf state nations about helping that effort?

Mr Hammond: We do, of course, have continuing discussions with all Gulf states. It is a well-known fact that both Qatar and the UAE have in the past been active in Libya, but it is also fair to say that all Gulf states have been somewhat distracted by the war in Yemen and have not, perhaps, played as active a role recently as they did earlier in the conflict.

John Woodcock (Barrow and Furness) (Lab/Co-op): Given the turmoil in Libya in the five years and one month since the House of Commons authorised action, does the Secretary of State regret having the UK acquiesce to transferring a mission that was designed under the responsibility to protect to avoid a genocide to one focused on regime change?

Mr Hammond: This was a complicated situation on the ground and, having embarked on the mission to protect the population of Benghazi against genocide and having had to follow where that took us to protect the population from the retribution that the regime was seeking to vent on it, we did what we had to do. I think we should be proud of having rid Libya of the tyrant Gaddafi, who had effectively dismantled the structure of government in Libya. That is why Libya has had its problems of the past few years—there was no government structure in Libya.

Alex Chalk (Cheltenham) (Con): Deploying British troops to Libya, even in a strictly non-combat role, would add significantly to the demands already placed

on them. Can the Secretary of State provide any clarity about how many troops would be necessary and when we can expect to learn from the GNA whether British assistance is required?

Mr Hammond: I am afraid that I cannot, really. I can give a personal view: I would expect that we would be talking about a training mission of the sort of scale of those that we are carrying out in other countries around the world. I therefore would expect there to be between tens and hundreds of trainers, not thousands of trainers.

Graham Jones (Hyndburn) (Lab): The Foreign Secretary says that we must tackle Daesh, but Prime Minister Sarraj only operates with the permission of the militia. Does not the Foreign Secretary think that in certain circumstances some of the militia are aligned with malevolent forces, particularly in other parts of the country, and is he not concerned that the militia are at the heart of the Government and of the future process of government? Where will that leave Libya in the future?

Mr Hammond: I think that there is a misunderstanding about what the militia are. After 2011, Libya fragmented. Every city, every town and every region had its armed forces—armed men who were protecting their communities. That does not make them bad people. They are not extreme Islamists in most cases; they are simply people who have formed home defence units, and they are the only force on the ground. It is not possible to talk about raising new Libyan armed forces that will then take on all the militias—that would be a completely unrealistic project. The only way forward is to co-opt militias into a nascent Libyan armed forces, backed by a political system that is highly devolved and that assures them of autonomy and fair shares of Libya's wealth for the communities they seek to back.

Mr Laurence Robertson (Tewkesbury) (Con): Further to the point raised by the hon. Member for North Antrim (Ian Paisley) about Libyan-sponsored IRA murder, not only in Northern Ireland but in England, including in this city, while I understand the Foreign Secretary's comments about timing, given that there is an emerging Government in Libya and that we will at some point be releasing between £7 billion and £8 billion of frozen assets from this country alone, will he and his ministerial team continue to do all they can to get compensation for people and their relatives who have suffered for far too long?

Mr Hammond: Yes, the assurance that I gave to the hon. Member for North Antrim (Ian Paisley) extends, of course, to the WPC Yvonne Fletcher case.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): Last week, on the Floor of the House, with a note of urgent caution, the hon. Member for Beckenham (Bob Stewart) reminded us of how missions change and about the impact on our armed services, who might have to make decisions on the hoof. I urge the Secretary of State to reflect on that debate and the participation in it.

We are consistently told in this Parliament that NATO is our primary model of defence, yet all we heard about in the statement was the European Union and Europe's

role. I am grateful for the European Union naval deployment and other initiatives by our European partners, who are doing a great job, but if the Libyan Government of national accord makes a request, what role will NATO play in that, given the myriad other organisations and nations involved, from Jordan to Hungary?

Mr Speaker: May I gently suggest that the hon. Gentleman submits his academic treatise to his PhD adviser?

Mr Hammond: I thought that the hon. Gentleman was all in favour of the EU doing more. We are very clear. NATO is our principal war-fighting alliance, but we are not talking about war fighting here. We are talking about stabilisation, training and rebuilding, and the European Union and bilateral arrangements delivered by other European countries are absolutely the right way to go about achieving that. It is not a role of NATO.

Simon Hoare (North Dorset) (Con): My right hon. Friend and the whole House will recognise that a peaceful, stable and prosperous Libya is in the interests of the region and of Europe. Can my right hon. Friend flesh out for the House the timetable envisioned for EU discussions to continue and conclude, working closely with the Libyan Government to ensure a positive and proactive response?

Mr Hammond: That is a good question, but the timetable will have to be determined by what is happening on the Libyan side. At the discussion last night, we were clear that we needed to work up a European Union package. There was mention of Turkey earlier, and the way in which the EU has dealt with Turkey on migration has not escaped the Libyans' notice, so there will need to be a comprehensive proposal. As soon as it is appropriate to make the Libyan Government aware of what such a package might look like, the ball will then be in their court to decide whether they wish to request support.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): When does the Foreign Secretary expect to receive the invitation to provide the support that he mentions? Will he elaborate on the specific mutual objectives and especially the timescales involved? Clearly our troops cannot be involved in open-ended support.

Mr Hammond: There is a spectrum here. In respect of the hard training of troops at infantry level, I think that we are quite a long way from any request to do that, if such a request comes at all. With regard to structuring military command structures in a civilian-led Ministry of Defence, I think it is quite likely that we will be asked quite soon if we can give some advice about that, but we will probably give such advice from Whitehall.

Alec Shelbrooke (Elmet and Rothwell) (Con): As part of my role in the NATO Parliamentary Assembly, I was in Algeria last week. The Algerian parliamentarians I met have much experience of bringing a country together after the dark decade, and they made it clear that they would like to help the Libyan Government through diplomacy in bringing together, as my right hon. Friend said, perhaps 120 different factions. I think the Algerians have a lot to offer and I know that my right hon. Friend

has met the President. Will he ensure that offers of help through non-military intervention are taken as far as possible with the new Libyan Government?

Mr Hammond: I would be very pleased to hear that the Algerians wanted to provide assistance, based on their own experience of rebuilding a country after a bitter civil war, and I am sure the Libyans would be pleased to receive such an offer.

Mr Speaker: I trust that the Algerian parliamentarians felt suitably privileged to meet the hon. Member for Elmet and Rothwell (Alec Shelbrooke).

Jim Shannon (Strangford) (DUP): I welcome the £10 million for technical support that the Foreign Secretary referred to, in particular for security, justice and defence. Will he consider that those who have served in the Royal Ulster Constabulary and the Police Service of Northern Ireland, who have demonstrated substantial knowledge, experience and ability in Afghanistan, Iraq, Serbia and Bosnia, should be part of the security training that will be offered?

Mr Hammond: The hon. Gentleman raises a good point. There has been an assumption across the House that any training that we give would have to be provided by UK military personnel. Some of what will be needed will be police training, and perhaps the PSNI in particular could make a contribution to that. It is also quite possible that some of the training—perhaps all training—will be delivered by contractors, and often ex-military personnel working for contractors, rather than by serving military personnel.

Mr Philip Hollobone (Kettering) (Con): The main concern of my constituents in Kettering about Libya is that the country is the main and growing conduit for illegal immigration from safe and unsafe countries in Africa. If the Government of national accord in Libya are unwilling or unable to make this a national priority, and if my right hon. Friend the Foreign Secretary is unable or unwilling to press the case for how important that is for us, what is the EU plan to prevent this year from being one of a disastrous set of circumstances in which we are about to experience a mass wave of illegal immigration very dangerously across the Mediterranean towards Italy?

Mr Hammond: To reassure my hon. Friend, the Libyan Government do understand the importance of that issue. They understand the importance for Libya because having organised criminal traffic across its borders undermines Libya's sovereignty. They also understand the importance of addressing the issue for Libya's relations with the international community. The point that I was making is that we must put this agenda in the context of the many other immediate challenges facing the Libyan people.

In answer to my hon. Friend's second question about what the EU is doing in the meantime, EUNAVFOR MED Operation Sophia—the European naval operation in the Mediterranean—is designed to intercept people seeking to migrate on an irregular basis into the European Union from Libya.

Greg Mulholland (Leeds North West) (LD): The Global Initiative Against Transnational Organised Crime estimated that the illegal migrant trade is worth \$255 million to \$323 million a year, so the £10 million is a hugely welcome contribution towards stopping that awful trade. Will the right hon. Gentleman confirm that it will also help to plug that gap in Libya's economy so that its purpose will be positive?

Mr Hammond: As I have said before, Libya is potentially a rich country. It has significant oil and gas wealth and significant assets, so if the Government can get their assets unfrozen, they will not lack cash. The £10 million is a UK technical assistance fund. It will fund experts, the commissioning of studies and advice to the Libyan Government in the areas that I outlined.

Stephen Phillips (Sleaford and North Hykeham) (Con): My right hon. Friend will know that the entire region of the Fezzan to the south of Wadi al Shatti is something of a black hole. We do not have a good idea of what is going on there, but we do know that instability and the ready availability of arms have created a threat to the whole of sub-Saharan and west Africa, not only from Daesh, but from Boko Haram, who have armed themselves from the Gaddafi arsenals. Can my right hon. Friend update the House about what the Government are doing to tackle that threat to sub-Saharan and west Africa from Libya?

Mr Hammond: The Libyan Government are acutely aware of the threat to their sovereignty from the porosity of Libya's borders to the south and south-west. I am speculating, but that could be one of the areas where the international community is asked for technical support in the future. This is a very, very long border in an unpopulated area that is ideally suited to policing by technical means, rather than by border guards on the ground. My hon. and learned Friend will be reassured to know that Prime Minister Sarraj stated to me very clearly yesterday that although his Government are in Tripoli and the world is focused on Tripoli, he is acutely conscious of the fact that this must be a Government for the east and south of the country, as well as a Government for the west.

Daniel Zeichner (Cambridge) (Lab): May I press the Foreign Secretary further on the question of where Libyan personnel might be trained in future? He will recall the unhappy saga in 2014 when some 2,000 Libyan personnel were trained at the Bassingbourn barracks in Cambridgeshire. That ended very badly, with a series of violent sexual assaults in my city of Cambridge when they were left out unsupervised. Can the right hon. Gentleman reassure residents in Cambridge that there will be no further training of Libyan personnel in Cambridgeshire? Will he also update the House on attempts to get back the £15 million that is left owing from the Libyan authorities after that sad experience?

Mr Hammond: I was Defence Secretary at the time, so I will remember the plans for training at Bassingbourn. As the hon. Gentleman says, it did not end well, and the Libyans are acutely conscious of that. This would be a very different operation in very different circumstances. There are no plans yet, and there has been no request, so I am afraid that I cannot give the House any further

information about what such a training programme might look like or where it would be conducted, but I can give him an assurance that the lessons of what happened at Bassingbourn have been taken on board by the Ministry of Defence and will be properly factored into any future plan.

Patrick Grady (Glasgow North) (SNP): If spending 13 times as much on bombing Libya as on reconstructing it is not one of the Prime Minister's worst foreign policy decisions, I wonder whether the Foreign Secretary could tell us what is. Of the £10 million announced today for the conflict security fund, how much will be counted as official development assistance, how much will be counted towards the NATO 2% target, and how much will be counted towards both?

Mr Hammond: I do not think that Libya qualifies for ODA because of its GDP per capita, but if I am wrong about that I will write to the hon. Gentleman and place a copy of the letter in the Library.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): The Foreign Secretary has spoken about the situation in Benghazi in the past, but the situation there remains extremely volatile and serious. Reuters was reporting over the weekend of extensive fighting and suicide attacks carried out by Daesh affiliates. I wonder what discussions he has had about the situation in and around Benghazi and whether he expects any requests for support to deal with operations in that region of Libya.

Mr Hammond: We did discuss that issue, and we did so in the context of General Haftar and the Libyan national army, which is active in that area. This is one of the challenges that Prime Minister Sarraj faces: one of the most effective military units available is under the command of General Haftar, who is a *bête noire* for many of the people who support the Government. But at the moment the Government do not have an alternative, and the effectiveness of the petroleum guard force and of the LNA in stemming Daesh attacks is an important part of the Government's arsenal of defences. In the medium term, however, they will have to get all those units under some form of effective central control.

Hywel Williams (Arfon) (PC): I am grateful to the Foreign Secretary for advance sight of his statement. We in Plaid Cymru agreed with the 2011 intervention to prevent an imminent large-scale murderous attack on civilians in Benghazi. Later on, in Benghazi itself, the Prime Minister said that we would

"stand with you as you build your democracy and build your country for the future."

Will the Foreign Secretary guarantee that this time we will fulfil our promises?

Mr Hammond: That is exactly what we are doing. It has taken a regrettably long time to get from the end of the campaign in 2011 and the overthrow of Colonel Gaddafi to the point where the Libyan people are now seriously starting to seek to rebuild their democracy and their economy, but they are now looking to do so and we will be there to support them.

Andrew Gwynne (Denton and Reddish) (Lab): The idea of Daesh being present in Libya is worrying enough in its own right, but the prospect of them moving their operational headquarters from Iraq and Syria to Libya should be deeply worrying for us all, especially the Secretary of State. What discussions has he had with his Libyan counterparts and with those countries neighbouring Libya on stemming the flow of Islamic militants into the country?

Mr Hammond: I have had discussions with the Libyans and with the Egyptians and Tunisians, who are very concerned about this. The problem is that the principal route of access into Libya for Daesh militants appears to be by sea, and the Libyans are struggling to control that route with their current resources.

Mark Durkan (Foyle) (SDLP): We know from experience elsewhere that in fledgling democracies and troubled states that are rife with armed groups, corruption and conflict often become drivers for each other. We also know that refuge routes are being sought through Libya. In that context, is the Foreign Secretary right to minimise the relevance of a humanitarian and civil contribution, at least in the medium term?

Mr Hammond: I simply say to the hon. Gentleman that Libya is not a poor country. There are tens of billions of dollars of Libyan assets owned by the Libyan people and available to the Libyan Government once the UN decides to unfreeze them, so I do not believe that Libya needs humanitarian support in the conventional sense. What it absolutely needs is technical support to build the governance structures that will allow the UN to release its own money to it.

Steven Paterson (Stirling) (SNP): Can the Foreign Secretary say something about the use of embedded troops in any future military operation? I appreciate

that there is no immediate prospect of that—he has been very clear about that—but would the House be consulted on any British military personnel being embedded within the armed forces of other nations?

Mr Hammond: The statement that my right hon. Friend the Defence Secretary made yesterday clarified that point. Where troops or personnel are embedded in the military forces of other nations, they are treated as being part of those forces for operational purposes; they are not covered by the commitment we have made to come back to the House. It would be absurd if a British pilot embedded in the US navy, for example, maintaining our carrier base skills ahead of the commissioning of our own carriers in 2018, had to be the subject of a debate in the House of Commons because of some decision taken by the US Government.

Tom Elliott (Fermanagh and South Tyrone) (UUP): In answer to a question last week, the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for Bournemouth East (Mr Ellwood), said that the Government would facilitate a visit of UK victims of terrorism that involved Semtex to Libya in the near future. Now that the Foreign Secretary has gone there, is there any timescale for when we can expect such a visit?

Mr Hammond: I do not think that the conditions would be right for such a visit right now, and I cannot see exactly what the point would be at this stage. Once the Government of national accord are established in their Ministries, with access to their records and their competent civil servants, and once our ambassador is back in Tripoli, I will certainly be prepared to see what we can do to facilitate such a visit.

Point of Order

1.47 pm

Andrew Gwynne (Denton and Reddish) (Lab): On a point of order, Mr Speaker. During Treasury questions earlier today, a Minister, whether advertently or inadvertently, besmirched the work of the House of Commons Library. Given that the researchers in the Library are independent and impartial and their work is greatly valued by Members on both sides of the House, and given that, as servants of the House, they cannot come into the Chamber to defend their work, how can we put on the record that Members of Parliament of all political persuasions value and respect their work?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. I would not seek to comment on the merits or demerits of a particular report. Suffice it to say, however, that I think the House of Commons Library service is held in universal esteem. I have always had the highest regard for the professionalism, competence, intellect and analytical skill of those who work in the Library service. Indeed, when I was first elected I was told, before employing researchers, first to see and realise the benefits that the Library service can bring. I was told that 19 years ago. It was true then, and it is true now. I am sure that nobody would want to suggest otherwise.

Farm Produce (Labelling Requirements)

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

1.48 pm

Mrs Anne Main (St Albans) (Con): I beg to move,

That leave be given to bring in a Bill to require the labelling of farm produce sold in the UK to include country of origin and whether produced in accordance with designated animal welfare standards; and for connected purposes.

Today I am arguing for more transparency—farm-to-fork traceability—to enable the British consumer to make a more informed decision about what they are buying. Currently we have a confusing mixture of voluntary standards bolted on to EU legislation, with some products offering greater clarity of origin and production standards than others. It took the Europe-wide scandal of horsemeat finding its way into our food chain to jolt the European Commission into action. That scandal was a big wake-up call for the meat industry EU-wide.

The UK is already implementing new EU rules on country-of-origin labelling for unprocessed pork, lamb and poultry. I stress that that meat is unprocessed, because there is a whole other confusion surrounding imported meat that is processed into, for example, sausages in the UK and then labelled as a British product. However, that is a can of worms for another day.

Although there are now better rules on labelling and the traceability of meat products, the same is not true for milk and milk used in dairy products, and that must change. Our British dairy farmers are having a tough time of it, and milk prices are very low. With Britain operating under current EU rules, we cannot unilaterally bring in mandatory country-of-origin labelling. To do that, we would need to get agreement from the Commission, but so far the Government have not been able to convince the Commission to agree, which is regrettable.

Currently the Commission favours only a voluntary code on dairy products. A May 2015 EU report covering dairy indicated that it was felt that introducing such a measure would prove costly and bureaucratic. However, our own Farming Minister has said:

“I do not accept the Commission’s argument that it would be too complicated and too difficult to do this on dairy products. It might on some dairy products, but on butter, on cheese, on some of the staple dairy products you could deliver country-of-origin labelling relatively inexpensively... The commission is very resistant to going this way, so we are not going anywhere fast on this agenda”.

Dr Judith Bryans, chief executive of Dairy UK, has said:

“There is obvious consumer demand for clearer information on the country of origin of food products as illustrated by the existing rules for fresh meat within the Food Information to Consumers Regulation... A mandatory labelling system would help the UK dairy industry showcase its products and reassure consumers on their provenance.”

There we have it: clear mandatory labelling is what our Government want. It is in the interests of British farmers and the British consumer.

The Government have said there is great potential for significant long-term growth in the UK dairy sector, with the global market expected to grow at more than

2% a year for the next 10 years. Globally, in or out of the EU, our dairy farmers should therefore have a bright future.

In its farm gate prices report in March 2016, the Environment, Food and Rural Affairs Committee said:

“It is unacceptable that consumers cannot buy British in confidence and could be misled as to country of origin when they are buying food from their supermarket. It is essential that labelling on produce is improved.”

I wholly agree.

For consumers who care deeply about animal welfare, we also need clearer labelling covering animal-rearing processes. Consumers do care about how animals in the food chain are cared for during their short lives. There are specific EU requirements on the keeping of calves, pigs, laying hens and broilers. The EU banned conventional cramped cages for laying hens in 2012, and it specifically phased out the use of individual stalls for pregnant sows in 2013. Those appallingly stressful stalls keep pregnant sows caged, usually on concrete, so they cannot move about. Such stalls cut farmers' costs, but they were banned for cruelty reasons in the UK in 1999. They were specifically banned in the rest of the EU from the start of 2013.

Shockingly, more than two years on from these stalls being banned on cruelty grounds, six EU countries are still officially non-compliant with their own key welfare standards. Such wilful non-compliance cuts costs for the farmers involved, but it perpetuates misery for animals. The consumer absolutely has a right to know that a cheap cut of pork on a supermarket shelf has been produced in banned conditions.

Dr Joyce D'Silva, ambassador for the campaign group Compassion in World Farming, has said she believes the countries failing to comply were France, Belgium, Cyprus, Greece, Finland and Slovenia. She has said:

“It is appalling that the European Commission has failed to enforce this law... The whole point of an EU-wide ban is to ensure it is a more level playing field”—

a level playing field on the cost of pork production and on animal welfare.

My hon. Friend the Member for Tiverton and Honiton (Neil Parish), who co-sponsored the Bill with other hon. Members, and who is Chairman of the Environment, Food and Rural Affairs Committee, accused the European Commission in October 2015 of “prevaricating” and of giving European farmers an “unfair advantage” by allowing them to flout an EU ban on sow stalls. That

unfair advantage is bad for not only the pig but pig farmers, because it has led to 60% of our pork being imported, undercutting our farmers.

If the British consumer wants to be sure that the pork on their plate is cruelty-free, clearer mandatory labelling is the answer. Currently there is only one EU-wide system of compulsory labelling on animal welfare, and that is for table eggs. The EU has been slow in obliging other member states to adopt higher welfare standards. Perhaps that is why the EU strategy does not plan to extend welfare labelling beyond eggs. If it did, it would certainly shame some key EU countries over their unacceptable animal farming practices. The Conservative Animal Welfare Foundation has said,

“As demand for livestock products continues to surge, particularly in developing countries, the importance of ethically sourced food becomes more important than ever as more animals are farmed.”

This country already has a voluntary scheme that demonstrates clear labelling and animal welfare—the Red Tractor scheme. It demonstrates that food is high-quality British produce and that it has been farmed, processed and packed in the UK. It is the largest food-assurance scheme in Britain. It ensures that food is traceable and safe to eat and that it has been produced responsibly.

Our farmers are doing the right thing, and they deserve our support. It is not right or fair that other European countries can dodge important animal welfare issues, hide anonymously behind inadequate labelling and at the same time undercut our farming industry. If British consumers were made aware of the lower welfare standard operating in many European countries, I believe they would choose to buy British and buy compassionately.

By bringing in the Bill, we will know where our milk has come from and where an animal was reared. Importantly, we will also know how well it was treated in its life and, potentially, even how it was slaughtered. By championing a robust, sustainable, compassionate British farming industry, we are delivering jobs and prosperity and ensuring our own food security. I believe that that is what the British public want, and I would like our Government to bring in a Bill to do that.

Question put and agreed to.

Ordered,

That Mrs Anne Main, Martin Vickers, Andrew Percy, Mr Jacob Rees-Mogg, William Wragg, Mr David Nuttall, Stephen McPartland, Bill Wiggin, Neil Parish and Mr Nigel Evans present the Bill.

Mrs Anne Main accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 6 May, and to be printed (Bill 161).

Bank of England and Financial Services Bill [Lords]

*Consideration of Bill, as amended in the Public Bill
Committee*

New Clause 12

APPOINTMENT OF FINANCIAL CONDUCT AUTHORITY CHIEF EXECUTIVE

“In Schedule 1ZA to the Financial Services and Markets Act 2000 (the Financial Conduct Authority), after paragraph 2 insert—

2A (1) The term of office of a person appointed as chief executive under paragraph 2(2)(b) must not begin before—

- (a) the person has, in connection with the appointment, appeared before the Treasury Committee of the House of Commons, or
- (b) (if earlier) the end of the period of 3 months beginning with the day on which the appointment is made.

(2) Sub-paragraph (1) does not apply if the person is appointed as chief executive on an acting basis, pending a further appointment being made.

(3) The reference to the Treasury Committee of the House of Commons—

- (a) if the name of that Committee is changed, is a reference to that Committee by its new name, and
- (b) if the functions of that Committee (or substantially corresponding functions) become functions of a different Committee of the House of Commons, is to be treated as a reference to the Committee by which the functions are exercisable.

(4) Any question arising under sub-paragraph (3) is to be determined by the Speaker of the House of Commons.”—
(*Harriett Baldwin.*)

This new clause provides that the term of office of a person appointed as chief executive of the Financial Conduct Authority (otherwise than on a temporary basis) must not begin before that person has appeared before the Treasury Committee of the House of Commons or, if earlier, three months from the date of his or her appointment.

Brought up, and read the First time.

1.57 pm

The Economic Secretary to the Treasury (Harriett Baldwin): I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Mrs Eleanor Laing): With this it will be convenient to discuss the following:

Amendment (a) to new clause 12, after paragraph 2A(1)(b) insert—

“(1A) If, before the term of office has begun, the Treasury Committee reports to the House that the appointment should not be confirmed, the Treasury shall not continue with the appointment unless the House of Commons resolves that the appointment should be confirmed.”

Amendment (b) to new clause 12, at end insert—

“In Schedule 1ZA to the Financial Services and Markets Act 2000, in paragraph 3(1), at the end insert “, except in the case of the chief executive of the FCA, who shall be appointed for a reappointable term of five years”.”

New clause 1—*Chief Executive of the Financial Conduct Authority*—

(1) Schedule 1ZA of the Financial Services and Markets Act 2000 is amended as follows.

(2) After paragraph 2(2) insert—

“(2A) The Treasury shall not appoint a chief executive without the consent of the Treasury Committee of the House of Commons.”

(3) After paragraph 4(1) insert—

“(1A) But a chief executive appointed under paragraph 2(2)(b) is not to be removed from office without the consent of the Treasury Committee of the House of Commons.”

(4) After paragraph 27 insert—

“References to Treasury Committee

28 (1) Any reference in this Schedule to the Treasury Committee of the House of Commons—

- (a) if the name of that Committee is changed, is to be treated as a reference to that Committee by its new name, and
- (b) if the functions of that Committee (or substantially corresponding functions) become functions of a different Committee of the House of Commons, is to be treated as a reference to the Committee by which those functions are exercisable.

(2) Any question arising under sub-paragraph (1) is to be determined by the Speaker of the House of Commons.””

New clause 2—*Composition of the Court of Directors of the Bank of England*—

“In making nominations to the Court of Directors of the Bank of England, the Chancellor of the Exchequer must have regard to the importance of ensuring a balanced representation from the nations and regions of the United Kingdom.”

New clause 3—*Change in title of the Bank of England*—

“The Bank of England shall be known as the Bank of England, Scotland, Wales and Northern Ireland; and any reference in any enactment to the Bank of England shall be taken as a reference to the Bank of England, Scotland, Wales and Northern Ireland.”

New clause 5—*Sterling Central Bank*—

“The Bank of England is renamed the Sterling Central Bank.”

This new clause would change the name of the Bank of England to reflect its position as the UK central bank and the UK's shared currency.

New clause 6—*Membership of the Monetary Policy Committee of the Bank of England*—

“(1) Section 13 of the Bank of England Act 1998 is amended as follows.

(2) At the end of subsection 2(c), add “of whom one each must be nominated by the Scottish Government, the Welsh Assembly Government and the Northern Ireland Executive.”

This new clause seeks to ensure representation of the four nations of the United Kingdom on the Monetary Policy Committee.

New clause 7—*Objectives of the Monetary Policy Committee*—

“After subsection 11(a) of the Bank of England Act 1998 there is inserted—

“(b) maximum employment, and.””

This new clause would expand the mandated objectives of the Monetary Policy Committee to include maximum employment.

New clause 8—*Bank of England Accountability and Devolved Legislatures*—

“Within three months of the passing of this Act, the Chancellor of the Exchequer shall lay a report before both Houses of Parliament on the merits of ensuring that the members of the policy committees of the Bank of England, including the Governor, appear before the respective economy committees of the devolved legislatures of the UK at least once a year.”

New clause 13—*Freedom of Information*—

“(1) Schedule 1, Part VI to the Freedom of Information Act 2000 is amended as follows.

(2) In the entry relating to the Bank of England, leave out all the words after “England.””

Amendment 6, in clause 9, page 7, line 19, at end insert—

“(6A) The Comptroller may enquire into the Bank’s success in achieving its stated policy objectives but shall not enquire into the desirability of such objectives having been set.

(6B) The Comptroller shall submit reports arising from the exercise of his powers under subsection (6A) to the Treasury Committee of the House of Commons (or any successor committee exercising the same or equivalent functions).

(6C) The Comptroller shall lay before Parliament, and publish, each report arising under subsection (6B) promptly unless, in the opinion of the Treasury Committee, publication of a particular report would be likely materially adversely to affect the stability or functioning of the UK’s financial or banking system.”

Amendment 7, in clause 11, page 12, line 2, at beginning insert

“Subject to section 7ZA(6A) of the Bank of England Act 1998,”
Government amendment 3.

Harriett Baldwin: I would like to start by emphasising that the Treasury Committee is an esteemed Committee of this House and provides exceptional scrutiny of the Government and their regulators. Through its programme of pre-commencement hearings, it questions appointees to several posts before they start work. After appointees have started, they can expect to appear regularly before the Committee, and the public can expect the Committee to hold appointees firmly to account.

The Government welcome that scrutiny of appointees—it is a critical democratic function. That is why we have tabled new clause 12 to ensure in statute that the Committee always has the chance to scrutinise a new Financial Conduct Authority chief executive before they start work.

Mark Field (Cities of London and Westminster) (Con): Will this be setting a bit of a trend? For which other important posts—there will be a number of other important posts at not just regulators but other City institutions—does my hon. Friend think it would be appropriate for the Treasury Committee to have a similar approval process?

Harriett Baldwin: I am speaking very narrowly to new clause 12. I am sure the Treasury Committee and other Committees will look at the issue again. I expect it to be part of the ongoing discussions between Parliament and the Executive. However, I am speaking to the very narrow characteristics of new clause 12.

Since we tabled our new clause, there have been further discussions with the Chair of the Treasury Committee over its role in the appointment of FCA chief executives. I am pleased to announce that we have found a means of reinforcing its scrutiny role that goes further than the context of this Bill. Indeed, today the Chancellor has written to the Chair of the Treasury Committee, agreeing that the Government will make appointments to the role of chief executive of the FCA in such a way as to ensure that the Committee is able to hold a hearing before the appointment is formalised.

Helen Goodman (Bishop Auckland) (Lab): Is the letter in the Vote Office if it has already been penned?

Harriett Baldwin: The letter is in my binder and I would be happy to read it out, provided that the Chair of the Committee does not object. I will ensure that a copy is put in the House of Commons Library, if that has not already happened. I am sure that the Chair of the hon. Lady’s Committee will be more than happy to share it with her. Would she like me to read the letter out in full?

Helen Goodman: Read it out!

Harriett Baldwin: By popular demand, this is what the letter states:

“Dear Andrew,

During the passage of the Bank of England and Financial Services Bill, we have considered the role of the Treasury Select Committee (TSC) in scrutinising the appointment of the Chief Executive of the Financial Conduct Authority (FCA).

This scrutiny is important and welcome. I will therefore ensure that appointments to the Chief Executive of the FCA are made in such a way to ensure the TSC is able to hold a hearing, after the appointment is announced but before it is formalised. Should the TSC recommend”—

this is more exciting news—

“in its report that the appointment be put as a motion to the whole House, the government will make time for this motion and respect the decision of the House.

Additionally”—

it does not stop there—

“I will seek, in a future Bill, to make a change to the legislation governing appointments to the FCA CEO to make the appointee subject to a fixed, renewable 5-year term. This would not apply to Andrew Bailey, who I recently announced as the new head of the FCA, but would first apply to his successor.

I believe that these changes will reinforce the Treasury Committee’s important scrutiny role.”

John McDonnell (Hayes and Harlington) (Lab): It would be helpful if the Economic Secretary could assure the House that that future Bill will be introduced sooner rather than later.

Harriett Baldwin: I am sure that the shadow Chancellor welcomes Government new clause 12 and the news that we will carefully consider the earliest possible opportunity for doing that, following today’s debate.

As the letter states, should the Treasury Committee follow the pre-commencement hearing with a report recommending that the appointment be put as a motion to the whole House, the Government will make time for that motion and, should it result in a vote, they will respect the decision of the House. We will also seek an opportunity to alter the legislation governing appointments to the FCA chief executive officer, to make the appointee subject to a fixed, renewable, five-year term. I can confirm that Andrew Bailey, the new CEO of the FCA, has been appointed to a five-year term that can be renewed, so the agreed process will first apply to his successor. The agreement is the right way to reinforce the crucial scrutiny role of the Treasury Committee.

Helen Goodman: I am grateful to the Economic Secretary, who is being extremely generous with her time. What she has said is extremely welcome and a significant step forward. Will she explain why the Chancellor thought it better not to insert it in the Bill, but to make the arrangement through an exchange of letters?

Harriett Baldwin: We tabled our new clause on Thursday and, as I have said, there have been further discussions with the Chair of the Treasury Committee. I am delighted to be able to announce the result of those discussions today.

I also want to take a moment to address the question of dismissals of the FCA chief executive. I can confirm that the Government do not have the power, except in very limited circumstances, to dismiss the chief executive of the FCA during his or her term of office. I refer the House to paragraph 4 of schedule 1ZA to the Financial Services and Markets Act 2000, which applies to the chair and the external members, as well as to the CEO, and states:

“The Treasury may remove an appointed member from office...on the grounds of incapacity or serious misconduct, or...on the grounds that in all the circumstances the member’s financial or other interests are such as to have a material effect on the extent of the functions as member that it would be proper for the person to discharge.”

The lawyers are clear that the only reasons the Treasury can dismiss an FCA chief executive are incapacity, serious misconduct and conflicts of interest. I hope that offers the House considerable reassurance.

Mark Field: It is worth saying a little about what happened in relation to Martin Wheatley. Although he was not technically dismissed, his term was not renewed. The situation was straightforward. In July 2015, it was announced that his term would not be renewed in March 2016. As a result, he left his office six months early. I accept that that may have been a mutual decision between the Treasury and Mr Wheatley, but it certainly gave the impression, at least, that, even if it was not a fully fledged dismissal, it was a non-renewal, and, ultimately, the exit from office came six months before the end of a fixed term.

Harriett Baldwin: My right hon. Friend has stated the facts about the term of office to which Martin Wheatley was appointed and the fact that the Government chose not to renew it. It is appropriate to pay what I hope is a cross-party tribute to the excellent work of the acting chief executive, Tracey McDermott, who stepped into the role at that time. She has carried out the role for almost a full year in an absolutely exemplary fashion.

Unless there any further questions on the new clause, I am going to move on to the amendments relating to devolution. I am inviting interventions, but there are none.

The next set of amendments, which stand in the names of the hon. Members for East Lothian (George Kerevan), for Carmarthen East and Dinefwr (Jonathan Edwards) and for Kirkcaldy and Cowdenbeath (Roger Mullin), force us to ask exactly who the Bank works for. The answer must be the entire United Kingdom. Indeed, that is emphasised in the Bank’s mission statement,

“to promote the good of the people of the United Kingdom by maintaining monetary and financial stability.”

To fulfil that mandate, the Bank of England goes to great lengths to ensure that it has a comprehensive understanding of the economic and financial situation across all corners of the United Kingdom. The Bank has a network of 12 agencies, which are located across Scotland, Wales, Northern Ireland and the regions of England. Each year, those agents undertake some

5,500 company visits and participate in panel discussions with approximately a further 3,500 businesses. In that context, imposing a requirement to have regard to regional representation on the court is unnecessary. A comprehensive framework for regional information-gathering already exists.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): Will the Economic Secretary inform me who the Welsh representative is, because I have absolutely no idea who represents Welsh interests at the Bank of England and I am Plaid Cymru’s Treasury spokesperson?

Harriett Baldwin: I will make sure that that person makes him or herself known to the hon. Gentleman with the greatest of speed. It is important to point out that the agents do not engage with us as politicians. The agent for the west midlands and Worcestershire is very engaged with my local businesses, but I as a politician have never had a meeting with them. That is how it should work.

George Kerevan (East Lothian) (SNP): I realise that the Economic Secretary is trying to be helpful, but does she not recognise that there is a strategic difference between the process of information-gathering through the agents and that of policy-making through the bodies of the Bank itself? That is where we are asking for representation.

Harriett Baldwin: I will get to that point later in my remarks. As always, I seek to be helpful to the hon. Gentleman, so I hope that he will enjoy those remarks when I get to them.

We believe that it is unnecessary to impose the requirement in new clause 2 to have regard to regional representation on the court, which is effectively the board of directors of the Bank of England, because of the comprehensive framework for regional information gathering that already exists. In addition, if we found a candidate with the perfect profile to serve on the court, but we insisted on downgrading them because they lived in an over-represented part of the country, that would not be the best way to produce an effective court.

I have been clear that in setting both monetary and financial stability policy, the Bank must take into account economic conditions in, and the impact of policy decisions on, every part of the UK. Monetary and financial stability policy must be set on a UK-wide basis. None of the 65 million people whom this House represents would be well served if, for example, different capital requirements applied to banks in different parts of the UK. Of course, monetary policy must be consistent. It is completely impossible to set different interest rates in different regions, so monetary and financial stability are, rightly, reserved policy areas.

The men and women who make up the Bank’s policy committees must have their decisions scrutinised, but since policy must be set UK-wide, this Parliament must hold them to account. This Parliament holds power over reserved matters, which these issues rightly are, and the Members of this Parliament represent people from every part of the country on an equal basis. Likewise, Ministers, who are accountable to the House and who hold their positions with the support of a majority of the House of Commons, must be responsible

for making the external appointments to the Monetary Policy Committee, each member of which is responsible for considering the impact of their policy decisions on all 65 million people in the UK.

We also return to the question of the Bank's 300-year-old name. It is important to recognise the reputation associated with a name built up over such a long period. During that time, the Bank has come to be globally renowned as a strong, independent central bank. We should not underestimate the importance of that. International confidence in the Bank of England helps to support international confidence in our economy and currency.

I turn to the monetary framework. The Government amendment in this group is modest. The Bill reduces the minimum frequency of Monetary Policy Committee meetings from monthly to at least eight times in every calendar year, and our amendment adjusts the reporting requirements of the Monetary Policy Committee to match.

Tommy Sheppard (Edinburgh East) (SNP): The Minister moved on very quickly from the matter of the name. I just want to clarify whether the Government have a view on changing the name of the Bank of England to reflect the fact that it is the Bank for all the nations of the United Kingdom. Notwithstanding the fact that in normal, everyday parlance it will, I am sure, still be referred to as the Bank of England, its long and proper title surely should reflect all the nations of the United Kingdom.

Harriett Baldwin: I respect and pay tribute to the fact that the Bank of England was founded by someone from Scotland, so the hon. Gentleman is absolutely right to draw attention to the fact that this is an historical anomaly. I would be the first to accept that the monetary policy of the Bank of England is set for the whole United Kingdom. That does not mean to say that we will accept the new clauses that would change the name of the Bank of England, because we think that its name has been well established over 300 years.

Mark Field: I think that the Treasury is right, in this instance, not to change the name. The Bank of England has a brand. I do not need to give a history lesson to the nationalist Members, but the Bank of England was founded in 1694, which was before the 1707 and 1800 Acts of Union that might—for two of the three other parts of the United Kingdom, at least—otherwise have had an impact on its initial name. Its brand is important, and I hope that those from the other parts of the United Kingdom will not feel as though their interests are being downgraded simply because they do not appear in the headline name, not least for the reasons that have been set out. It is important that we recognise that the Bank acts for the entirety of the United Kingdom, and that it therefore pays great attention to the voices of those in all parts of the United Kingdom, not just England.

Harriett Baldwin: Yes, and on that point I hope that the support of the hon. Member for Edinburgh East (Tommy Sheppard) for the united nature of our kingdom means that the Scottish National party has moved on from the discussions of last year in which it wanted to break up the United Kingdom. I hope that the party

will accept the settled will of the Scottish people to continue to benefit from monetary policy that applies right across the country.

2.15 pm

Jonathan Edwards: Further to the points made by the Minister and the right hon. Member for Cities of London and Westminster (Mark Field), the new clause tabled by my colleague the hon. Member for East Lothian (George Kerevan) will address the issue that they spoke about. As a keen cricketer, I know that the official title of the governing body is the England and Wales Cricket Board, but it is named "England" for all promotional purposes. Even if we accept the well-intentioned new clause tabled by my colleague from the Scottish National party, the Bank of England will still be known, in promotional terms, as the Bank of England.

Harriett Baldwin: The hon. Gentleman tries to tempt me down the path of comparisons with sports teams, but I decline to be tempted. The Government amendment is modest: the Bill reduces the frequency of MPC meetings from monthly to at least eight times in every calendar year, and the amendment will simply adjust the reporting requirements of the MPC to match.

New clause 6, tabled by the hon. Member for Carmarthen East and Dinefwr, suggests that we give the MPC a second primary objective of maximising employment. We conducted a comprehensive review of the monetary policy framework in 2013 and concluded that a flexible inflation targeting framework offered the best approach. Employment is already explicitly part of the MPC's objectives. Its secondary objective is

"to support the economic policy of Her Majesty's Government, including its objectives for growth and employment."

The most recent MPC remit letter summarised the Government's economic policy as being

"to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries".

George Kerevan: I thank the Minister for her forbearance in giving way again. She is taking refuge in the Bank of England's existing mandate, a mandate that all Members, on both sides of the House, know has long since become redundant. The inflation target has been dead in the water for years and years, because inflation is nowhere near 2% and is not likely to be for a long time. Implicit in the new clause is the fact that we are questioning about for other policy measures to replace the 2% inflation target. Will the Minister address the question of what future targets the Bank of England should have to address the needs of a deflationary era, rather than the inflationary era of the last 20 years?

Harriett Baldwin: The hon. Gentleman asks an important question. There are many opportunities in Parliament, in the scrutiny of the Bank of England by the Committee of which he is a member, to ask those important questions. The Government choose to use the mechanism of the letter process and the remit. The hon. Gentleman and I are both old enough to know how inflation has changed over the years—[HON. MEMBERS: "Surely not!"] I know; surely we are not. We should all welcome the significant lowering of inflation expectations, and we should all remember how important it is that we continue to ask the Bank of England to keep inflation under control, so

[*Harriett Baldwin*]

that we never return to the kinds of impoverishing inflationary policies that so harmed people—particularly the poorest and oldest in society—during the 1970s.

Price stability must have primacy, because we judge that having a single lever aimed primarily at a single objective is the best way to make sure that the inflation target is credible. That, in turn, anchors all-important inflation expectations and helps us to keep inflation under control. Our system has shown that it produces good labour market outcomes. Despite global uncertainty, we have record numbers of people in work, an unemployment rate that is at its lowest in a decade, and a claimant count that has not been lower for more than 40 years. Moreover, targeting low inflation ensures that hard-earned wages are not eroded by inflation.

Mark Field: I must confess that I entirely agree with what the Minister is saying about inflation. I, too, am old enough to remember what inflation was like, particularly in the 1970s. However, it seems to me that the Bank of England's sole monetary policy lever is to say that we must keep the inflation rate down. Surely we must recognise that inflation has now been well below the 2% target for a long time. I accept that we should never believe that inflation, and all the distortions it makes in our economy, has been entirely vanquished, but should there be a different inflation target, or a different set of remits for the Bank of England, to recognise that it should pay attention to other aspects of the economy in its monetary policy?

Harriett Baldwin: My right hon. Friend, who is an extremely wise and knowledgeable person—I will not refer in any way to his age—highlights an important point. He also emphasises the behavioural characteristic of the recency effect. Inflation is well below the 2% target today, but only during the lifetime of the last Parliament it was above 5%. Even during the six years that I have been a Member, we have tested the parameters of the inflation target. I do not think there is any need for us to make any changes to that target this afternoon.

I will conclude by speaking briefly to amendments 6 and 7 and new clause 13. The first part of amendment 6 states:

“The Comptroller may enquire into the Bank's success in achieving its stated policy objectives but shall not enquire into the desirability of such objectives having been set.”

The Bill, as drafted, will already have that exact effect.

The second part of amendment 6 directs how the Comptroller and Auditor General should submit his reports. Parliament has delegated to the Comptroller discretion over the content of National Audit Office reports and the timing of their publication, and it is important that this independent officer of Parliament is able to use his judgment on how Parliament and the public are best served. The National Audit Act 1983 provides that the Comptroller

“may report to the House of Commons the results of any examination”.

Once he has reported to the House, it is open to any Committee of this House to inquire into matters on which he has reported. There is an in-built incentive for prompt publication as it mitigates the risk of the report's conclusions being overtaken by events.

Amendment 7 would disapply restrictions in the Financial Services and Markets Act 2000 on the disclosure of specially protected information in relation to reports by the Comptroller and Auditor General. Information is specially protected under these rules if it is held by the Bank for the purposes of monetary policy, for financial operations supporting financial institutions in maintaining financial stability, or for private banking purposes. Similarly, new clause 13, in the name of the hon. Member for Bishop Auckland (Helen Goodman), would remove three corresponding exclusions in the Freedom of Information Act 2000. I hope I can persuade the House that each of the three categories of protected information is entirely sensible.

The first category applies to the Bank's monetary policy functions. How we communicate monetary policy is extremely important. It moves markets in substantial ways and every detail of the published minutes is scrutinised for predictions of future changes. Managing disclosure while making sure information is presented in a timely way is vital. That is why the original legislation creating the Monetary Policy Committee in 1998 set out the full range of disclosure requirements, including publication of the minutes and of a quarterly inflation report. Since then, the Bank has implemented the recommendations of Governor Warsh's review of MPC transparency. Through the Bill, we are supporting full implementation of the recommendations of that review.

The second exclusion applies to

“financial operations intended to support financial institutions for the purposes of maintaining stability”.

Hon. Members will understand that if the Bank has to extend emergency liquidity assistance, very careful communication is a critical element of preserving stability. Any covert assistance will be reported privately to the Chairs of the Treasury and Public Accounts Committees, while broader liquidity schemes for institutions, such as the special liquidity scheme and the discount window facility, may be announced to the markets.

Finally, the Bank's very limited private banking services are excluded from FOI requests. We often forget that the Bank of England also provides private banking to customers. As I am sure hon. Members will agree, it would be entirely inappropriate to subject ordinary bank customer information to disclosure.

Richard Burgon (Leeds East) (Lab): I rise to speak to amendments 6 and 7 in my name and that of my hon. Friends, but I first want to turn to new clause 1 and Government new clause 12 on the appointment of the FCA chief executive.

I came to the House ready to speak in support of new clause 1, which seeks to give the Treasury Committee a formal role in the appointment of the chief executive of the FCA. In my view, new clause 1 is better placed to guarantee the competence and independence of the regulator than the new clause in the name of the Chancellor, which in our original reading of it did too little to change the status quo. New clause 12 was tabled in response to the new clause tabled by the Chair of the Treasury Committee, the right hon. Member for Chichester (Mr Tyrie). We had a similar debate in Committee on an amendment about the appointment process for the chief executive of the Prudential Regulation Authority.

Since 2008, Select Committees have routinely held pre-appointment hearings for a number of public appointments, and some candidates have not been approved. The coalition Government developed the scrutiny agenda when the Chancellor agreed in 2010 to the Treasury Committee having a power of veto over appointments to the Office for Budget Responsibility. The Public Accounts Committee has a veto over the appointment of the Comptroller and Auditor General. Appointments to the Monetary Policy Committee and the Financial Policy Committee of the Bank of England are made by the Chancellor of the Exchequer, and are then subject to a confirmation hearing by the Treasury Committee. The Treasury Committee has powers over the chair and board members of the Office for Budget Responsibility, an arrangement that the Chancellor told the Treasury Committee he would put in place

“because I want there to be absolutely no doubt that this is an independent body”.

The Minister will be aware that, when it examined the proposals for the future FCA in 2013, the Treasury Committee made a number of recommendations on the accountability of the new body to Parliament, including that the legislation should provide that the chief executive of the FCA be subject to pre-appointment scrutiny by the Treasury Committee. I recall that the Treasury Committee was disappointed by the Government response, particularly in view of the deficiencies in the accountability mechanisms for the Financial Services Authority.

As we have heard, the view of the Treasury Committee was set out in the Treasury Committee Chair’s letter to the Chancellor of the Exchequer on 26 January, following the appointment of the current PRA chief executive, Andrew Bailey, to be the next leader of the FCA. In that letter, the right hon. Gentleman set out his Committee’s view that it should have a veto over the appointment and dismissal of the chief executives of both the FCA and the PRA. Indeed, the letter said that the FCA’s chair, John Griffith-Jones, told the Committee, when he met its members on 20 January, that there was merit in that proposal.

In Committee, I flagged up this matter and said it would be helpful to know whether the Chancellor had shared his thinking on such calls to extend pre-appointment hearings and the power of veto to those two positions. Now we have had his reply. It was in the Minister’s ring binder. As she said, it was “exciting” to hear the contents of it, and we got a fantastic insight into the fireside exchanges within the Government. Labour Members believe that the Treasury Committee should have greater authority over the future of financial regulation in this country.

On Government new clause 12, it is unclear what would happen in the period between the appointment of the chief executive and him or her appearing before the Committee. Would they be left in limbo, or would they in fact be settling into their new post? Would we be disappointed—in practice, would it simply be business as usual, with the Treasury Committee not given the power that we all believe it deserves? We do not believe that simply requiring any new chief of the FCA to appear before the Committee within three months of appointment delivers anything particularly new. It is reasonable to expect that any new postholder would appear before the Committee within that timeframe in any event, whether or not that appearance was codified.

2.30 pm

With regard to new clause 12, however, I am pleased to note the exciting news—the Minister herself has called it that, as have I—that by means of the Chancellor’s letter the Government have communicated that they accept the broad thrust of the proposals put forward by the Chair of the Treasury Committee. I also note and welcome the Minister’s commitment today to introduce the relevant legislation, in her own words, sooner rather than later. I politely suggest that the changes be introduced in the Finance Bill shortly—that is an opportunity not to be missed.

I turn to Labour’s amendments 6 and 7, containing measures that we have retabled after they were discussed in Committee, and new clause 13, in the name of my hon. Friend the Member for Bishop Auckland (Helen Goodman). Each of those measures, in its own way, addresses the crucial issue of the need for transparency and openness in the Bank of England. The National Audit Office’s power to investigate the Bank has been subject to discussion at each stage of the Bill in both this House and the other place. The Comptroller and Auditor General was clearly concerned about proposals in the Bill that would have allowed the court of directors a veto over the new powers for the NAO. I am pleased to say that there has been clear progress on the issue as the Bill has proceeded through both Houses; in particular, the veto was removed in the other place. As hon. Members will recall, in response the Government proposed a memorandum of understanding between the Bank and the National Audit Office; I understand the draft of that has been welcomed by both sides.

Opposition amendments 6 and 7 seek to extend and clarify the powers of the comptroller to inquire into the Bank’s success in achieving its policy objectives. We believe that that does not encroach beyond the boundaries of questioning the merits of policy decisions, but would assist the National Audit Office in ascertaining whether the Bank is delivering value for money.

Mark Field: I have a brief question on amendment 6. Although I accept that transparency and openness are the spirit of the age and we cannot necessarily move entirely against that—[*Laughter.*] We do our level best some of the time. I am sure that the Treasury will be at the vanguard of this. Does the hon. Gentleman accept that, at times of great difficulty, when there are issues about the stability or functioning of the UK’s financial banking system, it would be appropriate not just for the Treasury Committee but for the Treasury itself to have some say in suggesting when openness should not be fully fledged? The safeguards that he has put in place in the amendment refer only to the Treasury Committee; does he not see that there might be instances when Ministers rightly have concerns about issues of stability that should be protected from open transparency at least for a time, although there could then be a move to make the minutes and other things more open at some future point, once the particular threat had passed?

Richard Burgon: I thank the right hon. Gentleman for his intervention. It may be that transparency is the spirit not just of the age but of the future—we shall see. I draw his attention to the wording in the amendment:

“The Comptroller shall submit reports arising from the exercise of his powers under subsection (6A)”.

It is not a completely open-book policy.

[Richard Burgon]

On new clause 2, which is in the name of the hon. Member for East Lothian (George Kerevan), Labour sees merit in the proposal for wider geographical representation on the board. In Committee, we tabled an amendment making the case for amending the composition of the court to ensure that different stakeholders were represented, including having dedicated places for customers and practitioners.

Similarly, we support new clause 13 tabled by my hon. Friend the Member for Bishop Auckland. She has a long track record in campaigning for greater transparency in financial services, and her new clause sits well with our amendments, as it seeks to empower the National Audit Office further by making the case for greater powers for freedom of information requests.

I now turn to new clauses 3 and 5, put forward by the Scottish National party and Plaid Cymru respectively. Both new clauses would change the name of the Bank of England. In fact the SNP was so keen to discuss its proposal that it tabled it twice. We discussed that measure in Committee and it is before us again. It seeks specifically to have the name of Scotland, as well as those of Wales and Northern Ireland, as part of the title of the Bank. The SNP has now been joined by the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards), who has taken a different tack and removed all national names; his new clause would mean that the name of the Bank referred solely to the currency—for the avoidance of doubt, that is sterling, not Stirling. We were happy to support the SNP's proposal in Committee, recognising as it does the unifying role of the Bank—that has been expressed again today—as one which services all parts of the United Kingdom, and we will support it again.

New clauses 6, 7 and 8 and Government amendment 3 have a number of merits. New clause 7, in the name of the hon. Member for Carmarthen East and Dinefwr, sets out a new mandated objective for the Monetary Policy Committee to include maximum employment. New clause 6 proposes the nomination of representatives on the MPC from the devolved authorities of Scotland, Wales and Northern Ireland, and new clause 8 argues that the Bank should be more accountable for its decisions to those same bodies.

The Labour party has established a review into the mandate of the Monetary Policy Committee under former MPC member David Blanchflower. We have said previously that we will look at a wide range of ideas, including what can be learned from the US Federal Reserve. That will include considering the importance of growth, employment and earnings in the MPC's deliberations. Indeed, on new clause 7, David Blanchflower has himself written in *City A.M.*—the favourite publication of the Labour Front-Bench team—that he will consider the issue of maximising employment in his review. He is also looking at the structure, size and, crucially, gender balance of the MPC, optimal policy rules, asymmetrical targeting and the relationship with fiscal policy, as well as the frequency of the MPC's meetings.

Therefore, although we welcome the proposal for the Bank to report to the devolved authorities, we will not support the new clauses on the MPC today. We see merit in them as part of an ongoing debate, but look forward to considering and sharing the results of David Blanchflower's review in due course. With that, I draw my comments on this group of measures to a conclusion.

Mr Andrew Tyrie (Chichester) (Con): First of all, that was a very good speech. I congratulate the hon. Member for Leeds East (Richard Burgon) on covering quite a lot of ground in a good deal of detail—and with a sense of humour, which I enjoyed. I was also pleased that he got in one or two points—it saves me the trouble—about the OBR and its importance as a precedent for what we are discussing today.

I will also say—although only in a sentence, otherwise I am sure that I will get told to be quiet by you, Madam Deputy Speaker—that this is a very good Bill. In many respects, it implements a good number of the wider objectives for Bank of England scrutiny and accountability for which the Treasury Committee has for many years been pushing. I thank members of the Treasury Committee in the previous Parliament and in this one who have pressed for these measures vigorously. It shows that things can be achieved if one persists.

I am grateful to the Minister for her assistance over a number of days, and to the Chancellor of the Exchequer, who followed up a telephone conversation last night with an exchange of letters. We have now reached an agreement on how to proceed, so I will not need to press new clause 1 to a Division.

Following the exchange of letters, most of the objectives that we sought through new clause 1 are provided for, and it is worth going through the key points, which the Minister effectively clarified by reading out the Chancellor's letter. First, appointments will be made in a way that ensures that the Treasury Committee can hold a hearing in good time. Before the appointment is formalised, the question of whether there is a pre-commencement or pre-appointment hearing is, in my view, a distinction without a difference. Secondly, if the Committee disagrees with the appointment, it will report that to the House, and if they choose, the Government must find time for a debate on the Treasury Committee's report. That debate will be on a motion to accept the conclusion of the Committee. The Government will then have to vote it down. The Government further agree that they will respect the decision of the House once that vote has been taken.

Thirdly—this point has already been raised—at the earliest opportunity, the Government will amend legislation to ensure that future appointments of the chief executive of the FCA are made on a fixed renewable five-year term. I expect that legislative change to take place in the next parliamentary Session. I am not sure that the provision would satisfy the long title of a Finance Bill but, if it does, I would expect the Government to include it in that Bill. I also recognise that the Chancellor could not fully commit over the phone that the change would take place in the next Session, since he will have had no opportunity to secure an agreement on the legislative time from his Cabinet colleagues. I expect, however, that he will do that as soon as possible. It will be a pretty small, self-contained Bill. The fourth point, which has not been mentioned so far, is that it is the Chancellor's clear view—I am not in any way misrepresenting him—that the arrangements that are being put in place should be the permanent method of appointment, rather than something that will just disappear with this Chancellor or, indeed, the helpful Minister at the Dispatch Box, however supportive she may be of the proposals.

Why has the Treasury Committee devoted so much time to this issue? I have a specific and a general answer to that. On the specifics, there have been widespread concerns that the independence of the FCA has been compromised by the circumstances of Martin Wheatley's departure, and by other apparent interference in the FCA's work by senior Treasury officials, and perhaps Ministers. We explored those circumstances through cross-examination in Committee and found no such evidence. However, my right hon. Friend the Member for Cities of London and Westminster (Mark Field) got right to the point when he said that the appearance or perception of interference none the less remains. That perception makes it harder for regulators to do their job, so it had to be addressed. Bolstering the perceived independence of this key appointment, and ensuring that the individual cannot easily be removed by the Treasury, seemed crucial to the Committee.

Mark Field: For the record, I do not think there was any undue interference from the Treasury, and I am happy that Andrew Bailey is taking over—he will be a good chief executive. None the less, there was that perception within the square mile and we must hold that fairly close to our hearts.

May I also say how much I approve of the Treasury accepting the guts of new clauses 1 and 9? It is greatly to its credit that we have not had to go through the House of Lords, because it does a disservice to this House when such changes are made through amendments in the House of Lords, rather than being part and parcel of discussions in advance of Report.

2.45 pm

Mr Tyrrie: One other issue is the apparent statutory protection against dismissal, which came into question as a result of Martin Wheatley's departure. Whatever the reality, the current statutory protection appeared inadequate, which was perhaps because he was appointed only for a three-year term. Five years—a goodly and longer term—will provide more protection. To put it even more simply, the changes rectify in another way the risk of arbitrary dismissal. For example, if the Treasury Committee strongly supports keeping the incumbent after four and a half years, it can make that abundantly clear in a report and recommend to the House of Commons that any other candidate is voted down. So in practice, with the letter, we already have the protection that we wanted.

The FCA needs a strong and demonstrably independent chief executive, accountable to Parliament. It endured a difficult birth and struggled to emerge from the rubble of the failed FSA. Some of its best staff have been poached by the Prudential Regulation Authority, the Bank and the private sector, and it has been hitting the headlines for all the wrong reasons, not least with the breach of its own listing rules, which wiped 20% off the share value of the life assurance sector. With what will amount to a requirement for parliamentary approval of future appointments or dismissals of the FCA chief executive, the incumbent will now be in a strong position to resist pressure from Ministers and officials, and their authority will be bolstered.

The fact that this is a non-statutory change—unlike new clause 1, which would have been in the Bill—does not perturb me a great deal. Any attempt by the current

or future Chancellor to circumvent these arrangements is likely to lead to a complete collapse of trust between the Treasury Committee and the Government, and I do not foresee that happening.

Mark Field: Does my right hon. Friend have some small concern that if a measure is not included in the Bill, no precedent will be set? To return to an earlier exchange that I tried to have with the Minister, that might give the Treasury licence to take this as a *sui generis* case, rather than recognising that the Treasury Committee should perhaps have a more important role in approving the appointments of a number of senior figures in the financial services firmament.

Mr Tyrrie: That argument can be turned on its head. One can argue that this sets a precedent that is more easily rolled out, without the need for statutory change, to other bodies. In the Treasury field, we now have a statutory double lock for the appointment and dismissal of the head of the Office for Budget Responsibility, which was recently found to be of some use following controversy about alleged interference in the production of the forecast—again, we did not find any evidence of that, but the perception of it might have weakened the OBR. We have a requirement for a resolution of the House prior to the appointment of the chairman of the Office for National Statistics, and now we also have these arrangements. So we have a battery of different arrangements on which to draw.

Mr Jacob Rees-Mogg (North East Somerset) (Con): I congratulate my right hon. Friend on achieving this great success for parliamentary scrutiny, and I suggest that it is better to proceed in a non-statutory way. Bringing statute into the proceedings of the House always presents longer term problems, and setting a non-statutory precedent has lots of advantages.

Mr Tyrrie: I always like listening to my hon. Friend, who is a member of the Treasury Committee and, of course, a constitutional expert. It is certainly true in this place that a good deal of quasi-constitutional change, which is what we have here, tends to take place gradually and often due to the development of informal arrangements. I think that that is all to the good, which is what I think my hon. Friend is saying.

Helen Goodman *rose*—

Mr Tyrrie: Everyone is trying to pile in, whereas I am trying to get to the end of my speech. I was almost there a minute ago, but I give way.

Helen Goodman: Does the right hon. Gentleman not feel the slightest hint of disappointment in the intervention by the hon. Member for North East Somerset (Mr Rees-Mogg) because it was surely a historic first that he signed a new clause to amend the British constitution?

Mr Tyrrie: Of course my hon. Friend the Member for North East Somerset (Mr Rees-Mogg), as a great and learned constitutional expert, will explain this apparent contradiction to the House in, I hope, a lengthy disquisition in a few minutes' time.

I really am trying to conclude, but I have just one more point. It is essential in a 21st-century democracy that appointees to an increasing number of quango positions—this was the general point I said I would

[Mr Tyrie]

refer to earlier—should be forced to explain their actions before Parliament and also should feel accountable to Parliament. To achieve that, the means of their appointment and their protection from dismissal are relevant, and that is why a change such as this can offer us something.

Over decades, successive Governments have offloaded their responsibilities to quangos, leaving the public with the sense that nobody is ultimately democratically accountable for anything. I believe that accountability for decisions that were formerly taken directly by Ministers, but now sit with unelected appointees in quangos, needs thorough scrutiny and cross-examination, and that is what we have been trying to do in the Treasury Committee over the past few years.

The agreement with the Chancellor is a sizeable step in the right direction. Of course, in an ideal world, I would like access to the statute book to write exactly what, on behalf of the Treasury Committee, I feel should be on it. However, we live in the real world, and I am very happy with this exchange of letters and grateful to Ministers for their agreement. I shall not press new clause 1 to a Division today.

George Kerevan: I agree with the right hon. Member for Chichester (Mr Tyrie) that there is a lot to be commended in the Bill, although some of the good things, as with new clause 12, were pushed on the Government. I also think that there are still some negative aspects to the Bill, which brings me to a conclusion—[*Interruption.*] As usual, it will be quite a long conclusion!

The Bill began as a tidying-up operation, which is why it was launched in the House of Lords. It was seen to be about just tidying up a few things, making a few additions and changes to the Financial Services Act 2012. As the Bill proceeded through its various stages, however, the more it became apparent that it exposed a whole series of issues in the financial regulatory system that were not fit for purpose.

We have convinced ourselves—or at least the Government have convinced themselves—that bar a little tidying up, all has been done to resolve the crisis of 2007, but that is not true. What we discovered time and again as the Bill proceeded were issues with the operation of the Bank of England and issues with the functioning of the regulatory bodies and how fit for purpose they are. Furthermore, new issues have emerged only in the last few weeks regarding tax havens. All those problems have appeared. I do not see this Bill putting the problems away and putting the issues to bed. Rather, we are seeing the start of a whole series of pieces of legislation coming into force until we get it right. Far from it being a tidying-up operation, we have started something new.

I am speaking to new clauses 2 and 3, which stand in my name and those of my SNP colleagues. I believe they get to the nub of the issues we are facing as a result of what has been uncovered. In the last 20 years, and more particularly in the last 10, the Bank of England has acquired an extraordinary range of new powers. I do not mean just forecasting or supervising powers over banks, because fundamental policy levers for running the whole economy have been transferred from this House and the Executive to the Bank of England itself. This began with the transfer of powers over interest

rates to the Bank of England in 1997, along with the power to set the exchange rates, which no one seemed to notice at the time. This gave the Bank de facto control over our external sector. More recently, of course, with quantitative easing, the Bank has forced interest rates down to the zero band. If monetary policy cannot be manipulated, what else can be done? Gradually, the Bank has been given powers over large swathes of fiscal policy.

Nowadays, the Bank of England even operates our housing policy, as housing determines the whole direction of economic growth. In recent weeks, the Bank has been deciding between buy to let or buy for homeowners. Micro-decisions have been transferred, and my worry is that we have crossed a line of accountability with respect to the Bank of England. This is not a criticism of individuals working for it or indeed of the Governor of the Bank of England, for whom I have high regard. Gradually, however, we have allowed it to take over from this House far too much of the operational policy that directs the economy.

That is why I am happy to support new clause 12 as a step forward in beginning to redress the balance of accountability. New clause 12 and the Government's acceptance of the general line of march from the Treasury Select Committee means that we are beginning to move to the point where key members of the regulatory regime can be confirmed in their appointments by this House.

We now have two precedents in that direction, with the Treasury Committee as a servant of the House confirming the appointment of the director of the Office for Budget Responsibility and now the head of the Financial Conduct Authority. That is the line of march, but I want to put on record, however, that SNP Members view this as a down payment. We are moving in a direction where the Governor of the Bank of England and all the key members of the regulatory agencies have to be confirmed by this House. I know that will take a long time and that there is always a struggle—sometimes gentle, sometimes not—between the Executive and the House over who has the real say. What we are seeing is a move towards more democratic accountability being held by the House, which I welcome.

Let me move on briefly to new clause 2, which takes this process a little further. Given the policy direction and powers that now lie with the Bank of England, we have to make sure that its committees and, above all, its ruling court of directors are democratically accountable. That is why we tabled this simple new clause, stating:

“In making nominations to the Court of Directors of the Bank of England, the Chancellor of the Exchequer must have regard to the importance of ensuring a balanced representation from the nations and regions of the United Kingdom.”

That new clause was carefully written. There is no suggestion that the court should be a federal body. Our suggestion is that in the balance of its make-up, there should be representation for the whole nation. Rightly or wrongly—much more rightly than wrongly in my opinion—there is a perception that the City of London and its major banks and financial institutions have historically had too big a sway over the court and the Bank.

Helen Goodman: The hon. Gentleman is making a powerful point. Does he agree that it must be significant that the economic performance of the peripheral areas of these nations is also peripheral?

3 pm

George Kerevan: I could not agree more. In fact, if we look at the long history of the regions and nations of the United Kingdom—Scotland, Wales, the north of England and Northern Ireland—we see that they have suffered a deflationary cycle since the second world war, because from 1945 onwards, by and large, interest rates were set to control inflation that was triggered by the City of London and over-lending by the City of London. As a result, the north-south divide became a deflationary line, with the nations of the north, and the regions of the north of England, suffering high interest rates. Although those rates were not germane to their economic problems, for most of the post-war period UK interest rates have, on average, been set at a higher level than those in the rest of Europe, simply in order to control and curb over-lending by the City of London, which has resulted in deflation in the industrial regions.

I consider that that might have been mitigated to some extent if there had been broader representation of the nations and their industries on the leading bodies of the Bank of England, and, although I know that the Executive will challenge my proposal, I think we need to move in that direction. I remind Members that the court of directors is not the institution of the Bank that actually makes monetary or fiscal policy. It has oversight over the whole of the Bank's operations, in the sense of giving value for money, and, above all, ensuring that there is no group-think between the different committees that make operational policy. I therefore think that, at that level, we need to begin the process. At that level, we need wider representation on the court.

Surprisingly—and I raised this in Committee—such representation already exists to a small degree. Since world war 2, traditionally, there has always been a trade union representative on the court of the Bank of England, and there still is, to this day. Even the Government—indeed, successive Governments—have recognised that there can be wider representation on the court, including wider social representation. However, when I asked Ministers whether, if they were rejecting the notion of a court with a wider representation of the economy and the community, they were going to remove trade union representation, there was a deafening silence, and that is why I am putting the question again today. Those who accept the principle that there should be trade union representation—and there should—ought to widen that principle, and that is what I am asking for now.

We tabled the new clause carefully in order not to suggest that the court should be federal or too detailed, with someone representing this and someone else representing that, but simply to suggest that a balance was needed. As anyone who has sat on the board of a company will know, the first thing that one must do when creating a board is ensure that there is some representation of different skills and different interests, so that the board's members can act as a collective. My point is that the court, and to some extent, I think, the new policy committees of the Bank of England, do not act as collectives. They are in danger of adopting silo thinking, and, ultimately—because of the power that we have given to the Bank of England—they are also in danger of beginning to act with the kind of hubris that central banks begin to wield when they are given too much power. They begin to think that they know everything when they do not. We need democratic accountability

in the Bank of England, and we need it not in the sense in which the Bank understands it, but in the sense in which the nation, and the nations of the UK, understand it. That is why I will press the new clause to a vote later on.

We have made some progress with the Bill. I fear that that progress has consisted mostly of discovering more about what we need to do to improve the regulatory structures of the economy, but at least more is out in the open, and the debate is more open. Where do we go next? Where we go next is towards more accountability. The Bill makes a down payment on that accountability, but it does not finally deliver it. That is where we go next.

Helen Goodman: Obviously, in the new landscape of the City, the head of the Financial Conduct Authority holds an extremely important post, and the question of who fills that post is therefore vital. I am extremely pleased about the change that was agreed this afternoon and announced by the Minister at the Dispatch Box. It opens up the process, it gives the Treasury Committee a proper role, and it will, we hope, reinforce the independence of the person concerned.

Another person with considerable independence is, of course, the Comptroller and Auditor General. I am pleased, too, that we have moved away from the idea that the court should decide which part of the Bank's homework the Comptroller and Auditor General should be allowed to mark. There is clearly a parallel with the CAG's role in respect of the BBC. On Second Reading, we asked Treasury Ministers to publish the memorandum of understanding. They have now published it, and it is an extremely useful document, which sets out, in advance, an agreed framework for the CAG's remit. That will prevent ad hocery, and will also prevent both the reality and the possible perception of political interference, or inappropriate avoidance of scrutiny of certain areas of the Bank's work.

New clause 13, which stands in my name, would make the Bank of England subject to the Freedom of Information Act 2000. It seems to me that, as the Bank is a public authority which is fulfilling public policy purposes, the case for covering it does not really need to be made; it is the case against its being covered that needs to be made. The Minister made some important points about why she was not minded to accept the new clause, and I want to respond to what she said. She singled out three areas in particular: monetary policy, financial operations, and private banking.

I am not entirely sure of all the details of the 2000 Act, but we all know that local authorities are FOI-able. Equally, we all know that when we submit freedom of information requests to local authorities, we are not able to see the personal reports on individual members of staff in those authorities. The Act does not give access to that kind of personal information, and I should have thought that the same approach would exempt the private banking work of the Bank of England.

As for monetary policy and financial operations, I do not believe that my new clause would run into those parts of the Bank's work, because they would still be protected by section 29(1) of the Act. That section states:

“Information is exempt information if its disclosure under this Act would, or would be likely to, prejudice...the economic interests

[Helen Goodman]

of the United Kingdom or any part of the United Kingdom, or...the financial interests of any administration in the United Kingdom, as defined”.

blah blah blah. I should have thought that as long as we were not amending section 29, we would be able to protect the areas about which the Minister was particularly concerned.

I was alerted to this matter by a letter from the Governor, which the Minister herself waved at us in the Chamber last June, about the sale of shares in the Royal Bank of Scotland. I am sure that the Minister remembers the occasion well. In his letter, the Governor said that “it is in the public interest for the government to begin now to return RBS to private ownership”.

Writing that letter was not part of the Governor’s role on monetary policy, financial policy or prudential policy; it was an intervention in Government policy at the Chancellor’s request on the issue of a share sale.

When the Governor appeared before the Treasury Committee, I asked him whether he would share the analysis that underlay the letter that he had written. He refused point blank to do so. I am not going to read out the full exchange that I had with the Governor on that occasion, because I went into the matter in detail on Second Reading and it has now been placed on the record twice. However, I really feel that in refusing to provide that underlying analysis, the Governor is evading public scrutiny of what is a perfectly proper matter for the public to understand.

The Governor also said in his letter that

“a phased return of RBS to private ownership would promote financial stability, a more competitive banking sector, and the interests of the wider economy.”

In fact, none of that is true. It will not promote a more competitive banking sector. We are hoping that the Comptroller and Auditor General will, in his separate audit of the RBS share sale, secure that analysis. However, there should be a more straightforward way of dealing with this. The share sale is a particular issue and the Comptroller and Auditor General always looks into share sales, so we might get at the truth on this one occasion, but I am sure that there will be other similar loopholes.

The topicality of seeing this analysis was further underlined last week by the interview in the *Financial Times* given by Sir Nicholas Macpherson on the occasion of his retirement from the Treasury, in which he described the sale of more RBS shares as “tricky”. He went on to say that there was a judgment to be made over whether to sell further shares below the 2008 purchase price. These are not straightforward matters; they do not fall within the normal remit of the Bank of England and they are of public policy significance. They are but one example of why it is appropriate for the Bank of England to be subject to the Freedom of Information Act.

Jonathan Edwards: I rise to speak to new clauses 5 to 8 in this group, which are in my name. Madam Deputy Speaker, you will be glad to hear that I will be as brief as possible, because I am desperate to get to the third grouping so that we can have a vote on those amendments.

My new clauses aim to achieve two things: first, to secure justice for my country in the formulation of monetary policy; secondly, to help monetary policy

formulation better to reflect the fiscal reality of the evolving UK. They are probing amendments, and I wish to draw the Government’s attention to them again as these are important points that the Government should go away and look at before possibly coming back with their own proposals, given the relatively light legislative programme before the House these days. I was glad to hear that Labour was holding a review into these issues, and I look forward to reading its findings, although it would have been handy if the review had been prepared in advance. We could then have discussed those issues in this debate on the legislation.

The first of my new clauses proposes a change to the name of the central bank. We in Plaid Cymru believe that the Bank of England’s name should be changed. It is the UK’s central bank, and it is time that was reflected to a greater degree, not only in its name but in its structures and practices. It is an undoubtedly contentious issue for me as a proud Welshman that the central bank that decides monetary policy in Wales is named after another country. The Bank of England was created in 1694, before the present British state was constructed. Wales was annexed in 1536, Scotland in 1707 and Ireland in 1801. The central bank was therefore created to serve a political entity that consisted only of Wales and England. I suppose the fact that Wales was omitted from its title reflects the inferior status that my country enjoyed in 1694.

Many of those present will have heard my schoolboy hero Sir Ian Botham on “The Daily Politics” yesterday, saying of the EU referendum:

“England is an island and we should be proud”.

I was going to say “If only”, but I thought I might get into trouble. That dubious geographical knowledge reflects an error continually suffered by the other nations of the UK at the hands of those who use “England” to mean a larger entity. It is an injustice that persists in cricket, Wales being denied a national team in its own right. Similarly, the other nations of the UK are denied recognition when it comes to the central bank. If the British state is a partnership of equals, all its institutions must reflect that reality, including perhaps the most important institution underpinning its financial system: the central bank.

3.15 pm

My suggestion is that our central bank be called the “Sterling Central Bank”. This would reflect the fiscal and political reality we live in, and it would show that those in this place genuinely believe in the respect agenda and a partnership of equals. I notice that the hon. Member for East Lothian (George Kerevan) has tabled a similar amendment to the same effect, and I will of course vote in favour of it, if he is minded to press it to a Division.

New clause 6, in my name, seeks to ensure representation of the four nations of the United Kingdom on the Monetary Policy Committee. Measures relating to major fiscal levers flow from the Treasury in London to the devolved countries—measures relating to corporation tax being devolved in its entirety to Northern Ireland, to full income tax devolution to Scotland, and to partial income tax devolution to Wales. Even though I believe that we should have a symmetric devolution of powers, the trajectory is clear none the less.

Fiscal responsibility, when combined with a genuine no-detriment fiscal framework, increases the political accountability of the devolved Governments to their respective electorates and, critically, incentivises those Governments to boost economic performance in order to invest in public services. The co-ordination of monetary and fiscal policy is vital in any economic policy. Obviously the central bank is independent, but there is undoubtedly co-ordination with the Treasury, as would be expected. Similar protocols and links need to be developed with the Welsh, Scottish and Northern Irish Exchequers. The national Parliaments should nominate a member to serve on the MPC to ensure that those involved in interest rate setting have an understanding of economic conditions and events in Wales, Scotland and Northern Ireland.

George Kerevan: Is the hon. Gentleman aware that in the United States, the central bank is called the Federal Reserve for the very simple reason that it is appointed federally, and the interest rate setting committee is a federal committee? The principle is therefore well established in other jurisdictions.

Jonathan Edwards: I fully agree with my hon. Friend on that point. I also agree with the points he made earlier about the north-south divide and the impact that monetary policy has had on that reality. It is no surprise that the UK is the most grotesquely unequal state in the EU in terms of geographical wealth, and one of the main reasons for that is that for far too long monetary policy has been determined in the interests of a very small part of it—namely, the square mile just down the Thames.

All current MPC members are either Bank staff or in one of the four positions nominated by the Treasury. Fittingly, there are four countries in the UK, which makes the MPC ripe for modification to ensure that all nations are represented when it comes to the highly important task of deciding interest rates. I am also interested in the emerging debate on changing the MPC's remit with regard to setting interest rates. New clause 7 seeks to expand the mandated objectives of the MPC to include maximum employment. It is already specifically charged with keeping to an inflation target of 2%. Other central banks, such as the US Federal Reserve, to which reference was made in my exchange with the hon. Member for East Lothian, have a dual mandate that goes beyond inflation. In 1977, the US Congress amended the Federal Reserve Act 1913 and mandated the Federal Reserve to target long-term moderate interest rates and, critically, maximum employment. I heard with interest the Minister's point that the Bank does consider the Government's employment target, but there is a difference between that and a mandate for maximum or full employment.

New clause 8 seeks to improve the Bank's accountability to Wales and the other devolved Governments. The British state is changing rapidly as powers and responsibility flow from Westminster to the devolved Administrations, although the pace is perhaps not as quick as those like me would want. We are not privy to the meetings between Treasury Ministers and the Governor and his senior team, but we can safely assume that they are frequent. On top of that, the Governor and his team meet the Treasury Committee at least five times a year.

As I mentioned a moment ago, fiscal powers already exist in the devolved nations, with more planned, so I hope that the Bank and the Treasury agree that it is in their interests to strengthen relations with the devolved Governments and Parliaments. I am not aware of any formal structures for meetings between the Governor and Ministers of the devolved Governments, or for scrutiny of the Bank by the devolved Parliaments. In the interest of mutual respect, those structures need to be formalised.

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): I thought that I would come along to listen this afternoon, but I was stung into action by the Minister's peroration, in particular her comments on new clauses 2 and 3.

Tommy Sheppard: Does my hon. Friend share my sense of regret and bewilderment that the Government can so casually dismiss the proposal to amend the long name of the Bank of England? Does he agree that it is disingenuous of the Conservative Government to talk about a respect agenda that embraces the contributions of all the United Kingdom's nations when they refuse to recognise those contributions at the first opportunity, and state that only England should be in the name of this most significant institution?

Roger Mullin: I agree entirely with my hon. Friend. Indeed, it is particularly apposite that he makes that point now, because as my hon. Friend the Member for East Lothian (George Kerevan) pointed out, the Bank of England is a very different kind of bank from a few short years ago. It has a much more political role than it did, and it makes decisions that have a wider impact than before. Its name surely now needs to reflect the impact of its decision making.

The second reason why my hon. Friend the Member for Edinburgh East (Tommy Sheppard) is entirely correct is because of the changed political climate in the UK. The hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) made similar points about the need to recognise the role of Wales. This is important. It is not a flimsy point; it is fundamental for people who want to see an important central institution that has proper regard for all the nations that it seeks to serve. A short while ago, I was looking at a list of the court of directors of the Bank of England. Looking at the representation provided by its 11 members, one would be inclined to rename it "the Bank of the City of London", because there is little proper representation for the UK's nations and regions.

I enjoyed the analogy the hon. Member for Carmarthen East and Dinefwr made with cricket. It is not a subject in which I can claim particular expertise. *[Interruption.]* Or interest? No, I have some interest in it. The hon. Gentleman pointed out that there is the England and Wales Cricket Board. One Mike Denness, born not far from where I was born in Scotland, was the captain of the English cricket team some years ago; again, I am showing my vintage.

We must have proper regard to all the nations represented in the United Kingdom. I was stung by the Minister's comment that the Bank of England represents the whole of the United Kingdom, the implication being that it had always done so, but I do not think that is at all true, in terms of its policy making. The hon. Member

[Roger Mullin]

for Bishop Auckland (Helen Goodman) and my hon. Friend the Member for East Lothian made the telling point that the Bank has had undue regard for one part of the UK. Many commentators would say that the interest rate setting policy of the Bank of England pre-2008 paid undue regard to the City of London and surrounding areas, and too little regard to the north of England, the Scottish economy, the Northern Ireland economy and the like.

That leads me nicely on to new clause 2 and why there should be representation for the nations and regions that make up the UK on the Bank of England's court of directors. A short time ago, I had a quick look on the internet to see who these esteemed figures are, and unless I am proven to be incorrect—or the internet is incorrect—one is also a non-executive director of the Financial Conduct Authority. Such interlocking directorships do not serve economic policy and the financial sector well. Do we have such a tiny pool of appointable people that bodies with such an important relationship to one another have to be represented by the same directors? That is not a sign of strength in our appointing arrangements, but a position of extreme weakness.

Why are these things important? My hon. Friend the Member for East Lothian mentioned a word that has cropped up many times in Committee discussions: he talked about the importance of avoiding group-think. Many studies show it to have been part and parcel of the flawed decision making that contributed to the crash in 2008. If we want to avoid group-think, we need people who are willing to think differently and to ask the critical questions, and we need a chairman willing to seek out those with alternative views. I do not see that happening today.

Some years ago, I was sitting within the confines of a company that was considering a large proposal. A paper was presented, and the chairman quickly went around all the directors asking for their thoughts. Every single person around the table immediately said, "I think this is a really great paper and we should go with its suggestion." The chairman, being extraordinarily wise, said, "I am extremely uncomfortable that we have an immediate consensus, so I am going to postpone this discussion until our next meeting. I want you to go away and generate some alternative, critical views." That is the wise course of action; it is about not being sucked into group-think. For all those reasons, new clause 2 deserves the support of all those who do not want to replicate the mistakes of the past.

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): Like many others in the Chamber and, as is clear, in the Treasury Committee, I welcome the progress made on the Bill but have serious concerns about it and, in particular, its role in the systematic gradual compromising of the independence of the two key regulators, the FCA and the Prudential Regulation Authority. Further to the Minister's announcements in her opening remarks, which were touched on by many in this House, including my hon. Friend the Member for East Lothian (George Kerevan), I welcome the Government's determination that more oversight is needed on the appointment of the chief executive of the FCA by the Chancellor. However, I have concerns about the

new procedures, as announced. Until this legislation is in place, this is very much open for debate and I sincerely hope we will debate it thoroughly, in the way described by my hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin).

Another consideration is this: if the Treasury Committee recommends the appointment to be put forward as a motion to the House, the Government could simply whip votes to approve the Chancellor's appointment. Select Committees provide substantially more apolitical deliberation of key specialised issues. For that reason, a direct Treasury Committee veto of the appointment needs to be considered.

3.30 pm

Issues around Treasury Committee approval are even more pertinent given the controversy surrounding the appointment of the newest chief executive of the Financial Conduct Authority, Andrew Bailey, which was touched on by the right hon. Member for Chichester (Mr Tyrie). Before his appointment, Mr Bailey was the deputy governor of the Prudential Regulation Authority. Mr Bailey's move between the two regulators, at the recommendation of the Chancellor, raises questions over whether a revolving door policy may exist. As many in this Chamber learnt in the wake of the 2007-08 financial crisis, separation of Church and state is of paramount importance when it comes to regulation of the banks. I fear that the current Conservative Government are ignoring that critical point.

One may wonder about the motivation of the appointment of Mr Bailey as chief executive of the FCA, given that his predecessor, Martin Wheatley, was allegedly forced out of the job by the Chancellor for reportedly being perceived as too tough on financial institutions. A lighter-touch approach to regulation could mean that selling Government shares in Lloyds Banking Group and Royal Bank of Scotland would be, shall we suggest, less troublesome for the Chancellor, particularly given the recent capping on losses from the mis-selling of the pay protection scandal.

As I have previously said in this Chamber, the Chancellor stated in the 2016 Budget that he expects the Government to be able to sell their share in RBS for £25 billion, despite the fact that the bank arranged £9.3 billion in high-yield energy loans between 2011 and 2014 alone and the fact that its share price currently stands at roughly half of what was paid for it by the taxpayer in 2008. Clearly, the Chancellor faces serious challenges.

Two clauses in the Bill as outlined are particularly detrimental to the maintenance of the independence of regulators from Government influence, which is well covered by Members in this House. In part 2, clause 18 states that the Treasury is required to make recommendations for the FCA regarding economic policy as it pertains to the advancement of the objectives of the regulator at least once per year. Similarly, in part 1, clause 13 states that the Treasury can at any time—although it is required to do so at least once per year—make recommendations to the Prudential Regulation Committee regarding economic policy as it pertains to the objective of the PRA, which is the maintenance of stability within the financial sector.

Although those recommendations made by the Treasury to the regulators are not binding, it is clear that they increase the level of political involvement in the function

of the regulators, which at their inception were intended to be independent of political influence. Given recent speculation that the FCA bowed to political pressure when it abandoned a probe into banking culture in the UK at the end of 2015, these two clauses, and the greater political influence on the independent regulators they entail, are concerning to say the least. In particular, the requirement in clause 13 that the Treasury make recommendations at least once a year to the PRC creates a greater onus of responsibility on the Treasury to remain aware of systemic risks in the financial system. I fear that, given the track record of this Government, they may well be asleep at the wheel when it comes to management of systemic risk.

As I have mentioned previously in this Chamber, during the debate on the 2016 Budget, this UK Government have thus far failed to address a source of substantial systemic risk inherent in the financial system and the wider economy—that of leveraged lending to the oil and gas sector by British banks and US banks active in the UK market, and the slice and dice repackaging of these loans into derivative products, such as collateralised loan obligations, which are then sold to investors.

Numerous publications have warned that, with the stagnating price of oil at the moment, that structure poses serious risk, with the *Financial Times* reporting in December 2014 that

“there is a stark parallel with the US property market collapse that heralded the start of the 2008 global financial crisis and upended banks along the way.”

There are already signs that the first dominoes may be falling, as default rates on these high-yield loans are rising at a startling rate. Wells Fargo announced just this month that 57% of the loans in its energy portfolio were categorised as at risk of default. As Wells’ energy exposure stands at \$42 billion, \$24 billion, based on that figure, is at risk of default. UBS analysts have since put a sell notice on Wells’ stock.

Notably, it is reported by Lynn Adler at Reuters that in the United States the Federal Reserve has stepped up its review into lending which could lead to systemic risk, due to concerns about leveraged lending in the oil and gas sector. The systemic risk involved in such lending has been ignored by the Conservative Government here, however.

Political influence on the regulators was a key factor, as mentioned by my hon. Friend the Member for Kirkcaldy and Cowdenbeath earlier, in the failure of the regime to protect the financial sector and the wider economy from the systemic risk that led to the 2007-08 financial crisis. The Government have already demonstrated that they are unable even to acknowledge systemic risks that are apparent to so many in the industry today.

In a final point on the composition of the court of directors of the Bank of England, if the Government truly believe in one nation Conservatism, new clause 2, as tabled by my hon. Friend the Member for East Lothian, should be incorporated into the Bill. Finally, the Bill, as outlined, has serious potential to weaken the UK regulatory regime and compromise the independence of the regulators, bringing us back to a system wherein banks are seen as too big to fail—otherwise known as business as usual.

Harriett Baldwin: In responding to the debate, I will perhaps leave aside the comments of the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell),

as I do not recall him participating in the debates on Second Reading, in Committee or earlier today, and his speech did not reflect the full view of other parties in this House that the Bill is a very good Bill, in the words of the Chair of the Treasury Committee.

I want to respond to some of the points raised in the debate and, in particular, to put on record how pleased I am that everyone welcomes Government new clause 12, which is supplemented by the text of the letter from the Chancellor to the Chair of the Treasury Committee that was sent earlier today and that I read out in my opening remarks. This has been an important opportunity to put on record how our amendment recognises the important scrutiny role of the Treasury Committee.

I would also put on record the important role of this House in scrutinising the Executive. This is another opportunity for us to emphasise the importance—the necessity, even—of preserving the independence of the FCA chief executive’s operational role, apart from Government. Our amendment reaffirms that commitment to continued independence of the FCA. It is vital consumers and firms know that regulatory decisions are being taken in an objective and impartial way. The FCA is an operationally independent regulator and must carry out its functions in line with the framework of objectives and duties established in statute and the independence of that chief executive is protected by statute, with clear provisions requiring the terms of appointment to be such that the appointee is not subject to direction by the Treasury or any other person.

Throughout their appointment, the FCA chief executive is scrutinised on an ongoing basis to ensure their continued independence. It was notable that in the course of the debate nobody could point out anything as regards the allegations made in the press about operational interference. I look forward to seeing the Treasury Committee’s report, because I know that it has carried out a thorough investigation into the matter.

Our new clause ensures that the Treasury Committee will always have time to scrutinise an appointee before they get their feet under the desk. I have also put it on the record that the legislation is very clear that once they are appointed the Government absolutely cannot dismiss an FCA CEO except in the limited circumstances set out in statute. I will not read out paragraph 4 of schedule 1ZA to the Financial Services and Markets Act 2000 again, but I referred to it in my opening remarks and reiterate that it applies not only to the CEO but to the chair and the external members.

We heard from my right hon. Friend the Member for Chichester (Mr Tyrie) about his reaction and his decision to withdraw his new clause 1. He asked whether he could expect legislation in the next Session outlining the five-year term. As he knows, he has our commitment to find an early opportunity to put that into legislation. He is aware of the strictures that exist in relation to writing round and getting Cabinet agreement, but he has that commitment now from the Dispatch Box. He asked whether the legislation is permanent—a good question. It is possible that legislation becomes permanent, but it is also possible for a future Government, a future House of Commons and a future Treasury Committee to change legislation.

Mr Tyrie: I am grateful to the Minister for what she says. The clarification that I seek relates not to legislation, which stands or falls like any legislation, but to the

[Mr Tyrrie]

arrangement. Is it intended that the arrangement between the Treasury Committee and the Chancellor, put in place in the exchange of letters today, will be permanent?

Harriett Baldwin: The Chancellor has many powers, but not necessarily the power to ensure permanence, which is a very long time. I can assure my right hon. Friend that it is the Chancellor's intention that that remain the case for the length of time that he is able to exert power and influence over the matter. I hope that answers the question in the spirit in which it is asked.

The hon. Member for Leeds East (Richard Burgon) asked me to confirm that the NAO can look at the Bank's success in meeting its objectives, but not necessarily at the desirability of those objectives. I have already said that that is exactly what the Bill achieves. The arrangements set out in the Bill have been agreed by both the Comptroller and Auditor General and the Governor, and the terms of reference have been made available to the House. The CAG is content that the scope of his powers is appropriate and the Bank is content that they do not go too far.

The hon. Gentleman asked whether the Bank should have practitioner representation. The Prudential Regulation Authority has a practitioner panel, which ensures that the interests of those who must put the PRA's rules into practice are communicated to the PRA. That panel includes representatives of banks, insurers, building societies and credit unions, among whom the hon. Gentleman's new favourite publication, *City A.M.*, is widely read. Consumers also have an input through the FCA consumer panel, which has a statutory right to make representations to the PRA.

Speaking to her amendment, the hon. Member for Bishop Auckland (Helen Goodman) asked about the Bank of England and the extent to which it is subject to the Freedom of Information Act 2000. It is thanks to this Bill that the Bank is subject to the FOI Act. There are three specific limited exclusions from the Act as it applies to the Bank and, as I explained earlier, those are entirely sensible. The Bank of England is not alone in having particular elements of its work carved out from the Act. Other organisations to which specific exclusions apply include the Verderers of the New Forest, S4C in Wales, the Competition Commission and the BBC.

On the hon. Lady's question about the Governor's analysis supporting selling RBS shares at prices substantially above the price at which the shares are trading today, the Governor has explained that his analysis is based on commercially confidential information obtained as part of the PRA's supervisory responsibilities. In the Freedom of Information Act there is, rightly, a standard exemption for commercial interests.

The hon. Member for East Lothian (George Kerevan) said that there was a lot to be commended in the Bill. He asked about the range of expertise and perspectives on the court. He raised an interesting philosophical question, which is that in the past the court has been a much larger organisation, with 19 members—unwieldy, in the Treasury Committee's view—but that it should represent the views of the entire UK. All members of the court should consider the whole UK, rather than acting as a representative of a particular part. He seems to have forgotten our exchange in Committee, when we talked about the trade union representation of the court

and I assured him that we have said nothing during the passage of the Bill that would change the post-war reality.

3.45 pm

Each of the committees of the Bank of England will have a strong external representation, and no external member will be able to serve on more than one of the policy committees at the same time. That answers some of the questions raised by the hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin) about group-think. By legislating for clear decision-making procedures for each of the committees and providing that the statutory duties and responsibilities granted to them can be exercised in no other way, we empower the varied perspectives of the external members on each. All that adds up to a set of protections for external input and oversight that mitigate the risk of just one view emerging from the court or any of the Bank's committees.

In answer to the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards), if he wants to get in touch himself—I hope that he will take the opportunity to do so—the Bank's regional representatives in Wales are Agent Steve Hicks and Deputy Agent Ian Derrick.

Jonathan Edwards: The Minister will have heard today the heartfelt concerns of representatives from Wales, Scotland and Northern Ireland about the accountability of the central bank to the devolved Parliaments and Governments. Will she at least commit to a Treasury report on that, or will she request the Bank of England to produce a report on how it aims to improve its financial accountability and its relationship with the devolved Parliaments and Governments?

Harriett Baldwin: I think that there are a range of different ways in which that can happen, particularly now that the Treasury Committee in this House has a member from Scotland, and of course we all welcome the fact that the very coins in our pockets are minted in the great country of Wales.

The hon. Member for Carmarthen East and Dinefwr identified the Federal Reserve as an example of a central bank that adopts a dual mandate. US policy makers have judged that that is right for them. We believe that the primacy of price stability is important for anchoring inflation expectations, and we are joined in that belief by other central banks, including those in Canada and New Zealand and the European Central Bank.

I am pleased to have had this opportunity to respond to a range of issues raised in this part of the debate. I commend the Government's new clause to the House and hope that it will agree to include it in the Bill.

Question put and agreed to.

New clause 12 accordingly read a Second time, and added to the Bill.

New Clause 2

COMPOSITION OF THE COURT OF DIRECTORS OF THE BANK OF ENGLAND

"In making nominations to the Court of Directors of the Bank of England, the Chancellor of the Exchequer must have regard to the importance of ensuring a balanced representation from the nations and regions of the United Kingdom."—
(George Kerevan.)

Brought up, and read the First time.

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

*The House divided: Ayes 246, Noes 303.***Division No. 238]****[3.48 pm****AYES**

Abbott, Ms Diane
Abrahams, Debbie
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Barron, rh Kevin
Benn, rh Hilary
Blackford, Ian
Blackman, Kirsty
Blackman-Woods, Dr Roberta
Blenkinsop, Tom
Blomfield, Paul
Boswell, Philip
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Bryant, Chris
Buck, Ms Karen
Burgon, Richard
Cadbury, Ruth
Cameron, Dr Lisa
Campbell, rh Mr Alan
Campbell, Mr Ronnie
Champion, Sarah
Chapman, Douglas
Chapman, Jenny
Cherry, Joanna
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Julie
Cooper, Rosie
Cooper, rh Yvette
Corbyn, rh Jeremy
Cowan, Ronnie
Cox, Jo
Crawley, Angela
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cummins, Judith
Cunningham, Alex
Cunningham, Mr Jim
Dakin, Nic
Danczuk, Simon
David, Wayne
Day, Martyn
De Piero, Gloria
Docherty-Hughes, Martin
Donaldson, Stuart Blair
Doughty, Stephen
Dowd, Jim
Dowd, Peter
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Edwards, Jonathan
Elliott, Julie
Elliott, Tom
Ellman, Mrs Louise
Farrelly, Paul
Ferrier, Margaret

Field, rh Frank
Fitzpatrick, Jim
Fleelo, Robert
Fletcher, Colleen
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Foxcroft, Vicky
Gapes, Mike
Gardiner, Barry
Gethins, Stephen
Gibson, Patricia
Glass, Pat
Glindon, Mary
Godsiff, Mr Roger
Goodman, Helen
Grady, Patrick
Grant, Peter
Gray, Neil
Green, Kate
Greenwood, Lilian
Greenwood, Margaret
Griffith, Nia
Gwynne, Andrew
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Carolyn
Hayes, Helen
Hayman, Sue
Healey, rh John
Hendrick, Mr Mark
Hendry, Drew
Hepburn, Mr Stephen
Hermon, Lady
Hodge, rh Dame Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hollern, Kate
Hopkins, Kelvin
Hosie, Stewart
Hunt, Tristram
Huq, Dr Rupa
Hussain, Imran
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Gerald
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Kane, Mike
Kaufman, rh Sir Gerald
Kendall, Liz
Kerevan, George
Kerr, Calum
Kinahan, Danny
Kinnock, Stephen
Kyle, Peter
Lamb, rh Norman
Lavery, Ian
Law, Chris
Leslie, Chris
Lewell-Buck, Mrs Emma
Lewis, Clive
Long Bailey, Rebecca
Lucas, Caroline

Lucas, Ian C.
Lynch, Holly
MacNeil, Mr Angus Brendan
Mactaggart, rh Fiona
Madders, Justin
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marris, Rob
Marsden, Mr Gordon
Maskell, Rachael
Matheson, Christian
Mc Nally, John
McCabe, Steve
McCaig, Callum
McCarthy, Kerry
McDonald, Andy
McDonald, Stewart Malcolm
McDonald, Stuart C.
McDonnell, John
McFadden, rh Mr Pat
McGarry, Natalie
McGinn, Conor
McInnes, Liz
McKinnell, Catherine
McLaughlin, Anne
McMahon, Jim
Mearns, Ian
Miliband, rh Edward
Moon, Mrs Madeleine
Morden, Jessica
Morris, Grahame M.
Mulholland, Greg
Mullin, Roger
Newlands, Gavin
O'Hara, Brendan
Onn, Melanie
Onwurah, Chi
Osamor, Kate
Oswald, Kirsten
Owen, Albert
Paterson, Steven
Pearce, Teresa
Pennycook, Matthew
Phillips, Jess
Pound, Stephen
Powell, Lucy
Pugh, John
Qureshi, Yasmin
Rayner, Angela
Reed, Mr Jamie
Reed, Mr Steve
Rees, Christina
Reeves, Rachel
Reynolds, Jonathan
Rimmer, Marie
Ritchie, Ms Margaret

Robertson, rh Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Ryan, rh Joan
Saville Roberts, Liz
Shah, Naz
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheppard, Tommy
Shuker, Mr Gavin
Skinner, Mr Dennis
Slaughter, Andy
Smeeth, Ruth
Smith, rh Mr Andrew
Smith, Angela
Smith, Cat
Smith, Jeff
Smith, Nick
Smyth, Karin
Spellar, rh Mr John
Starmar, Keir
Stephens, Chris
Stevens, Jo
Streeting, Wes
Stuart, rh Ms Gisela
Tami, Mark
Thewliss, Alison
Thomas, Mr Gareth
Thomas-Symonds, Nick
Thomson, Michelle
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turley, Anna
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Watson, Mr Tom
Weir, Mike
West, Catherine
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Whitford, Dr Philippa
Williams, Hywel
Williams, Mr Mark
Wilson, Corri
Winnick, Mr David
Winterton, rh Dame Rosie
Wishart, Pete
Woodcock, John
Wright, Mr Iain
Zeichner, Daniel

Tellers for the Ayes:
Owen Thompson and
Marion Fellows

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve

Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Berry, James
Bingham, Andrew
Blackwood, Nicola

Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Bottomley, Sir Peter
 Bradley, Karen
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, rh Alun
 Cameron, rh Mr David
 Campbell, Mr Gregory
 Carmichael, Neil
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colvile, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davis, rh Mr David
 Dinéage, Caroline
 Djanogly, Mr Jonathan
 Dodds, rh Mr Nigel
 Donelan, Michelle
 Dorries, Nadine
 Double, Steve
 Dowden, Oliver
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan Smith, rh Mr Iain
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evennett, rh Mr David
 Fabricant, Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Garnier, rh Sir Edward
 Garnier, Mark

Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, rh Mr Philip
 Hammond, Stephen
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kirby, Simon
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Lewis, Brandon

Lewis, rh Dr Julian
 Lidington, rh Mr David
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber

Rutley, David
 Sandbach, Antoinette
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
 Jackie Doyle-Price and
 Sarah Newton

Question accordingly negatived.

New Clause 9

MONEY LAUNDERING

(1) In any regulations or orders transposing money laundering measures contained within Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 (or in relation to any subsequent EU amending or successor measure) the Secretary of State shall have a duty to ensure, insofar as such regulations relate to institutions regulated by the Financial Conduct Authority—

- (a) reasonable regard and due prominence is given to—
 - (i) Preamble (33),
 - (ii) Article 13(2),
 - (iii) Article 15, and
 - (iv) Article 16 and Annex II;
- (b) clarity is achieved with respect to the meaning and interpretation of “prominent public function” in the context of money laundering;
- (c) reasonable regard and due prominence is given to Article 22 which recognises that a PEP may have no prominent public function; and
- (d) any interpretation of “adequate” Article 20(b)(ii), and “enhanced” in Article 20(b)(iii) takes account of, and gives due prominence to, the provisions in Article 13 on risk sensitivity.

(2) The Financial Services and Markets Act 2000 is amended as follows.

(3) After Part 20A insert—

“PART 20C

MONEY LAUNDERING

333U Anti-money laundering: guidance

(1) The FCA must, prior to relevant regulations coming into force, issue guidance to regulated entities on the definition of one or more categories of “politically exposed persons” (“PEPs”).

(2) Guidance under subsection (1) must include, but need not be limited to—

- (a) a requirement to take a proportional, risk-based and differentiated approach to conducting transactions or business relationships with each category of PEP that may be defined; and
- (b) specified categories of persons to be—
 - (i) included and
 - (ii) excluded

from any definitions of PEPs.

(3) The Secretary of State may, by regulation, make provision about—

- (a) the guidance issued, amended and/or reissued under subsection (1);
- (b) arrangements for complaints about the treatment of individuals by regulated entities to be received, assessed and adjudicated by the FCA, where—
 - (i) a person was treated as though he or she was a PEP (and he was not),
 - (ii) a person who is a PEP was treated unreasonably in disregard of guidance under subsection (1), particularly in regard to specific elements required under subsection (2)(a), or
 - (iii) a person was refused a business relationship solely on the basis of that he or she is a PEP,
- (c) circumstances in which—
 - (i) compensation payments are to be required from, or
 - (ii) financial penalties are to be imposed on regulated entities where complaints under paragraph (b) are upheld.

(4) For the purposes of subsection (1), “relevant regulations” means regulations transposing into UK law measures that EU Member States are required to implement to combat money-laundering (or subsequent regulations amending those regulations) that contain references to PEPs.

(5) The power to make regulations under subsection (3) is exercisable by statutory instrument which may only be made after a draft of any such instrument has been laid before, and approved by a resolution of, each House of Parliament.”—
(*Mr Walker.*)

Brought up, and read the First time.

Mr Charles Walker (Broxbourne) (Con): I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Natascha Engel): With this it will be convenient to discuss the following:

New clause 10—*Debt management plan charges*—

(1) The Financial Services and Markets Act 2000 is amended as follows.

(2) After section 137FBB insert—

“137FBC FCA general rules: debt management plan charges

- (1) The FCA must make general rules in relation to debt management plans.
- (2) The rules must specify that—
 - (a) if a majority of creditors agree to a creditor fee arrangement, then all creditors shall be bound by the arrangement;
 - (b) a creditor fee arrangement may subsequently be varied by the agreement of a majority of creditors; and
 - (c) a creditor fee arrangement and any variations must take the form of a written contract executed by a majority of the creditors and must be distributed to all creditors upon completion.

(3) In this section—

“creditor fee arrangement” means an arrangement whereby the fees incurred as part of the debt management plan are paid by the creditors, calculated either as a fixed amount, a percentage of the amount owed to them or a combination of a fixed amount and a percentage; and

“a majority of creditors” means a subset of creditors where the amount owed to them is more than half of the total amount owed.”

New clause 14—*Combating abusive tax avoidance arrangements*—

(1) Section 3B of the Financial Services and Markets Act 2000 (Regulatory principles to be applied by both regulators) is amended as follows.

(2) At the end of subsection (1) insert—

“(i) combating abusive tax avoidance arrangements.

- (1A) (a) in observing principle (i), the regulators must undertake, in consultation with the Treasury, an annual review for presentation to the Treasury into abusive tax avoidance, including measures to ascertain and record beneficial ownership of trusts using facilities provided by banks with UK holding companies or entities regulated by the Bank of England or the FCA, control of shareholders and ownership of shares, and investment arrangements in an overseas territory outside the UK involving UK financial institutions.
- (b) in this section “beneficial ownership of trusts” includes ownership of any equitable interest in a trust including being an object of a discretionary trust, power of appointment or similar arrangement as well as any vested interest under a trust;
- (c) “control of shareholders and ownership of shares in companies using facilities provided by banks with UK holding companies or entities regulated by the Bank of England or the FCA” shall include control by any person with control over a voteholder in a company as defined in Part VI Official Listing s.89F of the FSMA (2000) as applied mutatis mutandis to this context, whether directly or indirectly, and whether alone or in concert with some other person.”

Amendment 1, in clause 24, page 20, leave out lines 5 to 10.

Amendment 8, page 20, line 10, at end add

“and insert—

“(6) Where the authorised person mentioned in subsection (5) is a relevant authorised person, as defined under section 71A of the Financial Services and Markets Act 2000, subsection (5)(d) does not apply and subsections (7) and (8) do apply.

(6A) If the FCA satisfies itself that a person (P), who is a senior manager in relation to a relevant authorised person, is guilty of misconduct by virtue of subsections (5)(a)-(c), then P shall be guilty of misconduct, subject only to subsection (8).

(6B) But P is not guilty of misconduct by virtue of subsections (5)(a)-(c) and (7) if P satisfies the FCA that P had taken such steps as a person in P’s position could reasonably be expected to take to avoid the contravention occurring (or continuing).”

Amendment 2, page 20, leave out lines 22 to 27.p

Amendment 9, page 20, line 27, at end add

“and insert—

“(6) Where the PRA-authorised person mentioned in subsection (5) is a relevant authorised person, as defined under section 71A of the Financial Services and Markets Act 2000, subsection (5)(d) does not apply and subsections (6A) and (6B) do apply.

(6A) If the PRA satisfies itself that a person (P) who is a senior manager in relation to a relevant PRA-authorised person is guilty of misconduct by virtue of subsections (5)(a)-(c), then P shall be guilty of misconduct, subject only to subsection (6B).

(6B) But P is not guilty of misconduct by virtue of subsections (5)(a)-(c) and (7) if P satisfies the PRA that P had taken such steps as a person in P’s position could reasonably be expected to take to avoid the contravention occurring (or continuing).”

Amendment 10, in schedule 4, page 62, line 2, leave out paragraph 18.

Mr Walker: New clause 9 is designed to prevent the restriction or withdrawal of banking services from perhaps tens of thousands of people. Those people include soldiers and others serving in the armed forces, judges, civil servants, trade unionists, and local councillors and their officials. Those people, along with their families and associates, are deemed to be “politically exposed persons” for the purposes of the fourth money laundering directive, which is due to be transposed into UK law by no later than June 2017.

The scope of new clause 9 is straightforward. It is designed to ensure that when that money laundering directive is transposed into UK law, reasonable regard is given to the parts of the directive that deal with proportionality. The new clause makes it clear that prior to the enactment of the directive, the Financial Services and Markets Act 2000 will be amended so that the Financial Conduct Authority will be required to publish clear guidance to the banks defining what it deems to be proportionate. New clause 9 also makes regulatory provision for PEPs who believe that they have been treated unreasonably by their banks to ask that their case be adjudicated by the FCA.

Steve McCabe (Birmingham, Selly Oak) (Lab): I congratulate the hon. Gentleman on introducing the new clause. I understand from what we heard during today’s topical questions that it is likely that the Government will accept it, so he is obviously in the right area. Is he worried that banks are acting in advance of the measure and that there is quite a lot of evidence that they are

already gathering information about ordinary, law-abiding members of the public and using it as an excuse to restrict their banking activities?

Mr Walker: The hon. Gentleman makes a valid point. Banks are de-risking very aggressively at the moment and we need to inject some proportionality into their actions. I believe that the new clause will go some way towards achieving that.

New clause 9 inserts into the Bill a process of adjudication. If a politically exposed person believes that they are being treated unfairly—being denied access to banking services—they can take their concern or complaint to the FCA, which can then adjudicate. The FCA can decide whether banks are interpreting the directive over-aggressively and, if they are, levy a fine on them for doing so. The new clause has nothing to do with reducing accountability; it is about increasing proportionality, which is the right thing to do.

Why is new clause 9 needed? It is needed because it is clear that in interpreting the fourth money laundering directive, banks are making no distinction, when determining who is a politically exposed person, between PEPs drawn from the corruption hotbeds of Nigeria, Russia and parts of the subcontinent, and those drawn from developed democracies such as ours that have high levels of scrutiny and accountability.

Mr Stewart Jackson (Peterborough) (Con): May I put on record the thanks of all of us in the House to my hon. Friend for his diligence, focus and tenacity in bringing this massively important issue to the attention of the Government and for what we hope will be a satisfactory conclusion today? Does he agree that the collateral damage of some of the precipitous action of the banks has been a big impact on people’s families and, as a corollary, their future credit worthiness?

Mr Walker: My hon. Friend makes a good point. As I said, the banks have acted very aggressively, and I shall return to that point in a few moments.

May I thank the Economic Secretary for her time and patience in dealing with this matter? I have been speaking to her about it for four months, and I admit that I have got a little over-excited on occasions. However, she has always maintained high levels of good humour and patience, for which I thank her. It is important to put that on the record.

At this late stage, without the intervention of new clause 9, the directive risks blighting the lives of decent people. They are not just people working in public life and service but, as my hon. Friend the Member for Peterborough (Mr Jackson) pointed out, their partners, spouses, children, parents, siblings and in-laws. The directive is not proportionate.

Even more worryingly, the directive covers the close associates of politically exposed persons. I am aware that one such close associate is a member of the press lobby. He had some problems with an individual savings account and was subject to close questioning by his bank. When he asked the person on the other end of the phone why the bank was conducting itself in such a way, the response was, “Because we understand that you are an associate of the Prime Minister.” Even the media are caught up in this directive, or rather the banks’ de-risking in preparation for its introduction.

The Financial Action Task Force, whose guidance underpins the directive and is repeatedly referred to in it, states:

“For close associates, examples include”—

the House needs to listen carefully to this because it is quite an odd paragraph—

“the following types of relationships: (known) (sexual) partners outside the family unit (e.g. girlfriends, boyfriends, mistresses); prominent members of the same political party, civil organisation”— that could be the National Trust—

“labour or employee union as the PEP; business partners or associates, especially those that share (beneficial) ownership of legal entities with the PEP, or who are otherwise connected”.

My fear is that, without clear Government-backed FCA guidance, as provided for in new clause 9, the banks, in their rush to de-risk, will continue to draw on the work of the Financial Action Task Force. The Financial Action Task Force states in paragraph 37 of its 2013 guidance:

“there should be awareness that middle ranking and more junior officials could act on behalf of a PEP to circumvent...controls. These less prominent public functions could be appropriately taken into account as customer risk factors in the framework of the overall assessment of risks”.

Sir Greg Knight (East Yorkshire) (Con): The case that my hon. Friend makes is overwhelming. Will he tell the House whether he is aware of anyone who is opposed to what he is trying to do?

Mr Walker: I am sure that there will always be people who are opposed to what I am trying to do. That is the nature of society—we live in an open society in which people have different points of view on many issues. The fourth money laundering directive should be about capturing bad people in its scope, not capturing all people. If everyone is thought of as bad, it is very difficult to identify who is actually breaking the law. We want to go after the law breakers, not those people who, by accident, are described or identified as PEPs by banks in this country.

James Cleverly (Braintree) (Con): Does my hon. Friend share my concern that the rush to implement these actions ahead of the directive indicates a desire by the banks to take what seems to be decisive action against a group of people who are quite easy to target, and that the banks will be less keen to take that action against people who are harder to track down? [*Interruption.*]

Mr Speaker: Order. I know the fondness of the right hon. Member for East Yorkshire (Sir Greg Knight) for live music, and it is a fondness that I share, but there are limits.

Mr Walker: I thought that rather complemented the intervention from my hon. Friend the Member for Braintree (James Cleverly)—it was almost like an opera singer opening his lungs.

My hon. Friend makes a very good point. Banks need to invest their resources, time and energy in going after high-risk people. Banks know which people are high risk. To be perfectly honest, whatever people in this country think about their Members of Parliament, trade unionists, council officers and leaders, Assembly Members and Members of the Scottish Parliament, they are, in the main, not bad people indulging in money laundering. I am not saying that there will not be a bad apple, but those people do not present the real

and current risk. Banks' energies should be focused not on chasing after the good, but on chasing after the very bad.

The Financial Action Task Force catch-all that says that even middle-ranking people can be involved in money laundering basically puts everyone above grade 7 in the civil service in the frame. Think of people in a Government-backed organisation or trade union regional organisers. If banks follow the FATF guidance, those people could be deemed to be politically exposed persons, so not only their banking facilities, but those of their families and associates, could be withdrawn or curtailed.

I will make some progress, as I was not planning to speak for so long. Once a PEP, always a PEP. Although article 22 of the directive states that after 12 months have passed from the point at which the politically exposed person has left office, a bank can decide that that person is no longer a PEP—that sounds like good news—it goes on to say that banks will

“be required to take into account the continuing risk posed by that person and to apply appropriate and risk-sensitive measures until such time as that person is deemed to pose no further risk specific to politically exposed persons.”

That is the lobster pot from which few will escape. Banks are risk averse, so they will feel that it is much better to keep someone as a PEP indefinitely than to take the risk of downgrading them to the status of a normal customer unless they are obliged to do so.

Forget people serving in public life; let us think about those who have left it. Without the protections and guidance in new clause 9, ex-Army officers, ex-judges, ex-trade union representatives, ex-community leaders, volunteers and ex-members of political parties, and former Members of Parliament could be denied the opportunity to serve on charitable and company boards because their presence would confer the status of politically exposed person on the rest of the board. That status is best avoided by individuals who are not yet stigmatised. If conferred, such a status could lead to a withdrawal of the relevant charity or company's banking services. This is not supposition and I am not making this up. Along with the restriction of banking services, the closure of personal accounts and the blackballing of family members, it is happening now. In accepting new clause 9, the Government will enshrine in an Act of Parliament that banks have a legal duty to act proportionately and in accordance with FCA guidance, and that is the correct thing to do.

4.15 pm

New clause 9 is not about protecting politicians. Politicians are politically exposed people, but I understand that even a Parliamentary Private Secretary in the Treasury has had difficulties with this issue. Although the rights of politicians and their families are no less deserving of respect than anyone else's, this is about protecting the banking, financial and future employment rights of the many thousands of people whose names appear in the civil service year book. It is about protecting the rights of military personnel who serve our country, committed council officials who serve their community and trade unionists. New clause 9 not only protects those people's rights, but the rights of their extended families who had no say in their relation's career choice, but are dragged into the scope of the directive.

Finally, I thank the Government for indicating that they will accept new clause 9. By doing so, they will reduce the chances of an Army officer who is serving their country somewhere hot and dangerous receiving a telephone call from his or her spouse saying, “Darling, while you’re being shot at, we’ve had our bank account closed and we’ve lost our mortgage.” I congratulate the Government on doing the right thing today.

Helen Goodman: I am pleased to follow the hon. Member for Broxbourne (Mr Walker) who made an excellent speech on an important subject. He showed his characteristic bravery and forcefulness in addressing an issue that many other hon. Members wanted to address, but were unenthusiastic about putting themselves in the firing line.

The Minister said earlier that everybody is happy with this Bill, but now that we are discussing the regulation of financial services, she may discover that Labour Members are not quite so happy with this part of the Bill. I wish to speak in support of amendments 8 and 9, and I am also sympathetic to amendment 2 tabled by the Scottish National party. Getting the senior management regime right is vital for reducing the risk of further irresponsible behaviour in financial institutions, particularly the banks. We all know the devastating impact that the behaviour of the banks had on rest of the economy—anyone who is in any doubt about that should see the film “The Big Short”, which wonderfully describes that episode, albeit from an American point of view.

The clauses on the senior management regime are a retreat from the sensible legislation introduced in 2012, following the Parliamentary Commission on Banking Standards, which recognised that one way of changing behaviour and culture is to make those people at the top of the banks accept their full responsibility. The clauses in the Bill no longer do that. It is completely sensible for people to be expected to have the same responsibility for the behaviour of those who work for them that other institutions have for health and safety.

We have heard a number of arguments for the Government’s decision to reverse the reversal of the burden of the proof—rather an awkward mouthful—and one of the main arguments is that the regulatory approach that was legislated for in 2012 is too burdensome. This, however, misses the whole point, which is that we want people to spend more time looking at how to reduce risk rather than spending a great deal of time on how to make lots and lots of money irrespective of the risks posed to the economy. The risk does not apply ultimately to themselves on their own account, but it infects all other financial institutions.

I attended a seminar in the City last week, and senior practitioners from law firms, accountancy firms and from some of the big asset managers were in attendance and proved to be supportive of the original parliamentary commission approach. I expressed my feeling that it was disappointing that the Chancellor was going back on this, and suggested that he was not doing it as a whim, but because he had been lobbied to do so. I asked why they thought he had been lobbied in this way. It was, of course, a naive question, and I had no idea what the answer would be. They all roared with laughter and said, “Well, it’s obvious. It’s a way to facilitate people making millions of pounds without facing any downside risks.”

We cannot put ourselves in that situation again. The cost of the bail-out in 2008 was £133 billion. We really must take seriously the lessons that can be learned from that, which is why the amendments tabled by my Front-Bench team and by the SNP should be taken seriously and accepted by the Government.

Mr Gary Streeter (South West Devon) (Con): I should like to take this opportunity to introduce my new clause 10, which is aimed at safeguarding the free debt management sector. Let me reassure the Minister that this is very much a probing amendment; I know she is looking forward to responding to it.

There has been a long debate over the “fee versus free” principle in the provision of debt management plans for indebted consumers. It is not my intention to re-open that debate now, although my concern is about free providers that are facing a looming capacity crisis.

Organisations such as PayPlan and Christians Against Poverty operate the “fair share” model of free debt management that sees creditors covering the cost of customer plans on a polluter-pays basis—in other words, through schemes that are free to the debtor. These organisations are facing increasing pressure as a consequence of fee-charging firms leaving the marketplace after failing Financial Conduct Authority authorisation. In one recent case, this left 16,000 debt management clients unsupported, and these customers are now being signposted to free providers. The last thing people want to happen when they are caught up in the desperation of heavy debts and are trying to slog their way out of it is, of course, that the person advising them suddenly disappears so that they have to start again with new people.

The debt management sector is nearing a desperate point, and the market is becoming increasingly inefficient, with consumers treated badly in many cases. The fair-share operators I mentioned have seen their revenue reduce as a consequence of consumers’ disposable income falling. As more and more fee chargers leave the market, we will soon face a situation in which fair-share operators are unable to provide economically viable plans. Plainly, we now face a situation in which consumers will be charged higher fees and their options for free debt management services will be severely limited—again, we are going in the wrong direction.

There were considerable and commendable efforts over the course of the last Parliament aimed at safeguarding free debt management provision, most notably on the creation of a voluntary protocol. Members of all parties have tried to make similar long-term changes, reflecting the cross-party nature of this issue. More recent efforts have come from the parliamentary debt management working group, of which I am a member. I see in her place our chairman, the hon. Member for Makerfield (Yvonne Fovargue), who is poised to speak in, I hope, support of my new clause.

Recent efforts have been aimed at establishing an industry-wide offering of free consumer debt management services. I accept that, while desirable, such an approach may not be feasible at this time. The new clause provides for a small tweak to the Financial Services and Markets Act 2000, mandating all creditors, via an FCA rule change, to fund free-to-consumer debt management plans under the “fair share” model. Many large creditors—banks and credit card companies—do accept a reduction

in the amount due in exchange for the establishment of a coherent plan, but some still do not, and the new clause is intended to tackle that. While it falls short of outlawing the provision of fee-charging plans, it provides a strong safeguard for the “fair share” model, ensuring that customers can continue to access free debt management plans.

I am certain that this is a robust mechanism for desperately needed reform in the debt management sector, and I hope that, subject to Members’ approval, it can be implemented without delay. I thank the Economic Secretary for her interest in the matter, and for her helpful guidance behind the scenes.

Every age has its challenges, and it may well be that historians will look back at our era and marvel at the levels of unsustainable personal debt that were carried by so many people. Such debt may arise from grave misfortune, poor choices or the actions of others, but whatever the reason, it is vital that the right help is at hand to help people to step their way out of debt, and the FCA can assist that process by making the rule changes I have proposed. I thank the Economic Secretary again for her patience and kindness, and commend the new clause to her and to the House.

Yvonne Fovargue (Makerfield) (Lab): I am afraid that I cannot support new clause 10. While I have great sympathy with the aim of the hon. Member for South West Devon (Mr Streeter) to keep the free-to-consumer plans going, I do not feel that his new clause will achieve that.

I am slightly unclear about the use of the term “fee”. As the hon. Gentleman said, this is currently a voluntary arrangement. I am a little concerned about what public benefit would result from his proposal. Would it merely ensure supplier revenues for certain service providers? If so, is that really a legislative issue? I have wider concerns. I feel that too few debt providers give advice on debt, but I also feel that the current landscape is fairly confusing. I do not think that introducing a statutory funding mechanism for one debt solution—a debt management plan—is the right way forward. Plenty of options are available to people in debt, including bankruptcy, debt relief orders, debt management plans, administration orders, debt consolidation, and individual voluntary arrangements.

Many of those plans are not funded sustainably. I think that one organisation that offers them is paid £35 for each order that it issues, and that is not a sustainable solution. I do not want providers to offer plans on the basis of how they are funded rather than on the basis of what is best for the individual, but I fear that the new clause could lead to their doing so. I am sure that many would not, but the new clause might lead to more providers’ choosing to offer the “fair share” solution because it is statutorily funded, whereas they make a loss on every debt relief order that they issue. That is not the best solution for the individual who is in debt.

I think that we need a proper review of the current debt solution landscape. I believe that it is too complex, and that it is not properly costed. I also believe that the providers have insufficient funding. As the hon. Gentleman said, there has been a problem with the debt management plans. In fact, a review of the fee-charging debt management companies found that 60% of their clients were put in a worse position. That cannot be allowed to continue,

and I am pleased that the FCA is cleaning up the market. However, I worry about what will happen to people who come off debt management plans. They took a big step to deal with their debts—and facing up to the fact that you cannot pay your bills is a difficult decision to make—and went to a provider. Now they have been told, “Actually, your provider was not providing a good service. Go and find somebody else.” I worry that those people will not look around, and I hope that the Minister will look at ways of promoting opportunities for them to go to other providers.

4.30 pm

I also hope that funding will be available for the other providers, and that they will not be left in the unsustainable position of having to pick up a large number of people all at once. It might be sustainable to pick up 16,000 people over a few months, but to pick them all up immediately when a company goes bump is really difficult. I have sympathy for the motives behind new clause 10, but I do not feel that it will solve the main problem, which is that many debt solutions providers do not have sufficient funding. The new clause would focus on only one solution and could well skew the market in the wrong way, to the advantage of the providers rather than of the people who need the solution.

George Kerevan: I should like to speak to amendments 1 and 2, tabled in my name, and in passing to amendments 8 and 9, tabled by Labour Members. I shall not press amendments 1 and 2 to a vote, but should Labour Members move on amendment 8 and the consequential amendment 9, we will support them.

There is much in the Bill to commend it to us and to the House, and much that will add to the regulatory regime and its performance in the UK. However, the worst part of this legislation—the time bomb ticking away inside it—is the Government’s attempt to shift legislation that they put in place only four years ago on the reverse burden of proof for major financial infractions. That is the nub of the matter. Legislation was introduced four years ago that identified senior managers in major banks and other financial organisations and stated that if a serious infraction of regulations was encountered on their watch, they would automatically be held responsible unless they could prove that they had taken due steps to prevent it from happening.

That legislation had a great deal of support in the House and among the public, because it was the one sure way of ensuring that those at senior level in the financial sector would not continue to do what they had done all through the 2007-08 crisis: blame everyone else and say that it was not their fault. The legislation made senior managers responsible, just as senior managers in other organisations and utilities have become responsible for major crises.

Why would the Government want to change that law before it even came into operation this month? That sends out the wrong signal. When we put legislation in place that has consensus behind it, we should try it and see whether it works. However, the Chancellor, whose constant refrain is that he has a long-term economic plan, has decided to change the legislation before it has even come into operation. That change sends out all the wrong signals. The Minister will probably say that the measure is disproportionate now that the Government

[George Kerevan]

have widened the number of people being caught up in the senior management regime to tens of thousands, and that applying the law could become problematic. I know all the explanations, but I put it to her that by reneging on legislation that was put in place with great fanfare four years ago before it is even operational, the Government are simply signalling to the rest of the world that they are loosening the regulatory bonds. They might think that they are not doing that, but they are sending out the wrong signal.

The Government have been sending out another signal as well. For years, the Chancellor and other Treasury Ministers have been telling us that we should pay lower taxes, that taxes are bad, and that we should keep more of our own money. Suddenly, however, when we discover that hundreds of thousands of people are setting up secret offshore bank accounts, the Government get all holy and moral, saying, "We didn't mean you to do that!" This Government sometimes speak with two voices. Individual Ministers are honest and sincere, but they do not understand that they sometimes speak with one voice on taxes and regulation and then do the opposite. It sends out the wrong signal. The Government cannot go on blaming other people. They are to blame if they change the rule without having put it into force for at least a few years to see whether it works. That is why we must leave the provisions in the Financial Services Act 2012 until it has been proven that they do not work.

Richard Burgon: I rise to speak to new clause 14, amendment 8, and amendments 9 and 10, which are consequential on amendment 8, tabled in my name and those of my hon. and right hon. Friends. I will first discuss new clause 14 on combating abusive tax avoidance arrangements and then our amendment on the reverse burden of proof, or the presumption of responsibility, as I choose to call it, for senior managers in the banking sector.

Labour tabled new clause 14 in the wake of Panama papers leak, which the hon. Member for East Lothian (George Kerevan) just mentioned. The new clause sets out that combating abusive tax avoidance should be established as new regulatory principle for the FCA, and requires the FCA to

"undertake, in consultation with the Treasury, an annual review for presentation to the Treasury into abusive tax avoidance".

The new clause makes it clear that the new principle should involve

"measures to ascertain and record beneficial ownership of trusts using facilities provided by banks with UK holding companies or entities regulated by the Bank of England or the FCA, control of shareholders and ownership of shares, and investment arrangements in an overseas territory outside the UK involving UK financial institutions."

Members will be aware that Labour published its tax transparency enforcement programme following the Panama papers leak, and the release of the information that thousands of companies listed in the Mossack Fonseca papers have financial services provided by UK banks. Our programme makes it clear that Labour will

"work with banks to provide further information over beneficial ownership for all companies and trusts that they work for."

The new clause seeks to establish a procedure to enact that.

Last week, the Government announced a deal on the global exchange of beneficial ownership. We of course welcome that as an initial step, but it is insufficient. The measures announced by the EU this week are also welcome, but they do not go nearly far enough, because they require only partial reporting. My hon. Friend the shadow Chancellor said last week:

"The turnover threshold is far too high, and Labour MEPs in Europe will be"

doing the right thing in

"pushing to get that figure reduced much lower to make it more difficult for large corporations to dodge paying their fair share of tax."—[*Official Report*, 13 April 2016; Vol. 608, c. 369.]

Banks need to reveal the beneficial ownership of the companies and trusts with which they work. That means establishing a record of ownership of the companies and trusts supported by UK banks, whether or not the owners are resident in the UK. We must ensure that Crown dependencies and overseas territories enforce far stricter minimum standards of transparency for company and trust ownership, but when UK banks are involved, it is right that a record is maintained of the beneficial owners that they advise.

The tax expert Richard Murphy has written that Jersey, Guernsey and the Cayman Islands are

"cock-a-hoop at having rebuffed calls from David Cameron that they must have readily accessible registers of beneficial ownership even for the use of UK law enforcement agencies".

The shadow Chancellor said in response to those calls that the

"agreement is a welcome step in the right direction but it fails to do anything to tackle the tax havens based in British Overseas Territories. Failure to take responsibility for these British Dependencies substantially undermines the effectiveness of this agreement."

Similarly, we are aware that the Financial Conduct Authority wrote to banks urging them to declare their links to Mossack Fonseca by 15 April. The FCA's call on UK financial institutions to review links with Mossack Fonseca is welcome, but the regulator should recognise the need for complete transparency to retain public confidence.

The FCA should seek full disclosure and act without delay. The slow, drip-drip responses of the Prime Minister's office in recent weeks have served only to fuel public concern and have been very much a lesson in how to raise suspicion unintentionally. The FCA should publish details of which financial institutions it has written to and why; what information it has asked them to provide; and what action it will take, now that the 15 April deadline has passed. Importantly, it cannot allow banks and their subsidiaries to conduct an open-ended internal investigation, but must establish an early deadline for the disclosure of all information on their relations with Mossack Fonseca, so that the regulator can take all necessary action. Campaigners Global Witness responded by saying:

"These are welcome first steps...but the UK authorities are missing the wider point. Mossack Fonseca is no bad apple; it is just one small part of a much deeper problem."

That is why it is necessary for us to have a clear direction of travel towards recording beneficial ownership of trust services by UK banks, as we are seeking to do with this new clause.

Given the widespread concerns about tax avoidance, the British public, who bailed out the country's banking sector, deserve to know the facts about the role of UK banks in this unfolding story. With new clause 14,

Labour has made a positive and practical proposal to take steps to increase tax transparency and publicly available information on the beneficial owners of companies and trusts registered in tax havens.

Let me now deal with the remainder of the amendments. Labour's position was set out clearly on Second Reading and in our amendments in Committee: removing the reverse burden of proof—the presumption of responsibility—is unreasonable, unwise and, I am sorry to say, risky. We continue to support the current legislation, which was agreed by the Chancellor and in both Houses as recently as in consideration on the Financial Services (Banking Reform) Act 2013. That is why we have re-tabled our amendments on keeping the presumption of responsibility. It should not be forgotten that this measure was a key recommendation of the Parliamentary Commission on Banking Standards, which said that it

“would make sure that those who should have prevented serious prudential and conduct failures would no longer be able to walk away simply because of the difficulty of proving individual culpability in the context of complex organisations.”

The presumption of responsibility, as currently set out in legislation, applies to senior managers. It means that to avoid being found guilty of misconduct when there has been a regulatory contravention in an area for which they are responsible, they will have to prove that they took reasonable steps to prevent that contravention. This Bill removes that onus on senior bankers. The onus is entirely reasonable, proportionate and, as bitter experience tells the British people, necessary. Misconduct and misdemeanours in financial services are not merely a tale from history. In 2015, for example, the FCA had to fine firms more than £900 million, and we have also seen the LIBOR scandal, foreign exchange fines and the mis-selling of payment protection insurance to the value of up to £33 billion. The presumption of responsibility is so reasonable and necessary that the policy was introduced with cross-party support; that should not be forgotten.

The 2013 Act applied the presumption of responsibility, through the senior managers and certification regime, to all “authorised persons”. This Bill extends that authorised persons regime to a wider range of businesses but has watered down the presumption of responsibility to a mere “duty of responsibility”. The vast majority of people working in the financial sector were not, and are not, affected by the existing legislation, and would remain unaffected should our amendment pass. That is why the legislation was passed by Government Members in the first place.

In December 2013, speaking of the stricter measures being introduced by the Government, including the reverse burden of proof, the then Economic Secretary to the Treasury, the right hon. Member for Bromsgrove (Sajid Javid), said:

“The introduction of this offence means that...in future those who bring down their bank by making thoroughly unreasonable decisions can be held accountable for their actions...Senior managers could be liable if they take a decision that leads to the failure of the bank...The maximum sentence for the new offence...reflects the seriousness that the Government, and society more broadly, place on ensuring that our financial institutions are managed in a way that does not recklessly endanger the economy or the public purse.”—[*Official Report*, 11 December 2013; Vol. 572, c. 252.]

On that, at least, I agree with the right hon. Gentleman. It is a shame that there has been a change in position.

4.45 pm

The Chair of the Treasury Committee said:

“Far from imperilling the UK's global competitiveness, high standards will make the UK a more attractive place to locate.”—[*Official Report*, 8 July 2013; Vol. 566, c. 76.]

Other commentators and campaigners who have expressed their support include Martin Wolf of the *Financial Times*. We have re-tabled this amendment to state our clear opposition to this unwelcome, unnecessary and risky change.

The legislation was introduced by the Chancellor in 2013, and Members of the House should not forget that it was due to come into force in March this year. It has yet to be even tested, as the hon. Member for East Lothian said. Now is not the time to make this concession to top bankers. Both the announcement of the Chancellor's “new settlement” with financial services—including as it does the departure of Martin Wheatley from the FCA and the scrapping of the FCA's review of banking culture—and the recent discovery that UK banks, Crown dependencies and overseas territories are at the heart of the Panama papers tax haven scandal mean that the proposal in the Bill to remove the presumption of responsibility is the wrong proposal at the wrong time. We urge Members to support our amendment.

Let me turn to new clause 10, which was tabled by the hon. Member for South West Devon (Mr Streeter). We recognise the concern about fee-chargers in the debt management sector, who often charge clients exorbitant amounts to set up plans that can clearly add to clients' problems, rather than helping to alleviate them. In the scenario proposed, instead of charging fees to customers, the commercial debt management companies would receive income through a statutory levy on creditors, and all creditors would be bound by a fee arrangement to which the majority agree. However, it is not clear how that helps consumers specifically. The rules could bind some commercial organisations to paying fees to other ones. There are serious competition issues here, and I am aware of the FCA's concerns on that point.

There are questions to ask about how the creditors set the level of fees. The measures would not stop commercial debt management companies charging consumers in addition to the fee. In some circumstances, they could lead to commercial providers advising people on the basis of their creditors and not on their actual needs.

Although the new clause can be admirably presented as a way of killing off fee charging, it may well result in a lifeline being thrown to the sector. Critics may well ask why the Government should intervene to prop up this market, just at the point when the FCA is cleaning it up. Secondly, it introduces a statutory funding mechanism for one debt solution—debt management plans—when in fact there are many options available for people in debt, including bankruptcy, debt relief orders, debt management plans, administration orders, debt consolidation and individual voluntary arrangements. Only about one third of those people seeking debt advice are provided with a debt management plan; for others, it is simply not the right fit. Although we welcome the debate, we feel that it is necessary to consider how best we meet the needs of all people with debt problems, so we do not support the new clause.

Finally, let me turn to new clause 9 in the name of the hon. Member for Broxbourne (Mr Walker). I am aware that this is an issue of concern to Members in all parts

of the House. The global rules against money laundering require banks and regulated businesses to carry out enhanced due diligence on all politically exposed persons—individuals entrusted with a public function—but if the transposition of the EU directive into domestic legislation is mishandled, a wide range of other people could be affected. It could adversely affect tens of thousands of people, including civil servants, city workers and even, as has been described, the families of armed forces officers serving our country abroad.

The EU's fourth money laundering directive, passed last year, will need to be transposed into UK law within two years, as has been mentioned. We need to get this right to ensure that the safeguards proposed to prevent tax avoidance and money laundering and, in the light of the Panama papers, the provisions governing the register of beneficial ownership of companies and trusts do not get in the way of individuals using their bank accounts, securing mortgages or supporting charities. We believe that this is an important issue, and we are grateful to the hon. Member for Broxbourne for all his hard work explaining the potential risks to the House.

Harriett Baldwin: Let me start with new clause 9, tabled by my hon. Friend the Member for Broxbourne (Mr Walker) and others, which addresses the important issue of politically exposed persons. My colleague is an expert not only in oratory but in parliamentary procedure and I commend him for his use of both in this example. The Chancellor and I are very concerned about this issue, as my hon. Friend knows, and we are grateful to my hon. Friend for his assiduous work in collating examples that he has heard from colleagues and from the banking sector.

It is absolutely right that the “know your customer” requirements should be tailored to the risk posed, and I reassure the House that we are very much on the side of colleagues in this regard. I therefore welcome the amendment and the strong message it sends to banks as they implement these rules. The new clause also addresses guidance, and I fully agree that guidance will help the banks to take an effective, proportionate and commensurate approach to politically exposed persons. The Government intend to implement new money laundering regulations by June next year at the latest and this amendment will come into force at that time. We will consult on the new regulations this year.

As well as accepting the new clause, I want to take the opportunity to update the House on other action that we have taken to resolve these issues on behalf of Members since my hon. Friend had his Adjournment debate on 20 January. On 1 March we had a meeting with the banks that I organised with the Minister for Security from the Home Office, and on 23 March the Chancellor wrote to the banks to explain our views. We will continue to work with the banks, with the FCA and with others to ensure that a sensible and proportionate approach prevails.

I have also written not once but twice in a “Dear colleague” letter to all Members and Peers giving colleagues the name of a senior designated person to contact at each major bank should they or a family member encounter any problems. To conclude on this new clause, I thank my hon. Friend for bringing the issue to the House so that I can give this reassurance about the attention that the Government are paying to this challenge.

New clause 10, on debt management plans, was tabled by my hon. Friend the Member for South West Devon (Mr Streeter), and I thank him for his collaborative approach in tabling the amendment and the ongoing commitment shown by him and his all-party group to supporting all households in problem debt. The Government share his concerns about the potential for detriment to occur to consumers participating in some debt management plans and I recognise the importance of protecting this vulnerable group of consumers. The Government's focus has been on comprehensively reforming the regulation of the sector to ensure that financial services firms are on the side of people who work hard, do the right thing and get on in life. Responsibility for regulating debt management firms, like that for all other consumer credit firms, transferred from the OFT to the FCA on 1 April 2014. The FCA has made addressing the risk posed to consumers by non-compliant debt management firms the highest priority, alongside payday lending.

Indeed, debt management firms were in the first group of firms to require full authorisation, and the FCA is thoroughly scrutinising firms' business models and practices. Firms that do not meet the FCA's threshold conditions will not be able to continue to offer debt management plans. Removing non-compliant debt management firms from the market will fundamentally reduce the risk of harm to consumers and will ensure that consumers have access to sustainable repayment plans as a result of providers acting in the best interest of consumers.

The hon. Member for Makerfield (Yvonne Fovargue) raised the question of the handover of clients with debt management plans whose firms have not been authorised by the FCA. That is an issue to which the FCA is playing close attention, to try to ensure that data protection issues are taken into account and to accommodate the disheartening position of someone with one of those plans whose firm fails to be authorised, for whom a better alternative must be found.

On the issue raised by the amendment—how debt management plans are funded—charities such as StepChange and Christians Against Poverty already successfully negotiate voluntary funding agreements with creditors through the fair share model. Introducing changes to this funding arrangement, such as mandatory contributions, may have unintended consequences, disrupting a successful funding arrangement for charities. Consequently, setting the level of this share is not supported by the not-for-profit sector. Similarly, not-for-profit providers are concerned that formalising fair share contributions may change charities' relationship with creditors and compromise their independence. The perception of charities by their clients as impartial advocates is essential to encouraging households in problem debt to come forward for support.

With the FCA's authorisation process ongoing, and the anticipated changes in the market that that will bring, now is not the right time to introduce changes to the way debt management plans are funded. Any consideration of changes to funding arrangements should take place when the shape of the debt management market is known. The best setting for looking at the full landscape of debt advice funding will be in the context of the public financial guidance review, which includes a commitment for the Government to monitor the

impact on the FCA authorisation process. If necessary, the funding arrangements for debt advice will be reviewed, and the Government may consider broadening the funding base to include other sectors, to ensure that consumers continue to get the help they need. I trust that this assures my hon. Friend the Member for South West Devon that the Government continue to consider it a priority to help those facing problem debt, and that he will not press his amendment to the vote.

I shall deal now with amendments 1, 2, 8, 9, and 10, which would apply the reverse burden of proof to senior managers in the banking sector or in all authorised financial services firms. We reject both sets of amendments, above all because the senior managers and certification regime with a statutory duty of responsibility will be an extremely effective tool for holding senior managers to account.

The duty of responsibility will extend to all senior managers. The discredited approved persons regime will be replaced. Firms must identify exactly what their senior managers are responsible for. Senior managers will not be able to wriggle off the hook because they did not know what was being done in the areas for which they are responsible. The reverse burden of proof is not needed to deliver what we want to deliver—a culture change.

Lord Turnbull, who was a Cross-Bench member of the Parliamentary Commission on Banking Standards, said:

“In future, senior managers will have to take responsibility for what goes on in the teams for which they are responsible and for the actions of the people whom they have appointed and thereby given accreditation.”

He went on to say:

“I still fail to see why the reverse burden of proof is the only way to get people to understand that. . . I believe that the proposal now in the Bill—

that is, the duty of responsibility—

is superior.”—[*Official Report, House of Lords*, 15 December 2015; Vol. 767, c. 2026-28.]

In written evidence to the Public Bill Committee, the Building Societies Association stated:

“The lack of individual accountability to date is mainly the result of a failure to allocate responsibilities in firms’ corporate governance frameworks. Because this deficiency will be fully addressed by the new strengthening accountability in banking rules (through responsibility maps, individual statements of responsibility, handover arrangements), the reversed burden of proof is unfair and is redundant”—

not my words, but those of the Building Societies Association.

Today’s debate is about what happens when things go wrong and a firm breaks a regulatory requirement. Under the reverse burden of proof, the senior manager responsible for the area of the firm where the breach occurred would have to prove that they had taken reasonable steps to prevent it. The Bill will impose a statutory duty of responsibility on senior managers. Senior managers would still be required to take reasonable steps to prevent breaches of regulations in the areas of the firm’s business for which they are responsible. However, when such a breach occurs, it will fall to the regulators to show that the responsible senior manager had failed to take such steps. This duty will be extended with the senior managers and certification regime to senior managers in all authorised financial services firms, ensuring that they are held to the same high standards as those in banks.

5 pm

Contrary to the allegations of the hon. Member for Leeds East (Richard Burgon), the duty is in no way “soft” on bankers. A senior manager can be found guilty of misconduct if a breach of regulatory requirements occurred in the area of the firm’s business for which they are responsible and they did not take reasonable steps to prevent it, whether they were aware of the contravention or not. The hon. Gentleman quoted a previous Economic Secretary, my right hon. Friend the Member for Bromsgrove (Sajid Javid). I think that he might be confusing the reverse burden of proof with the criminal offence of recklessness causing a bank to fail. I can assure him and the House that that criminal offence, with a possible seven-year sentence attached, came into effect in March.

New clause 14 seeks to give the FCA and PRA a statutory duty to have regard to combating tax avoidance, and for them to report annually to the Treasury. I welcome the opportunity once again to set out the measures that this Government have taken—far more than any previous Government—to tackle tax evasion, tax avoidance and aggressive tax planning. We have become a world leader in tax transparency. However, as the UK tax authority is Her Majesty’s Revenue and Customs, rather than the FCA or PRA, it is responsible for ensuring that businesses and individuals pay the taxes they owe.

Last week we set out a far more effective package of proposals to tackle the problem of tax evasion and avoidance, ensuring a multi-agency approach by strengthening HMRC and involving relevant bodies such as the FCA. The Government are committed to giving HMRC the tools to do its job, whether by introducing over 40 changes to the tax laws, or by providing additional funding to strengthen its capability in key areas. I could go on, Madam Deputy Speaker, about all the measures we have introduced—

Rob Marris (Wolverhampton South West) (Lab): Oh, go on.

Harriett Baldwin: Okay, the hon. Gentleman wants to hear more. In the July 2015 Budget we confirmed an extra £800 million investment to fund additional work to tackle evasion and non-compliance. HMRC’s specialist offshore unit is currently investigating more than 1,100 cases of offshore evasion around the world, with more than 90 individuals subject to current criminal investigation. Even before last week, HMRC had already received a great deal of information on offshore companies, including in Panama, and including Mossack Fonseca. This information comes from a wide range of sources and is currently the subject of intense investigation.

We are going further by providing new funding of up to £10 million for an operationally independent cross-agency taskforce. It will include analysts, compliance specialists and investigators from across HMRC, the National Crime Agency, the Serious Fraud Office and the Financial Conduct Authority. It will have full operational independence and will report to my right hon. Friends the Chancellor and the Home Secretary.

Of course the FCA has a role to play. Its 2016-17 business plan states that the fight against financial crime and money laundering is one of its priorities. Its

[Harriett Baldwin]

rules require firms to have effective systems and controls to prevent the risk that they might be used to further financial crimes. That is why the FCA has written to financial firms asking them to declare their links to Mossack Fonseca. If it finds any evidence that firms have been breaking the rules, it already has strong powers to take action. However, it is HMRC that is ultimately responsible for investigating and prosecuting offences associated with tax evasion.

Finally, with regard to trusts, we believe that we have secured a sensible way forward by ensuring that trusts that generate a tax consequence in the UK will be required to report their beneficial ownership information to HMRC. By focusing on such trusts, we are focusing on those where there is a higher risk of money laundering or tax evasion, which arise when trusts migrate or generate income or gains, and minimising burdens on the vast majority of perfectly ordinary and legitimate trusts.

Although I appreciate the spirit with which the new clause has been tabled, I do not believe that it would be appropriate to change the role of the FCA or the PRA, so I urge the hon. Member for Leeds East not to press the new clause.

Question put and agreed to.

New clause 9 accordingly read a Second time, and added to the Bill.

New Clause 14

COMBATING ABUSIVE TAX AVOIDANCE ARRANGEMENTS

“(1) Section 3B of the Financial Services and Markets Act 2000 (Regulatory principles to be applied by both regulators) is amended as follows.

(2) At the end of subsection (1) insert—

- (i) combating abusive tax avoidance arrangements.
- (a) in observing principle (i), the regulators must undertake, in consultation with the Treasury, an annual review for presentation to the Treasury into abusive tax avoidance, including measures to ascertain and record beneficial ownership of trusts using facilities provided by banks with UK holding companies or entities regulated by the Bank of England or the FCA, control of shareholders and ownership of shares, and investment arrangements in an overseas territory outside the UK involving UK financial institutions.
- (b) in this section “beneficial ownership of trusts” includes ownership of any equitable interest in a trust including being an object of a discretionary trust, power of appointment or similar arrangement as well as any vested interest under a trust;
- (c) “control of shareholders and ownership of shares in companies using facilities provided by banks with UK holding companies or entities regulated by the Bank of England or the FCA” shall include control by any person with control over a voteholder in a company as defined in Part VI Official Listing s.89F of the FSMA (2000) as applied mutatis mutandis to this context, whether directly or indirectly, and whether alone or in concert with some other person.”—(*Richard Burgon.*)

Brought up, and read the First time.

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

The House divided: Ayes 245, Noes 299.

Division No. 239]

[5.5 pm

AYES

Abbott, Ms Diane	Fellows, Marion
Abrahams, Debbie	Ferrier, Margaret
Alexander, Heidi	Fitzpatrick, Jim
Ali, Rushanara	Flelo, Robert
Allen, Mr Graham	Fletcher, Colleen
Ashworth, Jonathan	Flint, rh Caroline
Austin, Ian	Flynn, Paul
Bailey, Mr Adrian	Fovargue, Yvonne
Barron, rh Kevin	Foxcroft, Vicky
Benn, rh Hilary	Gapes, Mike
Blackford, Ian	Gardiner, Barry
Blackman, Kirsty	Gethins, Stephen
Blackman-Woods, Dr Roberta	Gibson, Patricia
Blenkinsop, Tom	Glass, Pat
Blomfield, Paul	Glindon, Mary
Boswell, Philip	Godsiff, Mr Roger
Bradshaw, rh Mr Ben	Goodman, Helen
Brake, rh Tom	Grady, Patrick
Brennan, Kevin	Grant, Peter
Brown, Lyn	Gray, Neil
Brown, rh Mr Nicholas	Green, Kate
Bryant, Chris	Greenwood, Lilian
Buck, Ms Karen	Greenwood, Margaret
Burden, Richard	Griffith, Nia
Burgon, Richard	Gwynne, Andrew
Burnham, rh Andy	Hamilton, Fabian
Cadbury, Ruth	Hanson, rh Mr David
Cameron, Dr Lisa	Harman, rh Ms Harriet
Campbell, rh Mr Alan	Harris, Carolyn
Campbell, Mr Ronnie	Hayes, Helen
Champion, Sarah	Hayman, Sue
Chapman, Douglas	Healey, rh John
Chapman, Jenny	Hendrick, Mr Mark
Cherry, Joanna	Hendry, Drew
Clwyd, rh Ann	Hepburn, Mr Stephen
Coaker, Vernon	Hermon, Lady
Cooper, Julie	Hillier, Meg
Cooper, Rosie	Hodge, rh Dame Margaret
Cooper, rh Yvette	Hodgson, Mrs Sharon
Corbyn, rh Jeremy	Hoey, Kate
Cowan, Ronnie	Hollern, Kate
Cox, Jo	Hopkins, Kelvin
Crawley, Angela	Hosie, Stewart
Creagh, Mary	Hunt, Tristram
Cruddas, Jon	Huq, Dr Rupa
Cryer, John	Hussain, Imran
Cunningham, Alex	Jarvis, Dan
Cunningham, Mr Jim	Johnson, rh Alan
Dakin, Nic	Johnson, Diana
Danczuk, Simon	Jones, Gerald
David, Wayne	Jones, Graham
Day, Martyn	Jones, Helen
De Piero, Gloria	Jones, Mr Kevan
Docherty-Hughes, Martin	Jones, Susan Elan
Donaldson, Stuart Blair	Kane, Mike
Doughty, Stephen	Kaufman, rh Sir Gerald
Dowd, Jim	Keeley, Barbara
Dowd, Peter	Kendall, Liz
Dromey, Jack	Kerevan, George
Dugher, Michael	Kerr, Calum
Durkan, Mark	Kinnock, Stephen
Eagle, Ms Angela	Kyle, Peter
Edwards, Jonathan	Lavery, Ian
Efford, Clive	Leslie, Chris
Elliott, Julie	Lewell-Buck, Mrs Emma
Ellman, Mrs Louise	Lewis, Clive
Farrelly, Paul	Lewis, Mr Ivan

Long Bailey, Rebecca
Lucas, Caroline
Lucas, Ian C.
Lynch, Holly
MacNeil, Mr Angus Brendan
Mactaggart, rh Fiona
Madders, Justin
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marris, Rob
Marsden, Mr Gordon
Maskell, Rachael
Matheson, Christian
Mc Nally, John
McCabe, Steve
McCaig, Callum
McCarthy, Kerry
McDonald, Andy
McDonald, Stewart Malcolm
McDonald, Stuart C.
McDonnell, John
McFadden, rh Mr Pat
McGinn, Conor
McInnes, Liz
McKinnell, Catherine
McLaughlin, Anne
McMahon, Jim
Mearns, Ian
Miliband, rh Edward
Moon, Mrs Madeleine
Morden, Jessica
Morris, Grahame M.
Mulholland, Greg
Mullin, Roger
Newlands, Gavin
Nicolson, John
O'Hara, Brendan
Onn, Melanie
Onwurah, Chi
Osamor, Kate
Oswald, Kirsten
Owen, Albert
Paterson, Steven
Pearce, Teresa
Pennycook, Matthew
Phillips, Jess
Pound, Stephen
Powell, Lucy
Pugh, John
Qureshi, Yasmin
Rayner, Angela
Reed, Mr Jamie
Reed, Mr Steve
Rees, Christina
Reeves, Rachel
Reynolds, Jonathan
Rimmer, Marie

Ritchie, Ms Margaret
Robertson, rh Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Ryan, rh Joan
Saville Roberts, Liz
Shah, Naz
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheppard, Tommy
Shuker, Mr Gavin
Skinner, Mr Dennis
Slaughter, Andy
Smeeth, Ruth
Smith, rh Mr Andrew
Smith, Angela
Smith, Cat
Smith, Nick
Smyth, Karin
Spellar, rh Mr John
Starmar, Keir
Stephens, Chris
Stevens, Jo
Streeting, Wes
Stuart, rh Ms Gisela
Tami, Mark
Thewliss, Alison
Thomas, Mr Gareth
Thomas-Symonds, Nick
Thompson, Owen
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Watson, Mr Tom
Weir, Mike
West, Catherine
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Whitford, Dr Philippa
Williams, Hywel
Williams, Mr Mark
Wilson, Corri
Winnick, Mr David
Winterton, rh Dame Rosie
Wishart, Pete
Woodcock, John
Wright, Mr Iain
Zeichner, Daniel

Tellers for the Ayes:

**Jeff Smith and
Judith Cummins**

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard

Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Berry, James

Bingham, Andrew
Blackwood, Nicola
Blunt, Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, rh James
Bruce, Fiona
Buckland, Robert
Burns, Conor
Burns, rh Sir Simon
Burrowes, Mr David
Burt, rh Alistair
Cairns, rh Alun
Campbell, Mr Gregory
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Clarke, rh Mr Kenneth
Cleverly, James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Costa, Alberto
Cox, Mr Geoffrey
Crabb, rh Stephen
Crouch, Tracey
Davies, Byron
Davies, Chris
Davies, Glyn
Davies, Dr James
Davies, Mims
Davis, rh Mr David
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donelan, Michelle
Dorries, Nadine
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie
Drax, Richard
Drummond, Mrs Flick
Duddridge, James
Duncan, rh Sir Alan
Duncan Smith, rh Mr
Iain
Elliott, Tom
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evennett, rh Mr David
Fabricant, Michael
Fernandes, Suella
Field, rh Mark
Foster, Kevin
Fox, rh Dr Liam
Francois, rh Mr Mark
Frazer, Lucy

Freeman, George
Freer, Mike
Fuller, Richard
Garnier, rh Sir Edward
Garnier, Mark
Gauke, Mr David
Ghani, Nusrat
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, Stephen
Hancock, rh Matthew
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, Sir Oliver
Heappey, James
Heaton-Jones, Peter
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoare, Simon
Hollinrake, Kevin
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howarth, Sir Gerald
Howlett, Ben
Huddleston, Nigel
Hunt, rh Mr Jeremy
Hurd, Mr Nick
Jackson, Mr Stewart
Jayawardena, Mr Ranil
Jenkin, Mr Bernard
Jenkyns, Andrea
Jenrick, Robert
Johnson, Boris
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kennedy, Seema
Kinahan, Danny
Kirby, Simon
Knight, rh Sir Greg
Knight, Julian
Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Leadsom, Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward

Leslie, Charlotte
 Lewis, Brandon
 Lewis, rh Dr Julian
 Lidington, rh Mr David
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber

Rutley, David
 Sandbach, Antoinette
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr
 Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
 George Hollingbery and
 Sarah Newton

Question accordingly negated.

Clause 24

MISCONDUCT

Amendment proposed: 8, page 20, line 10, at end add

“and insert—

“(6) Where the authorised person mentioned in subsection (5) is a relevant authorised person, as defined under section 71A of the Financial Services and Markets Act 2000, subsection (5)(d) does not apply and subsections (7) and (8) do apply.

(6A) If the FCA satisfies itself that a person (P), who is a senior manager in relation to a relevant authorised person, is guilty of misconduct by virtue of subsections (5)(a)-(c), then P shall be guilty of misconduct, subject only to subsection (8).

(6B) But P is not guilty of misconduct by virtue of subsections (5)(a)-(c) and (7) if P satisfies the FCA that P had taken such steps as a person in P’s position could reasonably be expected to take to avoid the contravention occurring (or continuing).”—(*Richard Burgon.*)

Question put, That the amendment be made.

The House divided: Ayes 246, Noes 300.

Division No. 240]

[5.18 pm

AYES

Abbott, Ms Diane	Cunningham, Alex
Abrahams, Debbie	Cunningham, Mr Jim
Alexander, Heidi	Dakin, Nic
Ali, Rushanara	Danczuk, Simon
Allen, Mr Graham	David, Wayne
Ashworth, Jonathan	Day, Martyn
Austin, Ian	De Piero, Gloria
Bailey, Mr Adrian	Decherty-Hughes, Martin
Barron, rh Kevin	Donaldson, Stuart Blair
Benn, rh Hilary	Doughty, Stephen
Blackford, Ian	Dowd, Jim
Blackman, Kirsty	Dowd, Peter
Blackman-Woods, Dr Roberta	Dromey, Jack
Blenkinsop, Tom	Dugher, Michael
Blomfield, Paul	Durkan, Mark
Boswell, Philip	Eagle, Ms Angela
Bradshaw, rh Mr Ben	Edwards, Jonathan
Brake, rh Tom	Efford, Clive
Brennan, Kevin	Elliott, Julie
Brown, Lyn	Ellman, Mrs Louise
Brown, rh Mr Nicholas	Farrelly, Paul
Bryant, Chris	Fellows, Marion
Buck, Ms Karen	Ferrier, Margaret
Burden, Richard	Fitzpatrick, Jim
Burgon, Richard	Fiello, Robert
Burnham, rh Andy	Fletcher, Colleen
Cadbury, Ruth	Flint, rh Caroline
Cameron, Dr Lisa	Flynn, Paul
Campbell, rh Mr Alan	Fovargue, Yvonne
Campbell, Mr Ronnie	Foxcroft, Vicky
Champion, Sarah	Gapes, Mike
Chapman, Douglas	Gardiner, Barry
Chapman, Jenny	Gethins, Stephen
Cherry, Joanna	Gibson, Patricia
Clwyd, rh Ann	Glass, Pat
Coaker, Vernon	Glendon, Mary
Coffey, Ann	Godsiff, Mr Roger
Cooper, Julie	Goodman, Helen
Cooper, Rosie	Grady, Patrick
Cooper, rh Yvette	Grant, Peter
Cowan, Ronnie	Gray, Neil
Cox, Jo	Green, Kate
Crawley, Angela	Greenwood, Lilian
Creagh, Mary	Greenwood, Margaret
Cruddas, Jon	Griffith, Nia
Cryer, John	Gwynne, Andrew

Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Carolyn
Hayes, Helen
Hayman, Sue
Healey, rh John
Hendrick, Mr Mark
Hendry, Drew
Hepburn, Mr Stephen
Hermon, Lady
Hillier, Meg
Hodge, rh Dame Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hollern, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Huq, Dr Rupa
Hussain, Imran
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Gerald
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Kerevan, George
Kerr, Calum
Kinnock, Stephen
Kyle, Peter
Lavery, Ian
Law, Chris
Leslie, Chris
Lewell-Buck, Mrs Emma
Lewis, Clive
Lewis, Mr Ivan
Long Bailey, Rebecca
Lucas, Caroline
Lucas, Ian C.
Lynch, Holly
MacNeil, Mr Angus Brendan
Mactaggart, rh Fiona
Madders, Justin
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marris, Rob
Marsden, Mr Gordon
Maskell, Rachael
Matheson, Christian
Mc Nally, John
McCabe, Steve
McCaig, Callum
McCarthy, Kerry
McDonald, Andy
McDonald, Stewart Malcolm
McDonald, Stuart C.
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGinn, Conor
McInnes, Liz
McKinnell, Catherine
McLaughlin, Anne
McMahon, Jim

Mearns, Ian
Miliband, rh Edward
Moon, Mrs Madeleine
Morden, Jessica
Morris, Grahame M.
Mulholland, Greg
Mullin, Roger
Newlands, Gavin
Nicolson, John
O'Hara, Brendan
Onn, Melanie
Onwurah, Chi
Osamor, Kate
Oswald, Kirsten
Owen, Albert
Paterson, Steven
Pearce, Teresa
Pennycook, Matthew
Phillips, Jess
Pound, Stephen
Powell, Lucy
Pugh, John
Qureshi, Yasmin
Rayner, Angela
Reed, Mr Jamie
Reed, Mr Steve
Rees, Christina
Reeves, Rachel
Reynolds, Jonathan
Rimmer, Marie
Ritchie, Ms Margaret
Robertson, rh Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Ryan, rh Joan
Saville Roberts, Liz
Shah, Naz
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheppard, Tommy
Shuker, Mr Gavin
Skinner, Mr Dennis
Slaughter, Andy
Smeeth, Ruth
Smith, rh Mr Andrew
Smith, Angela
Smith, Cat
Smith, Nick
Smyth, Karin
Spellar, rh Mr John
Starmer, Keir
Stephens, Chris
Stevens, Jo
Streeting, Wes
Stuart, rh Ms Gisela
Tami, Mark
Thewliss, Alison
Thomas, Mr Gareth
Thomas-Symonds, Nick
Thompson, Owen
Timms, rh Stephen
Trickett, Jon
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Watson, Mr Tom
Weir, Mike
West, Catherine
Whiteford, Dr Eilidh
Whitehead, Dr Alan

Whitford, Dr Philippa
Williams, Hywel
Williams, Mr Mark
Wilson, Corri
Winnick, Mr David
Winterton, rh Dame Rosie
Wishart, Pete

Woodcock, John
Wright, Mr Iain
Zeichner, Daniel

Tellers for the Ayes:
Jeff Smith and
Judith Cummins

NOES

Adams, Nigel
Afrayie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Berry, James
Bingham, Andrew
Blackwood, Nicola
Blunt, Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, rh James
Bruce, Fiona
Buckland, Robert
Burns, Conor
Burns, rh Sir Simon
Burrowes, Mr David
Burt, rh Alistair
Cairns, rh Alun
Campbell, Mr Gregory
Carmichael, Neil
Cartledge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Clarke, rh Mr Kenneth
Cleverly, James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colville, Oliver
Costa, Alberto
Cox, Mr Geoffrey
Crabb, rh Stephen
Crouch, Tracey
Davies, Byron
Davies, Chris
Davies, Glyn
Davies, Dr James
Davies, Mims
Davis, rh Mr David
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donelan, Michelle
Dorries, Nadine
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie
Drax, Richard
Drummond, Mrs Flick
Duddridge, James
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Elliott, Tom
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evennett, rh Mr David
Fabricant, Michael
Fernandes, Suella
Field, rh Mark
Foster, Kevin
Fox, rh Dr Liam
Francois, rh Mr Mark
Frazer, Lucy
Freeman, George
Freer, Mike
Fuller, Richard
Garnier, rh Sir Edward
Garnier, Mark
Gauke, Mr David
Ghani, Nusrat
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Graying, rh Chris
Green, Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, Stephen
Hancock, rh Matthew
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca

Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Boris
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kinahan, Danny
 Kirby, Simon
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, Andrea
 Lee, Dr Phillip
 Lefroy, Jeremy
 Leigh, Sir Edward
 Leslie, Charlotte
 Lewis, Brandon
 Lewis, rh Dr Julian
 Lidington, rh Mr David
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne

Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Syms, Mr Robert
 Thomas, Derek

Throup, Maggie
 Timpson, Edward
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David

Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
George Hollingbery and
Sarah Newton

Question accordingly negated.

Clause 36

BANKS AUTHORISED TO ISSUE BANKNOTES IN SCOTLAND
 AND NORTHERN IRELAND

5.30 pm

Jonathan Edwards: I beg to move amendment 4, in clause 36, page 34, line 15, at beginning insert—

“() Subject to the provisions of subsection (3A).”

This amendment and amendment 5 would enable Lloyds Banking Group, the holder of the Bank of Wales trademark, to issue banknotes in Wales.

Mr Deputy Speaker (Mr Lindsay Hoyle): With this it will be convenient to discuss amendment 5, page 34, line 44, at end insert—

“(3A) Regulations under subsection (1) must make provision authorising Lloyds Banking Group to issue banknotes in Wales”.

See the explanatory statement for amendment 4.

Jonathan Edwards: I am delighted that we have reached this group as I feared that our consideration on Report would be concluded prematurely. I therefore have only a very short speech, but luckily this is rather a straightforward and uncomplicated matter. If I had known that I would have far more time than I assumed—a rare privilege in this place—I would have prepared a far lengthier speech, quoting extensively from the masterpiece “A History of Wales” by the late, great John Davies, or John Bwchllan as he was known to his friends, and from “When was Wales?” by the great historian who was a member of the Labour party and of Plaid Cymru, Gwyn Alf Williams, who retired to Drefach Felindre in my constituency.

I am delighted that my amendments 4 and 5 are being supported by the Labour Front-Bench team. When I was eating my cornflakes in the hotel this morning, it was a nice surprise to receive an email from David Williamson, the *Western Mail* correspondent, citing a press notice by the shadow Secretary of State for Wales saying that she supported my proposal. Perhaps this is the start of a beautiful new relationship, although I fear that I might be doing my best to scupper those sorts of endeavours after the election. I aim to press amendment 4 to a Division, with your permission, Mr Deputy Speaker.

I have spoken on this issue before in the Chamber, but I will reiterate a few points that I made on Second Reading. The amendment deals with the historical anomaly that prohibits Wales from producing its own distinctive banknotes. Both Scotland and Northern Ireland are allowed to do so, and so to celebrate their respective national figures and landmarks.

Nick Thomas-Symonds (Torfaen) (Lab): The hon. Gentleman talks about our historical position, so does he support my view that my predecessor but one in what was then the constituency of Pontypool, Leo Abse, made probably the greatest contribution in the 20th century as a Back Bencher to changing people's lives, and therefore would be a fine candidate to go on such banknotes?

Jonathan Edwards: I thank the hon. Gentleman for that intervention. When I realised that I would be able to make this speech, I feared that there would be a lot of interventions along those lines. I will be citing some notable names during my speech, but that is not a matter for politicians to determine.

Nick Smith (Blaenau Gwent) (Lab): Will the hon. Gentleman give way?

Jonathan Edwards: I will in a minute—we have to hear from Blaenau Gwent. It would be appropriate if there was a conversation among the people of Wales about who they would like on their banknotes.

Nick Smith: As part of the list of great men and women whom the Welsh people could consider having on our banknotes in the future, may I suggest Aneurin Bevan, a son of Tredegar and founder of the national health service?

Jonathan Edwards: That is certainly one of the names that I would like to see put forward.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): The hon. Gentleman will note that two men—great men—have been recommended, but I would like to see more women represented on banknotes, whether they are Welsh or Bank of England notes. Does he agree that, whether or not one is a big spender, a resident of my own constituency, Dame Shirley Bassey, would be an excellent person to be on a Welsh banknote?

Jonathan Edwards: I am grateful for that intervention, too. I saw that name mentioned very honourably in this morning's Labour press notice.

Like other parts of the UK, Wales was once awash with small banks covering relatively small geographical areas, and those banks were allowed to issue their own banknotes. The Bank Charter Act 1844 brought an end to Welsh banknotes and provincial banknotes in England, but that measure did not apply to Ireland or Scotland. Four banks in Northern Ireland and three in Scotland have the authority to issue their own banknotes, provided that they are backed by Bank of England notes. The amendments would allow Lloyds Banking Group, which holds the rights to the Bank of Wales brand and is in part publicly owned by Welsh taxpayers, to issue Welsh banknotes, just as is permitted for the three clearing banks in Scotland and four in Northern Ireland.

Hywel Williams (Arfon) (PC): Does my hon. Friend agree that a worthwhile commercial advantage would be gained by issuing banknotes? That value would then accrue to Lloyds bank, and possibly to taxpayers in Wales and the rest of the UK, which would be a good move.

Jonathan Edwards: I am grateful to my parliamentary leader for his intervention. He is completely right, and that is why four banks in Northern Ireland and three in Scotland have continued the practice. There is a commercial interest for Lloyds, but also a public interest due to our part ownership of the bank.

Permission to issue Welsh banknotes would be a welcome boost to brand Wales, recognising our country as an equal and economic entity. Notes in Northern Ireland celebrate individuals such as J.B. Dunlop, Harry Ferguson and James Martin, as well as architectural splendour such as that of Belfast city hall. Notes in Scotland pay tribute to that country's fantastic bridges and recognise the contribution of people such as Sir Walter Scott and Robbie Burns. Notes currently used in Wales recognise people such as Elizabeth Fry, Adam Smith and Matthew Boulton, and previous notes have portrayed Charles Dickens, Michael Faraday, Sir Isaac Newton, William Shakespeare, George Stephenson and the first Duke of Wellington. They are all great people, but none, to my knowledge, has anything to do with my country.

Is it not fair and sensible for us in Wales to use notes that recognise our historic landmarks, such as the incredible Castell Carreg Cennen in my constituency, Pont Menai in north Wales, Yr Wyddfa—Snowdon, the largest mountain in our country—and our historic greats such as Owain Glyndwr, who was nominated the seventh most important person of the last millennium by *The Times*, of all papers? There is also David Lloyd George, the originator of the welfare state, Aneurin Bevan, the architect of the NHS, and Gwynfor Evans, the first Plaid Member of Parliament and the father of modern Wales.

A case could also be made for what is arguably the most famous Welsh painting of all: "Salem", painted by Sydney Curnow Vosper in 1908. His painting of Siân Owen aged 71 at Capel Salem, a Baptist chapel at Pentre Gwynfryn in the north of Wales, is a national icon, much as Constable's "The Hay Wain" is in England. The Royal Mint already produces Welsh-specific coins, so my proposals raise no major issue of principle—indeed, the Minister referred to the Royal Mint earlier in the debate.

A national poll by ITV Cymru/Wales found that more than 80%—indeed, it was 82.6% when I looked at the website today—of the Welsh public supported these calls. If we are unsuccessful in the Division, I hope that the UK Government will support Plaid Cymru in putting right this historical anomaly and bring forward their own proposals.

Hywel Williams: I have a Welsh pound coin with me, and it reeks of nationalist propaganda because around the edge it states "Pleidiol wyf i'm gwlad", which means "True am I to my country". I certainly agree with that, but it is issued by the Royal Mint.

Jonathan Edwards: My hon. Friend makes my point entirely. There is no issue of principle at stake; this is about finding the mechanism for delivery.

[Jonathan Edwards]

This issue has received considerable media coverage in Wales. Considering that we are only two weeks from the Welsh general election, I suggest to Treasury Ministers that the election prospects of their candidates in Wales may be damaged if they choose to ignore the strong views of the people of Wales on this matter.

Richard Burgon: I support amendments 4 and 5, which were tabled by the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards). In Committee, the Minister highlighted the presence of the Royal Mint in Cardiff and its role in the production of our coins. In reflecting on that, it is worth noting that the pound coin reflects each nation, with the royal arms, the three lions and the oak tree for England; the thistle and the lion rampant for Scotland; the flax plant and the Celtic cross for Northern Ireland; and, of course, both the dragon and the leek for Wales. Since 2010, we have had pound coins celebrating the capital cities in the floral emblems of each nation of the United Kingdom. It therefore seems anomalous that Scotland, with its own Parliament, has its own banknotes and that Northern Ireland, with its own Assembly, has its own unique banknotes, yet that Wales, with its own flourishing Assembly, has no national identifier for circulating currency.

Susan Elan Jones (Clwyd South) (Lab): If the amendments pass tonight and Wales is allowed to produce its own banknotes, I very much hope that some north Walians will be featured on them. Does my hon. Friend agree that such notes also represent a fine opportunity to showcase the great figures of Welsh literature and music?

Richard Burgon: My hon. Friend makes a fantastic suggestion, and I shall return in a few seconds to some Welsh figures from music, if not literature. It is important that all aspects of Welsh culture are represented when, as I hope, the Welsh people are able to choose who should feature on their banknotes and coins. A celebration of iconic Welsh scenes and places would also be appropriate. For example, there could be representations of the steel industry of Port Talbot, or the mining communities of the valleys—even perhaps the Tower colliery which, as those who know about the history of mining in Wales are aware, was run as a co-operative when miners used their redundancy payments to turn it into a successful venture. Such imagery would be well supported across the nation. Shirley Bassey and Nye Bevan, the father and founder of our NHS, have been suggested. It would be great to see Nye Bevan on a Welsh banknote. It might be a bit over the top to feature his famous quotes likening Tories to certain members of the animal kingdom, but that would be a matter for the Welsh people to decide.

My own personal suggestion, for what it is worth, is that given that it is now 30 years since the formation of that great Welsh rock band, the Manic Street Preachers, I would love to see them celebrated on a new banknote, although they might have ideological objections to doing so. It is also the 20th anniversary of “Everything Must Go”—I am talking not about the Chancellor’s policy on RBS shares, but the album of that name by the Manic Street Preachers. As the hon. Member for Carmarthen East and Dinefwr made it clear, however, it

would be for the people of Wales, not those from Yorkshire or anywhere else, to decide who or what should appear on Welsh banknotes. In that spirit, I hope that the Conservative Government do not commit the cardinal error of snubbing the Welsh people’s desire for their own banknotes.

Jonathan Edwards: And there is an election in two weeks’ time.

Richard Burgon: I had not thought of that point.

The lack of any Welsh-themed banknotes is an error that the amendments are designed to put right. I would appreciate the Government agreeing to the proposal and investigating the possible costs and timeframes for such a change. Labour Members wholeheartedly and enthusiastically support these amendments.

Harriett Baldwin: Anyone would think that a Welsh general election was going on this afternoon, would they not? I am glad that we have had time to debate this issue this afternoon. I can remember the shock in Worcestershire when Elgar, whose birthplace is in my West Worcestershire constituency, was taken off the £20 note. It was certainly a very live political issue.

I know that we all have an emotional attachment to our banknotes, and I therefore sympathise with the desire of the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) to make the case that he has made so ably this afternoon, along with other Members, for banknotes to have some Welsh characteristics. We shall not be able to agree to the amendment today, for reasons that I shall explain, but I hope that what I shall say about our new banknotes will give some cheer to our Welsh colleagues.

5.45 pm

First, let me give the House a history lesson. The UK is a rare example in the world of a country that allows certain commercial banks to issue banknotes. As the hon. Gentleman said, since the 1840s, when the House passed the Bank Charter Act 1844, no new bank has been allowed to issue commercial banknotes in the United Kingdom. Let me put that in context. The 1840s happened a long time ago: it was the time of both Elizabeth Fry, whom we celebrate on the Bank of England £5 note, and Charles Darwin, whom we find on the £10 note. Since then, many of the banks that were originally authorised to issue banknotes have lost or surrendered their rights. The last private note issuer in Wales was the North and South Wales Bank, which lost its note-issuing rights in 1908 when it was taken over by the Midland Bank, now rebranded as HSBC. Today, only seven commercial note issuers remain: three banks in Scotland, and four in Northern Ireland. The Government are committed to preserving the long-standing tradition of commercial issuance in Scotland and Northern Ireland, as is clear from the amendments made in clause 36.

Hywel Williams: Does the Minister agree with my earlier point that there is a commercial advantage to be gained from issuing one’s own notes? Why can that advantage not be extended to bank operations in Wales?

Harriett Baldwin: That is the very point that I was about to make. The amendment seeks to confer the right to issue commercial banknotes in Wales—a clear

commercial advantage—on just one bank, Lloyds Banking Group. That appears to be based on a link to a right to issuance that was broken more than 100 years ago. Today, the Government—the taxpayer—owns just under 10% of Lloyds Banking Group. Part of Lloyds Banking Group already has a commercial banknotes issuance operation, which may be why the hon. Member for Carmarthen East and Dinefwr chose to focus on a single bank in his amendment. That is due to the acquisition of the Bank of Scotland operation, which is authorised to issue banknotes in Scotland. However, extending the privilege and the commercial advantage of issuing banknotes in Wales to just one bank would raise competition and commercial issues for others.

I liked the wide range of suggestions about who should be represented on Welsh banknotes, and, as I said earlier, the coins in our pockets are minted in Wales. I appreciate that the motive behind the amendment—the symbolic issue about which the hon. Gentleman feels so strongly—is to create a symbol, rather than to deal with a pressing economic or practical need for different banknotes.

The Bank of England has already announced that future banknotes, starting with the polymer £5 note which will be issued in September 2016, will include symbols representing all four home nations. For Wales, the imagery will be taken from the Royal Coat of Arms and the Royal Badge of Wales. The Bank recently announced that the design for the £5 note would be revealed on 2 June 2016.

I am very glad that we have had a chance to discuss the merits of the amendment. The hon. Gentleman will understand why I cannot support it. However, I welcome the opportunity to convey the message that an important symbol of Wales will appear on our new banknotes.

Question put, That the amendment be made.

The House divided: Ayes 239, Noes 301.

Division No. 241]

[5.49 pm

AYES

Abrahams, Debbie	Campbell, rh Mr Alan
Alexander, Heidi	Campbell, Mr Ronnie
Ali, Rushanara	Champion, Sarah
Allen, Mr Graham	Chapman, Douglas
Ashworth, Jonathan	Chapman, Jenny
Austin, Ian	Cherry, Joanna
Bailey, Mr Adrian	Clwyd, rh Ann
Barron, rh Kevin	Coffey, Ann
Benn, rh Hilary	Cooper, Julie
Blackford, Ian	Cooper, Rosie
Blackman, Kirsty	Cooper, rh Yvette
Blackman-Woods, Dr Roberta	Cowan, Ronnie
Blenkinsop, Tom	Cox, Jo
Blomfield, Paul	Crawley, Angela
Boswell, Philip	Cruddas, Jon
Bradshaw, rh Mr Ben	Cryer, John
Brake, rh Tom	Cummins, Judith
Brennan, Kevin	Cunningham, Alex
Brown, Lyn	Cunningham, Mr Jim
Brown, rh Mr Nicholas	Dakin, Nic
Bryant, Chris	Danczuk, Simon
Buck, Ms Karen	David, Wayne
Burden, Richard	Day, Martyn
Burton, Richard	De Piero, Gloria
Burnham, rh Andy	Docherty-Hughes, Martin
Cadbury, Ruth	Donaldson, Stuart Blair
Cameron, Dr Lisa	Doughty, Stephen

Dowd, Jim	Kyle, Peter
Dowd, Peter	Law, Chris
Dugher, Michael	Lewell-Buck, Mrs Emma
Durkan, Mark	Lewis, Clive
Eagle, Ms Angela	Lewis, Mr Ivan
Edwards, Jonathan	Long Bailey, Rebecca
Efford, Clive	Lucas, Caroline
Elliott, Julie	Lucas, Ian C.
Elliott, Tom	Lynch, Holly
Ellman, Mrs Louise	MacNeil, Mr Angus Brendan
Farrelly, Paul	Mactaggart, rh Fiona
Ferrier, Margaret	Madders, Justin
Field, rh Frank	Mahmood, Shabana
Fitzpatrick, Jim	Malhotra, Seema
Flelo, Robert	Mann, John
Fletcher, Colleen	Marris, Rob
Flint, rh Caroline	Marsden, Mr Gordon
Flynn, Paul	Maskell, Rachael
Fovargue, Yvonne	Matheson, Christian
Foxcroft, Vicky	Mc Nally, John
Gapes, Mike	McCabe, Steve
Gardiner, Barry	McCaig, Callum
Gethins, Stephen	McCarthy, Kerry
Gibson, Patricia	McDonald, Andy
Glass, Pat	McDonald, Stewart Malcolm
Glindon, Mary	McDonald, Stuart C.
Godsiff, Mr Roger	McDonnell, Dr Alasdair
Goodman, Helen	McDonnell, John
Grady, Patrick	McFadden, rh Mr Pat
Grant, Peter	McGarry, Natalie
Gray, Neil	McGinn, Conor
Green, Kate	McInnes, Liz
Greenwood, Lillian	McKinnell, Catherine
Greenwood, Margaret	McLaughlin, Anne
Griffith, Nia	McMahon, Jim
Gwynne, Andrew	Mearns, Ian
Hamilton, Fabian	Miliband, rh Edward
Hanson, rh Mr David	Moon, Mrs Madeleine
Harman, rh Ms Harriet	Morden, Jessica
Hayes, Helen	Morris, Grahame M.
Hayman, Sue	Mullin, Roger
Healey, rh John	Newlands, Gavin
Hendrick, Mr Mark	Nicolson, John
Hendry, Drew	O'Hara, Brendan
Hepburn, Mr Stephen	Onn, Melanie
Hermon, Lady	Onwurah, Chi
Hillier, Meg	Osamor, Kate
Hodge, rh Dame Margaret	Oswald, Kirsten
Hodgson, Mrs Sharon	Owen, Albert
Hollern, Kate	Paterson, Steven
Hopkins, Kelvin	Pearce, Teresa
Hosie, Stewart	Pennycook, Matthew
Howarth, rh Mr George	Phillips, Jess
Hunt, Tristram	Pound, Stephen
Huq, Dr Rupa	Pugh, John
Hussain, Imran	Qureshi, Yasmin
Jarvis, Dan	Rayner, Angela
Johnson, rh Alan	Reed, Mr Jamie
Johnson, Diana	Reed, Mr Steve
Jones, Gerald	Rees, Christina
Jones, Graham	Reynolds, Jonathan
Jones, Helen	Rimmer, Marie
Jones, Mr Kevan	Ritchie, Ms Margaret
Jones, Susan Elan	Robertson, rh Angus
Kane, Mike	Robinson, Mr Geoffery
Kaufman, rh Sir Gerald	Rotheram, Steve
Keeley, Barbara	Ryan, rh Joan
Kendall, Liz	Saville Roberts, Liz
Kerevan, George	Shah, Naz
Kerr, Calum	Sharma, Mr Virendra
Kinahan, Danny	Sheerman, Mr Barry
Kinnock, Stephen	Sheppard, Tommy

Shuker, Mr Gavin
Slaughter, Andy
Smeeth, Ruth
Smith, rh Mr Andrew
Smith, Angela
Smith, Cat
Smith, Jeff
Smith, Nick
Smyth, Karin
Spellar, rh Mr John
Starmer, Keir
Stephens, Chris
Stevens, Jo
Streeting, Wes
Stringer, Graham
Stuart, rh Ms Gisela
Tami, Mark
Thewliss, Alison
Thomas, Mr Gareth
Thomas-Symonds, Nick
Thomson, Michelle
Timms, rh Stephen

Trickett, Jon
Turley, Anna
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Weir, Mike
West, Catherine
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Whitford, Dr Philippa
Williams, Hywel
Williams, Mr Mark
Wilson, Corri
Winnick, Mr David
Wishart, Pete
Woodcock, John
Wright, Mr Iain
Zeichner, Daniel

Tellers for the Ayes:
Owen Thompson and
Marion Fellows

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Sir Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Berry, James
Bingham, Andrew
Blackwood, Nicola
Blunt, Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, rh James
Bruce, Fiona
Buckland, Robert
Burns, Conor
Burns, rh Sir Simon
Burrowes, Mr David
Burt, rh Alistair
Cairns, rh Alun
Campbell, Mr Gregory
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman

Chope, Mr Christopher
Churchill, Jo
Clark, rh Greg
Clarke, rh Mr Kenneth
Cleverly, James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colville, Oliver
Costa, Alberto
Cox, Mr Geoffrey
Crabb, rh Stephen
Crouch, Tracey
Davies, Byron
Davies, Chris
Davies, Glyn
Davies, Dr James
Davies, Mims
Davis, rh Mr David
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donelan, Michelle
Dorries, Nadine
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie
Drax, Richard
Drummond, Mrs Flick
Duddridge, James
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evennett, rh Mr David
Fabricant, Michael
Fernandes, Suella
Field, rh Mark
Foster, Kevin
Fox, rh Dr Liam
Francois, rh Mr Mark
Frazer, Lucy
Freeman, George
Freer, Mike

Fuller, Richard
Fysh, Marcus
Garnier, rh Sir Edward
Garnier, Mark
Gauke, Mr David
Ghani, Nusrat
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, Stephen
Hancock, rh Matthew
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, Sir Oliver
Heapey, James
Heaton-Harris, Chris
Heaton-Jones, Peter
Henderson, Gordon
Hinds, Damian
Hoare, Simon
Hollinrake, Kevin
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Howarth, Sir Gerald
Howlett, Ben
Huddleston, Nigel
Hunt, rh Mr Jeremy
Hurd, Mr Nick
Jackson, Mr Stewart
Jayawardena, Mr Ranil
Jenkin, Mr Bernard
Jenkyns, Andrea
Jenrick, Robert
Johnson, Boris
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kennedy, Seema
Kirby, Simon
Knight, rh Sir Greg
Knight, Julian
Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Leadsom, Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward

Leslie, Charlotte
Lewis, Brandon
Lewis, rh Dr Julian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Mackinlay, Craig
Mackintosh, David
Main, Mrs Anne
Mak, Mr Alan
Malthouse, Kit
Mann, Scott
Mathias, Dr Tania
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McLoughlin, rh Mr Patrick
McPartland, Stephen
Menzies, Mark
Mercer, Johnny
Metcalf, Stephen
Miller, rh Mrs Maria
Milling, Amanda
Mills, Nigel
Milton, rh Anne
Mordaunt, Penny
Morgan, rh Nicky
Morris, Anne Marie
Morris, David
Morris, James
Morton, Wendy
Mowat, David
Mundell, rh David
Murray, Mrs Sheryll
Murrison, Dr Andrew
Neill, Robert
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Dr Matthew
Opperman, Guy
Paisley, Ian
Parish, Neil
Patel, rh Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, rh Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Philp, Chris
Pincher, Christopher
Poulter, Dr Daniel
Pow, Rebecca
Prentis, Victoria
Prisk, Mr Mark
Pursglove, Tom
Quin, Jeremy
Quince, Will
Raab, Mr Dominic
Redwood, rh John
Rees-Mogg, Mr Jacob
Robertson, Mr Laurence
Robinson, Gavin
Robinson, Mary
Rosindell, Andrew
Rudd, rh Amber

Rutley, David
Sandbach, Antoinette
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simpson, David
Simpson, rh Mr Keith
Skidmore, Chris
Smith, Chloe
Smith, Henry
Smith, Julian
Smith, Royston
Solloway, Amanda
Soubry, rh Anna
Spelman, rh Mrs Caroline
Spencer, Mark
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Graham
Sturdy, Julian
Sunak, Rishi
Swayne, rh Mr Desmond
Syms, Mr Robert
Thomas, Derek
Throup, Maggie
Timpson, Edward
Tomlinson, Justin

Tomlinson, Michael
Tracey, Craig
Trevelyan, Mrs Anne-Marie
Tugendhat, Tom
Turner, Mr Andrew
Tyrie, rh Mr Andrew
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Warburton, David
Warman, Matt
Watkinson, Dame Angela
Wharton, James
Whately, Helen
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, rh Mr John
Wiggin, Bill
Williams, Craig
Williamson, rh Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wragg, William
Wright, rh Jeremy
Zahawi, Nadhim

Tellers for the Noes:
Sarah Newton and
George Hollingbery

Question accordingly negated.

6 pm

Proceedings interrupted (Programme Order, 1 February).

The Deputy Speaker put forthwith the Question necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

Schedule 2

APPOINTMENTS RELATING TO PART 1

Amendment made: 3, page 49, line 12, at end insert—

“() In paragraph 14 for “submit a monthly” substitute “, at least 8 times in each calendar year, submit a” —(*Harriett Baldwin.*)

This amendment changes the frequency with which the Monetary Policy Committee is required to report to the court of directors from once a month to at least 8 times a year. This is because Clause 8(4) replaces a requirement for monthly Committee meetings with one for meetings at least 8 times a year.

Third Reading

6.1 pm

Harriett Baldwin: I beg to move, That the Bill be now read the Third time.

It has been a pleasure to take this legislation through this House. There has been a good level of interest from Members from all parts of the House, and a wealth of suggestions and recommendations have been made, which is a testament to how important the issues in this Bill are. Indeed, some of the suggestions have made their way into the Bill.

The Bill will: make the Bank of England more transparent and accountable to Parliament and the public; further strengthen standards in the financial services sector; and strengthen protections for consumers, especially when accessing the new pensions freedoms. Building on the fundamental reforms to the regulatory architecture introduced by the Financial Services Act 2012, the Bill delivers a set of important evolutionary changes to the Bank. It ends the subsidiary status of the Prudential Regulation Authority and creates a new Prudential Regulation Committee, on the same footing as the Monetary Policy Committee and Financial Policy Committee. It makes the oversight functions the responsibility of the whole court, ensuring that every member of the court, executive and non-executive, can be held to account for the use of these functions. It also enhances the accountability of the Bank to Parliament by making the whole Bank subject, for the first time, to National Audit Office oversight. If I may, Mr Deputy Speaker, let me correct something I said in error earlier, when I confused NAO with FOI—freedom of information. Of course, FOI has applied to the Bank of England for some time; this Bill brings in the NAO oversight.

The Bill also implements the remaining recommendation of the Warsh review, updating requirements for the timing of MPC publications and meetings. As my right hon. Friend the Member for Chichester (Mr Tyrie) said on Second Reading, this Bill

“brings the Bank of England more up to date as an institution, and in doing so it should greatly improve the scope for making it accountable to Parliament and the public”.—[*Official Report*, 1 February 2016; Vol. 605, c. 667.]

During the passage of this Bill we have rightly devoted considerable time to the question of the appropriate role for Parliament. The Treasury Committee plays a crucial role in providing effective scrutiny of the FCA's chief executive, and the agreement that we have announced today reinforces that.

The second aspect of the Bill is that it strengthens conduct in the financial sector by extending the senior managers and certification regime to all firms covered by the discredited authorised persons regime that we inherited. We all agree on the vital importance of high standards of conduct in the UK financial services industry. This Government have already taken the initiative in this area; we took a key step by bringing in the regime for the banking sector in March this year. The expansion of this new regime to all authorised persons will enhance personal responsibility for senior managers across the industry and raise standards of conduct more broadly.

Thirdly, the Bill introduces support for consumers accessing the new pension freedoms. To support consumers who, from April 2017, will be able to sell their annuity income stream in the secondary market for annuities, the Bill will extend the scope of the Pension Wise guidance service to cover these consumers, and introduce a requirement that, in effect, ensures that consumers with a high-value annuity receive appropriate financial advice before making the decision to sell their annuity income stream. These measures will help make consumers better informed and less vulnerable to mis-selling and scams.

In order to ensure fairness for people seeking to access their pensions early, the Bill will also give the FCA a new duty to cap early exit charges that act as a

[*Harriett Baldwin*]

deterrent. This will provide real protection to consumers in contract-based pension schemes who are looking to make use of the freedoms.

The Bill also supports the Government's consumer protection objectives by giving the Treasury a new power to provide financial assistance to illegal money-lending teams tasked with tackling loan sharks. Today, we have also added the amendment tabled by my hon. Friend the Member for Broxbourne (Mr Walker).

In closing, I thank all right hon. and hon. Members who have contributed to the debates, both by speaking and by tabling amendments. In particular, I thank all the members of the Public Bill Committee for their efforts and for the time spent going through the Bill clause by clause. The hon. Members for Leeds East (Richard Burgon) and for Wolverhampton South West (Rob Marris) provided challenging discussion throughout the passage of the Bill. The hon. Members for East Lothian (George Kerevan) and for Kirkcaldy and Cowdenbeath (Roger Mullin) gave close scrutiny to the Bill. My right hon. Friend the Member for Chichester made valuable contributions that have been most helpful and insightful, particularly on Treasury Committee matters.

I also thank the Treasury Whips, my hon. Friends the Members for Truro and Falmouth (Sarah Newton) and for Central Devon (Mel Stride), who have provided me with much support both during and outside Bill debates. The Chairs of the Public Bill Committee, my hon. Friend the Member for Altrincham and Sale West (Mr Brady) and the hon. Member for Sedgefield (Phil Wilson), and you, Mr Deputy Speaker, have handled our scrutiny well.

I thank my Parliamentary Private Secretaries, who took on the important and thankless task of sitting behind me during our sittings and ensuring that I got the right briefing, for supporting me generally throughout this process.

Lord Bridges and Lord Ashton have done a fantastic job in taking the Bill through the other place, and I trust that they will continue to do so when the Lords consider our amendments.

Finally, I give thanks to the organisations that have assisted us in developing the Bill—the Bank of England, the National Audit Office and the Financial Conduct Authority. I must also give sincere thanks to Treasury officials, lawyers and parliamentary counsel, who spent many hours in the box, drafting amendments and briefings for these debates.

We have had useful and wide-ranging debates, and our discussions with Members in all parts of the House were constructive, even when we did not agree and had to settle matters with a vote. We have shown an understanding of each other's position and improved the legislation as a result. The Bill will now go back to the other place, where their lordships will consider the useful changes that we have made to the Bill. I hope that they will welcome the legislation in its current form.

In conclusion, this Bill makes changes to strengthen the governance and accountability of the Bank of England. It will contribute to the Government's commitment to strengthen standards across the financial services industry and ensure that consumers are well protected. I commend its Third Reading to the House.

6.8 pm

Richard Burgon: It is my pleasure to speak for the Opposition on Third Reading of the Bank of England and Financial Services Bill. The Chair of the Treasury Committee very kindly referred to the good humour and good nature I showed in one of my speeches. I am afraid that, if he were here now, he would be disappointed with the speech that I am about to make. People could be forgiven for thinking that I am returning to what some call my po-faced *modus operandi*.

The role of Government in legislating for financial stability and in ensuring that the Bank of England acts in the interests of the wider economy is to get the balance of regulation right. Righting the wrongs of the 2008 bankers' crisis is an important task for any responsible Government—a task that Governments around the world have focused on fulfilling in the past decade. The task has been being attempted since the bankers' crisis of 2008, and today the bankers' Chancellor is threatening to set it back.

The Bill has seen a number of changes since it first appeared in the other place, some of them for the better, but the precipitate changes that the Government are making to financial services regulation through their new settlement with the financial sector, including through measures in this Bill, suggest that they have failed to learn the lessons of the 2008 bankers' crisis.

The Bill is a missed opportunity. The measures we have challenged on Second Reading, in Committee and on Report include the proposed abolition of the Bank's oversight committee, the proposed veto on the National Audit Office's powers of investigation, the proposed downgrading of the power of the Prudential Regulation Authority to that of a committee of the Bank, and the proposed reversal of the presumption of senior managers' responsibility for misconduct cases. However, we also welcome a number of measures, including the Lords-stage concessions on the powers of oversight for the Bank's non-executive directors, the reversal of the veto on the NAO's powers of investigation, and the measures announced on funding for illegal money-lending teams in Her Majesty's Revenue and Customs.

We are disappointed that other proposals have not been accepted by the Government. The leak of the Panama papers in the past fortnight has reawakened public concern about our financial system. There has been publication of thousands of documents detailing the systematic use of tax havens for the registration of secretive trusts and shell companies that are serviced by UK banks and that hold trillions of pounds out of reach of HMRC—a state of affairs that rightly outrages people across the UK and the globe. That is why earlier today we offered the Government an opportunity to demonstrate their commitment to delivering the necessary tax transparency measures through our new clause 14.

That new clause, if the Government had supported it, would have instituted a new principle for the FCA: that of combating abusive tax avoidance arrangements, including by establishing a register of beneficial owners of trusts serviced by UK banks. Of course, that in itself is not sufficient, and Labour has set out its tax transparency enforcement plan. Earlier today, our new clause raised the vital issue of the UK banks' involvement in the Panama papers, which the FCA has now asked them to report on.

The Government have set out initial plans but, with respect, they have not in our view grasped the bull by the horns. They have been dragged there by campaigners, charities and commentators who have rightly urged action on anti-abuse rules and country-by-country reporting. However, it is on the regulation of banks' activity here in the UK, which has been such a dominant issue in recent years, that the Government have rolled back, watering down their proposals—or, should I say, U-turning on them.

Under the current presumption of responsibility that applies to senior managers, to avoid being found guilty of misconduct in an area for which they are responsible, they will have to show that they took reasonable steps to prevent that contravention. The Bill removes that onus on top bankers, an onus that is entirely reasonable, entirely proportionate and, as very bitter experience tells the British people, entirely necessary. Misconduct and misdemeanours in financial services are sadly not merely a tale from our history. In 2015, for example, the FCA had to fine firms more than £900 million. There was also the LIBOR scandal, foreign exchange fines and the mis-selling of PPI to the value of up to £33 billion, and the presumption of responsibility was so reasonable and so necessary that the policy was introduced with cross-party support. That should not be forgotten.

It is remarkable that only days after the leak of the Panama papers and the pressure on the Prime Minister to defend his creative financial arrangements, the Government can come to this House and defend their decision to reverse regulation that they chose to bring in back in 2013, following the comprehensive work of the Chair of the Treasury Committee, my colleague Lord McFall, and others on the Parliamentary Commission on Banking Standards. This measure, which the Government are yet to implement, has been rolled back by the bankers' Chancellor under pressure from those who would have been scrutinised. This change of policy did not take place in isolation; as I say, it was part of the Chancellor's new settlement with the financial sector.

Another idea that we supported today, alongside our Treasury Committee colleagues, was strengthening the role of the Treasury Committee in the appointment of the chief executive of the FCA. It is the Treasury's influence over the FCA and financial regulation that has been the subject of so much debate and concern in the past year; there has been debate and concern about the removal of Martin Wheatley and the scrapping of the FCA review of banking culture. More widely, as part of the post-crash debate, there have been concerns about whether bank capitalisation and leverage would be at sufficient levels and whether a suitably strong ring-fence would be implemented.

Added to this toxic cocktail of the bankers' Chancellor's own stirring is his unhealthy obsession with flogging off the Government's Royal Bank of Scotland shares at a huge cost to the public purse. I have previously asked the Minister whether the Government will establish a floor price for the sale of RBS shares, as they have with Lloyds shares—or do they accept that the Chancellor got it wrong when he said that his loss leader last year would lead to better sales?

There is also the issue of pension master trusts. In Committee, the Minister told my colleague the shadow Financial Secretary that the Government would bring

forward legislation, but the Minister of State for Pensions has since told the Work and Pensions Committee:

"I have been pressing for a Pensions Bill but so far we don't have one",

even though the Government could not protect savers without one. Will the Minister say when the Government will take action?

This Bill is a missed opportunity to demonstrate how the Bank of England could carry out its work in the most efficient way possible, with transparency and accountability in its decision making, serving the interests of the people who have sent us here to represent them, and a missed opportunity to demonstrate that senior managers in the financial sector could continue to do their jobs while being effectively and appropriately regulated. These are more missed opportunities from the missed-target Chancellor.

The context of the Bill is vital to understanding our concerns, and the concerns and demands of the wider public. We are eight years on from the economic crisis—the bankers' crisis, which brought the financial services sector and our country to their knees. The sector was rescued by the decisive action of the then Prime Minister.

Mr Ronnie Campbell (Blyth Valley) (Lab): Does my hon. Friend agree that we should take over and run these dodgy banks that have been in trouble all these years?

Richard Burgon: The Prime Minister of the day did step in and take appropriate action. The important thing is that the lessons of the financial crisis and the banking crisis are learned. I believe that the Opposition have learned those lessons, but those on the Government Benches have not.

Do the Chancellor and the Government still not understand the widespread anger out there? Do they not recognise the public's deep distaste for the ever-expanding horror story of bailed-out bankers not being brought to book? The Panama papers shone a light on the squalid practice of the super-rich squirreling away money offshore that Britain needs for our schools and hospitals, and to bring down the UK debt that has rocketed on the Chancellor's watch. As I said on Second Reading, all that is taking place while there are cuts to pay, pensions, welfare, councils and services.

The public are right to remember that because of the behaviour of some top bankers, people whom this House is meant to represent lost their homes and their jobs. We should never forget that it was the bankers' crisis that caused the deficit that this Government have relied on as their justification for their political choice to cut our public services, cut funding to our local authorities, cut the incomes of working people and cut support for the most vulnerable people in our communities. The global financial crash caused the huge increase in the deficit and stalled the economy. It also gave the Government the opportunity to carry out their long-harboured and decades-old ideological desire to cut public services and wither away the state.

We need a healthy and effective banking sector, but one that is appropriately regulated, serves the interests of the whole economy, does not hurt ordinary people or small and medium-sized businesses and delivers the vital investment our country needs for long-term growth. The Conservative Government's climbdown on the

[Richard Burgon]

presumption of responsibility, which they previously supported, will hinder, not help, the fulfilment of those ambitions.

Personal responsibility is vital for the operation of our regulatory systems. The Chancellor's policy U-turn reduces precisely the personal responsibility that the Parliamentary Commission on Banking Standards recommended in its 500-page report. Scrapping a key measure before it has even had a chance to be tested makes no sense—unless, of course, the Chancellor is just following bankers' orders. The startling and precipitous scrapping of a widely welcomed measure shows that there is a very real risk of failing to learn the lessons of the bankers' crisis, and that is why we will oppose the Bill today. I urge all hon. Members to do the same.

6.21 pm

George Kerevan: We, too, will oppose the Bill on Third Reading. During Treasury questions today, the Chancellor said—I wrote the phrase down, because I was rather taken with it—that he was quite certain that we now have “better and tougher regulation of the financial system.” That is a good test, and it is a good test for this Bill. Do we have tougher regulation? As the law stands this evening, if a senior named manager in a major financial institution discovers that there has been major corruption, wrongdoing and regulatory failure at their bank on their watch, they are culpable unless they can prove to the FCA that they took reasonable steps to stop that happening. As we speak, they would be responsible, and that has been the case for a month and a half.

If we pass the Bill tonight, the situation will change. That manager will no longer be personally responsible. They will be able to argue, “Actually, I ticked all the boxes, signed all the forms, went to all the group therapy sessions with those on my trading floor and told them all to be good boys and girls, but do you know what? They weren't, and they hid it from me.” And so we will go through the whole cycle again. The law as it stands, as passed by this Government and this Chancellor, makes each individual senior named manager responsible, like the captain of a ship or ferry; if something goes wrong, they are responsible and they cannot claim otherwise. If we pass the Bill, far from toughening the law, we will weaken it.

The only explanation we have heard from the Government is that it is a bit more complicated now because the Bill widens to tens of thousands the number of people who will be designated as responsible people when it comes to identifying who is in charge when something goes wrong. I understand that, but it is perfectly possible, as we tried in Committee, to ring-fence and say that the very senior people in the major banks—the systemically dangerous banks—should be held personally responsible, unless they can prove that they took proper steps. But no, the Government are using the widening of the designated persons regime to weaken and water down the current legislation. That tells me that they are not really serious about being tougher; they are more concerned with getting by.

There was an interesting debate in Committee about transfer vehicles. Those are a bit technical, but they are to do with how the insurance market reinsures itself to

spread risk. There are clauses in the Bill—this is a good thing to put into it—that give the Treasury powers to regulate the use of transfer vehicles in the reinsurance market in a tougher fashion, to use the Chancellor's key word.

I do not have time to go into detail about what is happening, but insurers can offset some of their risk in the reinsurance market, and they usually do that by selling some of it to specialist wholesale houses, which buy into the risk, but whose capital covers the risk if something goes wrong. Now, the insurance market is instead moving towards reinsuring through specialist vehicles of the kind that got us into trouble in the mortgage market in the lead-up to 2007.

When the issue was discussed in Committee, it was interesting that Ministers argued that we needed to put in place a regulatory framework that made it easier to shift the burden in the reinsurance market away from wholesalers that are capitalised and towards special vehicles using all the financial markets' tricks of the trade, which led to the disaster in 2007. That said to me that, deep down in the Bill, the Government are up to their old tricks—they want to deregulate and to have less tough regulation, rather than more regulation. On those grounds, the Bill fails the Chancellor's test, and we should vote against it.

There are good things in the Bill. In particular, we can pride ourselves on the fact that, through the Committee stage and leading up to Report stage today, the Government have been persuaded—I use that word in inverted commas—to take the Treasury Committee's advice and to set a precedent, in that the FCA's chief executive will in future be subject, de facto, to having their appointment approved by the Committee and, therefore, by this House rather than the Executive.

That does two things. First, it makes the FCA more accountable, because it is accountable to the House rather than the Executive. Secondly, it protects the FCA from interference by the Executive. That is a good precedent. If it is extended, we will be able to ensure that all the key regulatory bodies and their senior staff are approved by the House and, in particular, that the Governor of the Bank of England is subject to scrutiny and approval by the House, rather than simply appointed by the Executive. That is important because of the large powers that have been transferred to the Bank of England since the crisis of 2007.

However, there are still loose ends, and so I come to the word “better” in the Chancellor's little homily. Have things got better? They have got a little better, given the ability of the House to protect the FCA and to have a role in appointing its head, and we can take that further into other regulatory bodies. However, there are loose ends at the FCA. Much of the Bill and much of the debate has been about the FCA. In the last instance, the FCA is the consumer's champion: it regulates how the banks sell. Many of the problems we have had in the last 10 years have been about mis-selling by the banks. Every Member in the House will know we have a number of legacy organisations and legacy campaigns because we have still not put right the mis-selling that has taken place across a range of banks and products since the turn of the millennium.

The FCA is important, and protecting it is important, because, in the last instance, it is the consumer's champion. A few weeks ago I went to FCA headquarters and had a

meeting with Mr John Griffith-Jones, who is the chairman of the FCA. I put it to him, “You are the consumer champion,” but he demurred. He does not feel that the FCA is the consumer champion. He thinks that that would go too far and that it would be partisan and take up the consumer’s choice. At present, the FCA is still too much the creature of the Treasury. If we want a tougher and better regulatory regime, we have to make the FCA truly independent.

The FCA is getting a new chief executive, but I am not going to offer platitudes and pleasantries. When the new chief executive starts, I think that the chairman of the FCA should consider his position, because I think it also needs a new chairman. We are only starting on the road of making sure that our regulatory bodies are fit for purpose; we have not got there yet.

Finally, many people in Wales, Scotland and Northern Ireland are disappointed that the Government stood on ceremony and decided not to widen the remit of the membership of the core bodies of the Bank of England, starting with its court, to allow proper representation of all of the regions and nations, including the north of England. Most people in this country, and certainly those in the Celtic regions, are long of the view that the Bank of England, the banks and the key regulatory authorities are far too focused on the square mile of the City of London and its needs. We will never have a tougher, better regulatory system unless we widen the remit until the whole of the UK—the individual nations and the regions of England—is represented. Until we do that, the Bank of England is still suspect. That has not been delivered, so there is still a suspicion across the UK that the banking regulatory system operates ultimately in the interests of the bankers, rather than the people. Until that changes, we will not have a better or tougher regulatory system; we will simply have the same old regulatory system dressed up under a different name, and the same old banking crisis will be around the corner yet again.

Question put, That the Bill be now read the Third time.

The House divided: Ayes 298, Noes 237.

Division No. 242]

[6.32 pm

AYES

Adams, Nigel	Bingham, Andrew
Afriyie, Adam	Blackwood, Nicola
Aldous, Peter	Blunt, Crispin
Allan, Lucy	Boles, Nick
Allen, Heidi	Bone, Mr Peter
Amess, Sir David	Bradley, Karen
Andrew, Stuart	Brazier, Mr Julian
Ansell, Caroline	Bridgen, Andrew
Argar, Edward	Brine, Steve
Atkins, Victoria	Brokenshire, rh James
Bacon, Mr Richard	Bruce, Fiona
Baker, Mr Steve	Buckland, Robert
Baldwin, Harriett	Burns, Conor
Barclay, Stephen	Burns, rh Sir Simon
Baron, Mr John	Burrowes, Mr David
Barwell, Gavin	Burt, rh Alistair
Bebb, Guto	Cairns, rh Alun
Bellingham, Sir Henry	Campbell, Mr Gregory
Benyon, Richard	Carmichael, Neil
Beresford, Sir Paul	Cartledge, James
Berry, Jake	Cash, Sir William
Berry, James	Caulfield, Maria

Chalk, Alex	Harper, rh Mr Mark
Chishti, Rehman	Harris, Rebecca
Chope, Mr Christopher	Hart, Simon
Clark, rh Greg	Haselhurst, rh Sir Alan
Clarke, rh Mr Kenneth	Hayes, rh Mr John
Cleverly, James	Heald, Sir Oliver
Clifton-Brown, Geoffrey	Heapey, James
Coffey, Dr Thérèse	Heaton-Harris, Chris
Collins, Damian	Heaton-Jones, Peter
Colville, Oliver	Henderson, Gordon
Costa, Alberto	Herbert, rh Nick
Cox, Mr Geoffrey	Hermon, Lady
Davies, Byron	Hinds, Damian
Davies, Chris	Hoare, Simon
Davies, Glyn	Hollingbery, George
Davies, Dr James	Hollinrake, Kevin
Davies, Mims	Hollobone, Mr Philip
Davis, rh Mr David	Holloway, Mr Adam
Djanogly, Mr Jonathan	Hopkins, Kris
Dodds, rh Mr Nigel	Howarth, Sir Gerald
Donelan, Michelle	Howlett, Ben
Dorries, Nadine	Huddleston, Nigel
Double, Steve	Hunt, rh Mr Jeremy
Dowden, Oliver	Hurd, Mr Nick
Drax, Richard	Jackson, Mr Stewart
Drummond, Mrs Flick	Jayawardena, Mr Ranil
Duddridge, James	Jenkin, Mr Bernard
Duncan, rh Sir Alan	Jenkyns, Andrea
Duncan Smith, rh Mr Iain	Jenrick, Robert
Elliott, Tom	Johnson, Boris
Ellis, Michael	Johnson, Gareth
Ellison, Jane	Johnson, Joseph
Ellwood, Mr Tobias	Jones, Andrew
Elphicke, Charlie	Jones, rh Mr David
Eustice, George	Jones, Mr Marcus
Evans, Graham	Kawczynski, Daniel
Evennett, rh Mr David	Kennedy, Seema
Fabricant, Michael	Kinahan, Danny
Fernandes, Suella	Kirby, Simon
Field, rh Mark	Knight, rh Sir Greg
Foster, Kevin	Knight, Julian
Fox, rh Dr Liam	Kwarteng, Kwasi
Francois, rh Mr Mark	Latham, Pauline
Frazer, Lucy	Leadsom, Andrea
Freeman, George	Lee, Dr Phillip
Freer, Mike	Lefroy, Jeremy
Fuller, Richard	Leigh, Sir Edward
Fysh, Marcus	Leslie, Charlotte
Garnier, rh Sir Edward	Lewis, Brandon
Garnier, Mark	Lewis, rh Dr Julian
Gauke, Mr David	Lidington, rh Mr David
Ghani, Nusrat	Lilley, rh Mr Peter
Gibb, Mr Nick	Lopresti, Jack
Gillan, rh Mrs Cheryl	Lord, Jonathan
Glen, John	Loughton, Tim
Goodwill, Mr Robert	Lumley, Karen
Gove, rh Michael	Mackinlay, Craig
Grant, Mrs Helen	Mackintosh, David
Gray, Mr James	Main, Mrs Anne
Grayling, rh Chris	Mak, Mr Alan
Green, Chris	Malthouse, Kit
Green, rh Damian	Mann, Scott
Greening, rh Justine	Mathias, Dr Tania
Grieve, rh Mr Dominic	May, rh Mrs Theresa
Griffiths, Andrew	Maynard, Paul
Gummer, Ben	McCartney, Jason
Gyimah, Mr Sam	McCartney, Karl
Halfon, rh Robert	McLoughlin, rh Mr Patrick
Hall, Luke	McPartland, Stephen
Hammond, Stephen	Menzies, Mark
Hancock, rh Matthew	Mercer, Johnny
Hands, rh Greg	Metcalfe, Stephen

Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris

Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Mr Desmond
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr
 John
 Wiggin, Bill
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:

**Sarah Newton and
 Jackie Doyle-Price**

NOES

Abbott, Ms Diane
 Abrahams, Debbie
 Alexander, Heidi
 Ali, Rushanara
 Allen, Mr Graham
 Ashworth, Jonathan
 Austin, Ian
 Bailey, Mr Adrian
 Barron, rh Kevin
 Benn, rh Hilary
 Blackford, Ian

Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blenkinsop, Tom
 Blomfield, Paul
 Boswell, Philip
 Bradshaw, rh Mr Ben
 Brennan, Kevin
 Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen

Burden, Richard
 Burgon, Richard
 Burnham, rh Andy
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Cherry, Joanna
 Coffey, Ann
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Cowan, Ronnie
 Crawley, Angela
 Creagh, Mary
 Cruddas, Jon
 Cryer, John
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 David, Wayne
 Day, Martyn
 De Piero, Gloria
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Dowd, Jim
 Dowd, Peter
 Dromey, Jack
 Dugher, Michael
 Durkan, Mark
 Eagle, Ms Angela
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Farrelly, Paul
 Fellows, Marion
 Ferrier, Margaret
 Field, rh Frank
 Fitzpatrick, Jim
 Ffello, Robert
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Gapes, Mike
 Gardiner, Barry
 Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glindon, Mary
 Godsiff, Mr Roger
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Gwynne, Andrew
 Hamilton, Fabian
 Hanson, rh Mr David
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Hayman, Sue

Healey, rh John
 Hendrick, Mr Mark
 Hendry, Drew
 Hepburn, Mr Stephen
 Hillier, Meg
 Hodge, rh Dame
 Margaret
 Hodgson, Mrs Sharon
 Hoey, Kate
 Hollern, Kate
 Hosie, Stewart
 Howarth, rh Mr George
 Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Jarvis, Dan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike
 Kaufman, rh Sir
 Gerald
 Keeley, Barbara
 Kerevan, George
 Kerr, Calum
 Kinnock, Stephen
 Kyle, Peter
 Lamb, rh Norman
 Lavery, Ian
 Law, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCaig, Callum
 McCarthy, Kerry
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McDonnell, John
 McFadden, rh Mr
 Pat
 McGarry, Natalie
 McGinn, Conor
 McInnes, Liz
 McKinnell, Catherine
 McLaughlin, Anne
 McMahon, Jim
 Mearns, Ian
 Miliband, rh Edward
 Moon, Mrs Madeleine
 Morden, Jessica
 Morris, Grahame M.

Mullin, Roger
Newlands, Gavin
Nicolson, John
O'Hara, Brendan
Onn, Melanie
Onwurah, Chi
Osamor, Kate
Oswald, Kirsten
Owen, Albert
Paterson, Steven
Pearce, Teresa
Pennycook, Matthew
Phillips, Jess
Pound, Stephen
Pugh, John
Qureshi, Yasmin
Rayner, Angela
Reed, Mr Jamie
Reed, Mr Steve
Rees, Christina
Reynolds, Jonathan
Rimmer, Marie
Ritchie, Ms Margaret
Robertson, rh Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Ryan, rh Joan
Saville Roberts, Liz
Shah, Naz
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheppard, Tommy
Shuker, Mr Gavin
Skinner, Mr Dennis
Slaughter, Andy
Smeeth, Ruth
Smith, rh Mr Andrew
Smith, Angela
Smith, Cat

Smith, Nick
Smyth, Karin
Spellar, rh Mr John
Starmer, Keir
Stephens, Chris
Stevens, Jo
Stringer, Graham
Stuart, rh Ms Gisela
Tami, Mark
Thewliss, Alison
Thomas, Mr Gareth
Thomas-Symonds, Nick
Thompson, Owen
Thomson, Michelle
Timms, rh Stephen
Trickett, Jon
Turley, Anna
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Weir, Mike
West, Catherine
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Whitford, Dr Philippa
Williams, Hywel
Williams, Mr Mark
Wilson, Corri
Winnick, Mr David
Wishart, Pete
Woodcock, John
Wright, Mr Iain
Zeichner, Daniel

Tellers for the Noes:
Judith Cummins and
Jeff Smith

Question accordingly agreed to.

Bill read the Third time and passed, with amendments.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

MODERN SLAVERY

That the draft Modern Slavery Act 2015 (Code of Practice) Regulations 2016, which were laid before this House on 14 March, be approved.—(*Charlie Elphicke.*)

Question agreed to.

PETITION

Green belt land between Great Wyrley and Cheslyn Hay

6.45 pm

Gavin Williamson (South Staffordshire) (Con): I would like to present a petition signed by the 4,962 people who have joined me in our campaign against building on green-belt land between Great Wyrley and Cheslyn Hay.

The petition reads:

The petition of residents of Great Wyrley and Cheslyn Hay in the South Staffordshire constituency, and others,

Declares that the current proposals to build 136 houses on Landywood Lane, Great Wyrley will lead to the erosion of the distinct identity of our individual villages and could cause substantial environmental damage and further notes that residents have already successfully fought these proposals at local council level in 2013.

The petitioners therefore request that the House of Commons urges the Government to take all possible steps to encourage South Staffordshire District Council to reject these proposals, and if the proposals go to the Planning Inspectorate, to also encourage them to reject the proposals so that the green belt can be conserved for future generations.

And the petitioners remain, etc.

[P001684]

UK Citizens Returning From Fighting Daesh

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

6.47 pm

Robert Jenrick (Newark) (Con): I am grateful to you, Mr Speaker, for granting this debate, and to so many right hon. and hon. Members for expressing an interest in it. I am particularly honoured that my right hon. Friend the Member for South Holland and The Deepings (Mr Hayes) will respond to the debate for the Government. I know that the nation sleeps more soundly and sweetly in the knowledge that he is our Minister for Security.

This question is not a new one. We have grappled with how to view and respond to our fellow citizens who go abroad to fight in foreign wars. They did so not for money, as mercenaries, but because they believed that was the right thing to do, and they joined the side of the conflict that at least ostensibly—and certainly, for those unversed in the complexities of an individual conflict—held widespread public support. That side was viewed by many, perhaps at times the majority, as the right side, or as, in one way or another, Britain's ally. Some 50,000 English, Scots, Welsh and Northern Irish fought in the American civil war, and several thousand fought in the Spanish civil war, as was memorialised by George Orwell. More recently, dozens of British volunteers joined Croatian units during the Yugoslav wars between 1991 and 1995.

After the experience of the American civil war, Parliament passed the Foreign Enlistment Act 1870, which prevents Britons from enlisting in a foreign army that is at war with a state currently at peace with the United Kingdom. However, that Act has never been properly enforced. It was, and it remains to this day, extremely difficult to monitor and to prosecute such an offence. Those returning from the Spanish civil war frequently expected to be given a hero's welcome; in fact, they were invariably treated with suspicion by the police. They faced workplace discrimination, and many were even prevented from enlisting during the second world war.

Today, many—perhaps hundreds; I do not have an authoritative estimate, but perhaps the Minister will give us one in a moment—British citizens have travelled to northern Iraq, and from there into Syria. They have trained with Kurdish forces and militias and, ultimately, fought on the frontline against Daesh, in some cases in the fiercest fighting that there has been in this conflict, at Sinjar and Kobane.

Jim Shannon (Strangford) (DUP): I thank the hon. Gentleman for securing this debate about a very interesting issue. Many people who went to the middle east to fight on the allied side—the side that the Government are supporting—checked with their own police forces and Government officials to let them know that they were going, and they were allowed to go, but when they returned, some were arrested, questioned and detained. Is there not something wrong when someone checks to see whether it is all right to go but then is arrested on their return? Why should that be?

Robert Jenrick: The hon. Gentleman gets to the point of the debate and I will return to that issue in a

moment. The Government and the country need a clear and consistent policy. If we let individuals go, why should we arrest them for terrorism on their return?

Rehman Chishti (Gillingham and Rainham) (Con): I applaud my hon. Friend for securing this debate. The opposite happened in my constituency. Anthony Harrison, a constituent, went to Iraq and fought with the Kurdish YPG forces. When he returned to Heathrow, he expected to be stopped, but was not. He then went back to Gillingham and self-referred to the police. The first duty of the state is to protect its citizens. We should be checking those individuals who have gone out and come back, otherwise there is a real risk to our national security.

Robert Jenrick: I thank my hon. Friend for that point. Whichever side of the argument we take—whether we are supporters of these individuals or have reservations—their stories suggest that there is no clear policy. Those stories do not give us great confidence in our border controls, as different individuals have clearly been treated in different ways.

A growing number of individuals have been profiled in the media. Some have even been on more than one tour, as it were. I have been in contact with 20 families, some of whom I will refer to this evening, including that of one of my own constituents, Aiden Aslin. Two Britons and an Irishman were arrested this weekend crossing back from Syria into northern Iraq, so this remains a topical issue. At least one British citizen, a former marine, Konstandinos Erik Scurfield from Barnsley, has been killed in action. The Foreign Office says that owing to the difficulties and the lack of consular services in the area, it is difficult to estimate whether more British citizens have been killed in action and what may have become of their bodies.

Behind every one of those individuals is a family. I have been in regular contact with my constituent Aiden's mother, Angela, and his grandmother, Pamela, throughout his 10 months abroad. I cannot overstate their concern and anguish. Their initial thought was that one day they would turn on the television and see their son and grandson in an orange jacket. In their case, at least, there is also acceptance that their son and grandson took this extraordinary decision freely, in sound mind and good faith, because he could not continue to watch the atrocities on the television every night and turn a blind eye. I would not dare to generalise about the motives of all who have gone out there, but I have now met several, and they are brave and good people who deserve our respect and fair treatment under the law.

Anne McLaughlin (Glasgow North East) (SNP): I thank the hon. Gentleman for allowing me to seek a bit of advice about the highly unusual case of a UK citizen injured fighting the forces of Daesh whom I met in a refugee camp in France. He is leading a pretty miserable existence there because he refuses to abandon his wife and baby boy who had to flee Kurdistan, but are not entitled to seek asylum in the UK. The family do not meet the minimum income requirements for spouse visas, partly because of his injuries. How can we help this courageous UK citizen who fought our common enemy, Daesh, and get him and his family out of their miserable existence in the refugee camp in Europe and back here where he belongs?

Robert Jenrick: I am grateful to the hon. Lady for raising that point; perhaps the Minister will respond to it later in the debate. I am pleased that other hon. Members have come across individuals who are in the same circumstances as people I have met.

These individuals are entering an exceptionally dangerous situation, and many are not at all prepared or suitable for these conflict zones. Some of the militias with which they wittingly or unwittingly become involved divide opinion sharply, and it is difficult for the layperson to navigate their record and legal status in the United Kingdom. Some of the groups have been accused of war crimes or association with terrorism. The diplomatic situation is complex, and things are becoming increasingly hostile towards those who are enlisting in Iraq and Turkey. It is exceptionally difficult to understand what citizens have done while in the field and who they have associated with, or to predict with complete confidence how they will behave on their return.

I start with the premise that although we acknowledge people's bravery and seek fair and appropriate treatment, we should as far as possible discourage and inhibit British citizens from going out in the first place, particularly if we plan to arrest some of them under the Terrorism Act 2000 when they return. Several militias operate in the region, but the principal group recruiting British citizens that I have come across is the YPG, or its foreign fighters organisation, the Lions of Rojava, which has a Facebook account and is easily contactable online.

My constituent, who had no prior knowledge of the region, was able to carry out a Google search, to make contact and to organise his travel at low cost and with great ease. As far as I know—perhaps the Minister will comment on this—the Home Office and internet providers have made no effort to close down such sites as they might for those that encourage the recruitment of British citizens to fight on the other side. Many of those recruited are making rational choices, and it is not my intention to imply otherwise or discredit them, but there is clear evidence that some are far less equipped than others to make these decisions, such as a 19-year-old man who previously worked as a florist in Manchester and had never left the United Kingdom in his life, a young man with Asperger's, and a British citizen who had been diagnosed with post-traumatic stress disorder and had previously tried to take his own life three times. Journalists in the field to whom I have spoken have reported being contacted on numerous occasions by former servicemen who are asking for ways to return to Iraq to finish the job and to support the Iraqi and Syrian people, particularly in the name of their fallen comrades who gave their lives in the Iraq and Afghan wars.

Keith Vaz (Leicester East) (Lab): I congratulate the hon. Gentleman on initiating this excellent debate, and he is right that we must try to prevent people from going out there in the first place. What more does he think that internet companies should do to bring down these sites as soon as possible? At the moment, the referral process takes too long.

Robert Jenrick: I completely concur with the Chair of the Home Affairs Committee. It is important that Facebook and others take down not only sites that are actively

recruiting British citizens to fight for IS, but sites that might be preying on naive and vulnerable Britons who, in their eyes, have decided to do the right thing, but are none the less getting themselves into grave danger.

Some of those individuals, particularly ex-servicemen and women, would be advised not to go to the conflict zone. Few questions are asked by the recruiters and no military experience is required. Health is never checked, and many if not most people arrive at airports such as Sulaymaniyah completely in the dark about what they should expect. They could be kidnapped and held to ransom—who knows?

Rehman Chishti: My hon. Friend says that health is never checked when people go out, but given the trauma that people may have suffered on the battlefield, their state of mind needs to be checked when they come back if we are to consider security, because such people may inadvertently get drawn into other criminal activity.

Robert Jenrick: The short answer is that very little support is offered to returning individuals. Indeed, my research suggests that the vast majority of people are not even questioned by the police or security services on their return.

Many people going out have little knowledge of the principal militias such as the YPG. My purpose tonight is not to besmirch the YPG, but to point out that it divides opinion and that many if not most Britons who go out have no real knowledge of that group or the accusations against it. Amnesty International has accused the YPG of war crimes.

The Turkish Government believe, rightly or wrongly, that this is an offshoot of the PKK, which is of course a proscribed terrorist organisation in the UK and the USA. Recent reports suggest that some foreign fighters have left the YPG in the field because of its views and joined other even more obscure militias such as the so-called "self-sacrifice" group, which operates in the Nineveh region.

Mr Jim Cunningham (Coventry South) (Lab): The hon. Gentleman should be congratulated on securing this debate. Having said that, I have been listening to what he has been saying and I wonder how he would regard ex-British servicemen who fight alongside the Kurds? Is it not an interesting question to ask what happens to them when they return?

7 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—(Charlie Elphicke.)

Robert Jenrick: The hon. Gentleman makes an important point, showing the complexity of the situation. As I understand it, the Kurdish army, the peshmerga, has said that, as a result of direct representations by the US Government, it is no longer recruiting foreign fighters, but militias are different and continue to recruit foreign volunteers. Some of these groups use a language of martyrdom that is not altogether dissimilar from that of the people they are fighting against, which certainly makes me extremely uncomfortable.

[Robert Jenrick]

The position of British citizens in the field has become even more complex recently because it appears that Turkey has applied pressure on Iraq to take action against the YPG and foreign fighters because of its links to the PKK and the Kurds. The two Britons and an Irishman arrested over the weekend were detained by the Iraqi Government due to “visa irregularities”, which seems a fairly spurious reason for arrest, given that there is no working Iraqi-Syrian border. It none the less suggests that, given our limited consular services in northern Iraq, British citizens are getting themselves into a complex and dangerous situation. British citizens should be discouraged from going out. The sites should be taken down and the Government should, behind the scenes, persuade the Kurdish authorities to keep British citizens out of the conflict. The peshmerga are no longer accepting foreign volunteers, as I say, but the militias certainly are.

Why are individuals not being prevented from travelling when they openly inform officers of their intentions at the airport, as my constituent did, when these immigration and security officials should surely know that these individuals are likely to be arrested on their return? If British citizens are to be arrested under the Terrorism Act, why are we waving them through immigration and on to their planes? That is perverse and unjust to those individuals.

Let me turn briefly to how we treat these individuals on their return. Of the 20 I have spoken with or their families, two were arrested under the Terrorism Act; four were questioned, but not arrested; 14 came and went at will, unquestioned, three of whom have been on a second or third tour of duty overseas. That does not give me a great deal of confidence in our border controls.

Rehman Chishti: My hon. Friend talks about people being stopped and questioned by the police. I have a letter here from the Minister in the other place who is responsible for tackling extremism, which states that the stopping and questioning of these individuals is an operational matter for the police, but surely we need guidance for each case from the Government rather than having issue after issue being looked at by the police.

Robert Jenrick: I could not agree more.

I do not know whether this is a representative sample, so perhaps the Minister will tell us in his remarks how many British citizens have been arrested in these circumstances, but it is clear that there is not a consistent approach. Much, as my hon. Friend has just said, is left to individual police forces. My own police force in Nottinghamshire arrested my constituent on his plane and took him for brief questioning, yet he has awaited news of whether he is to be charged for the past 12 weeks. The outcome has now been postponed once again. I am told that the Crown Prosecution Service has not been given the file or been asked for its advice.

Do police forces know how to handle this situation? Some treat these individuals and their families in exactly the same way and in the same circumstances as they would for those fighting for Daesh, which is particularly rough on the families and loved ones, whose homes are

searched and computers taken while neighbours watch on through twitching curtains. Others may well chose not to get involved as some individuals have been in the press, but are never troubled by the police.

Clearly, individuals need to be questioned; we need to understand what they have done. I can appreciate, as the Minister may argue, that a single mistake or an individual wrongly assumed to be fighting on the other side who then returns home and commits a terrorist act, is a risk that we cannot bear. However, I suggest that we should exercise caution before arresting individuals, because that will remain on their records for the rest of their lives. If we do arrest them, it should be done consistently, and police forces should be equipped with guidance so that people like my constituent are not left in limbo for months and months while they decide what to do.

Kevin Foster (Torbay) (Con): Will my hon. Friend give way?

Robert Jenrick: I will give way one last time.

Kevin Foster: I congratulate my hon. Friend on securing a debate that has proved quite interesting to me. He has described the complexity of a situation in which different militia groups—different forces—are fighting Daesh. Does he agree that guidance is needed because the task of any immigration or police officer who is presented with a case of this kind is to investigate crime rather than looking into international affairs?

Robert Jenrick: That is absolutely true. This is an unenviable task for anyone who is involved in such investigations.

I do not pretend to have the answers, but let me draw the attention of the House and the Minister to an issue that I think needs careful thought. Given the existence of social media and cheap international flights, it has never been easier for individuals to make contact, to be recruited, and to travel to conflict zones. It might be thought that in this modern age when we are all mollycoddled, people would not dream of doing something of this kind, but people are doing it, and it is becoming easier and easier to do.

Alex Chalk (Cheltenham) (Con): Does my hon. Friend agree that it is essential for the Government and law enforcement agencies to send the clear, consistent and credible message that those who decide to go abroad and risk their lives run a very real risk of prosecution when they return? Would that not constitute a powerful disincentive?

Robert Jenrick: I could not agree more.

Most of these individuals—certainly most of those whom I have met—are doing this for what they believe to be good reasons. Most are braver men and women than you or I. However, doing this carries great risks, beyond the risk of being killed, captured or ransomed: the risks involved in being caught fighting with a group that is viewed by some as a terrorist organisation. Even if it is not, people will still be arrested, and that will remain on their records for the rest of their lives.

The Government need a considered and consistent policy, which they do not appear to have today. They need a policy that discourages British citizens from taking such risks, which ensures that, whenever possible,

they are advised of their likely legal status on their return, and which, above all, treats these brave men fairly and appropriately when they do come home.

7.7 pm

The Minister for Security (Mr John Hayes): I congratulate my hon. Friend the Member for Newark (Robert Jenrick) on securing an interesting and informative debate on a topic that has been unfairly overlooked during our discussions about the conflict in Syria and Iraq. As you might expect, Mr Speaker, I have a prepared speech, and I shall refer to it sporadically, but I want to tailor my remarks to the issues that have been raised in the debate. I sense the shivers that are going down the spines of Home Office officials as I utter those words.

My hon. Friend made an emphatic case for why we should broadcast clearly and powerfully that travelling abroad in uncertain circumstances such as those that he has described is extremely dangerous. There are three reasons for that. First, the cause that people go to support is often not what it is purported to be in the propaganda that has encouraged them to do so. Secondly, as my hon. Friend suggested, those people may well not return. They may be placed in extremely jeopardous situations, even if they are going abroad to offer help. They may not know that they are going to fight—to engage in conflict—but they will nevertheless be placing themselves in extreme danger, almost regardless of their original purpose. Thirdly, on their return they may well face prosecution and will certainly face arrest. Extra-territorial jurisdiction applies in many of the places to which they might travel—particularly, as in this case, Syria. It is entirely possible that they have committed crimes abroad that are subject to that jurisdiction, and can be tried in a court here in the United Kingdom. That is another fact that is not made known to them when they are recruited. So my hon. Friend is absolutely right to say that, first and foremost, we should send out the extremely clear message that if people travel to a dangerous place, they will put themselves in all kinds of jeopardy.

Mr Jim Cunningham: There is a history of people volunteering to go abroad in this way—for example, during the Spanish civil war and other wars since then. Do the Home Office and the Cabinet Office view such people technically as mercenaries?

Mr Hayes: As I have implied, these matters have to be gauged on a case-by-case basis, because people travel abroad for humanitarian reasons and all kinds of other reasons. In the first tranche of people travelling to Syria, many went with good intentions and to do good work. They went to help. The pattern of travel to Syria has changed over time, but I would certainly not want to make any general assumptions about why an individual went or what they did when they got there. However, it is almost universally true to say that they place themselves at considerable risk. If people want to offer humanitarian help, it is much better to do that in a more organised way than in a dilettante fashion. People can contribute in all sorts of ways to the humanitarian effort in which the Government are playing a powerful part without putting themselves at risk. There are things that they can do to help.

Part of the reason behind the advice that was offered by my hon. Friend in his impressive speech, and which I have amplified, is that some of the organisations that people might join—ostensibly for the good and noble purposes that he described—might themselves be proscribed. Some of the organisations fighting Daesh are themselves proscribed and might be engaged in activities that we neither endorse nor support. The picture is often more complicated than is portrayed when people are recruited.

Many of those people are recruited through the internet. It will not have missed your consideration, Mr Speaker—little does—that people communicate in all kinds of modern technological ways these days. Much of the propaganda that is now emanating from Daesh uses the most modern methods of communication. We often think of Daesh as brutally archaic, which is understandable given its means and its methods. Indeed, it is often suggested that it is an organisation from times past. However, its technological methodology is extremely up to date. It takes advantage of every kind of social media and it uses the internet regularly in a well-organised and sophisticated way. That is precisely why its message is seductive to its adherents and apologists here in the United Kingdom.

Keith Vaz: The Minister is absolutely right to suggest that we are dealing with a very sophisticated enemy. May I take him back to the point made by the hon. Member for Newark (Robert Jenrick) about border checks? We still do not have 100% border checks, because our passports are not viewed by immigration officers on departure. They are looked at, together with our boarding cards, by the travel agents, but we are not checked on departure. The hon. Gentleman is calling for better checks at the border, with our passports being looked at by immigration officers and swiped before departure. That does not happen at the moment.

Mr Hayes: The Chair of the Home Affairs Committee takes a keen interest in all such matters. What I will say to my hon. Friend the Member for Newark is that it seems that if people have notified the local police that they may go, which is what he said, and then no more has been done for the reasons that the right hon. Member for Leicester East (Keith Vaz) suggested, that does not seem satisfactory. It certainly seems reasonable that if people have notified the police that they are going to travel—although it is of course for the police to make a case-by-case judgment on an operational basis—we need at least to be confident that the police have the right guidance on what is appropriate. I am certainly happy to take that suggestion back to the Home Office and to see what more can be done, if anything, to ensure that the advice to different police forces around the country is consistent. As I say, these are, in the end, operational matters, and this has to be gauged on a case-by-case basis, but my hon. Friend the Member for Newark makes an important point none the less.

Lady Hermon (North Down) (Ind): I am grateful to the Minister, who is being generous in taking interventions. Following his comment about briefing police forces around the country, I urge him to ensure that the Police Service of Northern Ireland is included. People can leave the UK on British passports, go out to help in Syria, become radicalised and then come back, perfectly

[Lady Hermon]

lawfully, to Dublin or Shannon airports. The border between the Republic of Ireland and South Armagh is entirely porous, so British passport holders can re-enter the UK through Northern Ireland without any border checks.

Mr Hayes: The hon. Lady makes a reasonable case. There is a robust system in place for missing persons to be identified, for example, by the Turkish police on the Syrian border. We spend a great deal of time considering the issue of people returning from Syria, because some of them will subsequently be subjects of interest to our intelligence services and to law enforcement. However, the point that my hon. Friend the Member for Newark was making was that if someone has said to the police, “I’m going,” do different forces apply the same policy consistently? It is a reasonable point, which is why I have committed to considering it in more detail and to looking at the guidance.

Jim Shannon: Will the Minister give way?

Mr Hayes: I am anxious to make progress, but I will briefly give way to the hon. Gentleman.

Jim Shannon: This House took a majority decision to support bombing attacks in Syria and Iraq. Those who watched those debates would assume that the bombing would be in support of the 70,000 allied forces and supporters who were trying to fight Daesh on the ground. That was the whole purpose of the House’s decision. Anyone watching that debate who wanted to support the factions fighting Daesh would feel, when they spoke to the police, that this House was already fighting a war, and that they were doing nothing wrong. Does the Minister understand that that is the issue put forward by the hon. Member for Newark (Robert Jenrick)? There are two different groups: those who are fighting Daesh, and those who support Daesh.

Mr Hayes: I am saying to the hon. Gentleman that someone might think that they are going out for what might be the perfectly noble cause of fighting our common enemy, but there is always a great deal of uncertainty about what happens when they get there. Such people are by their nature often quite ignorant of what they will encounter and may become linked to, tied to, or involved in all kinds of organisations and groups, some of which are proscribed in this country and engage in all kinds of other activities as well as the battle against Daesh. This is a complicated issue and should not be presented as anything else, although I understand the hon. Gentleman’s sympathy.

Rehman Chishti: Will the Minister give way?

Mr Hayes: I will give way one more time, and then I really must make progress.

Rehman Chishti: The Minister will agree that both categories of individuals—those who go to fight Daesh and those who support Daesh—are of concern. Around 800 individuals are fighting with Daesh. Do the Government or the Minister have an estimate of the number of individuals out there fighting against Daesh? Both groups should be on our intelligence services’ radar.

Mr Hayes: We know roughly the number of people who have travelled to Syria, some of whom initially went for humanitarian reasons. Many have returned, but some have been killed. As both my hon. Friend the Member for Newark and the hon. Member for Strangford (Jim Shannon) said, all those who go also face the risk of being captured and used as hostages. The strong advice is, “Don’t go, because you don’t know what you are going to encounter. And you certainly don’t know what the consequences may be.” That is precisely the point my hon. Friend the Member for Newark made in his opening remarks, and it is an important signal to send out from this place.

I would not want to suggest that the Government are inactive in this respect, so let me deal with what we are doing. The work we are doing on providing humanitarian aid is well documented. We have pledged more than £2.3 billion in vital life-saving assistance to Syria, and this is our largest ever response to a single humanitarian crisis. We remain one of the largest donors to the Syrian crisis response internationally. Of course it is important also to emphasise that those engaged in terrorism blight lives, provide bogus legitimacy to the worst extremes of human behaviour and tear communities apart. This activity cannot ever be justified, and it will never be justified by this Government, wherever it takes place or whoever commits it. I also understand the desire to confront our enemies, but the struggle for what is right is not, and cannot be, left to individuals; it can be devised and delivered only through the proper exercise of Government authority.

The second point I wish to make is that we are, of course, part of a military response to the threat posed by Daesh; the UK is making a strong military contribution. RAF Typhoon, Tornado and Reaper aircraft have flown more than 2,000 combat missions, and about 1,000 UK personnel are supporting their operation in the wider region. Our aircraft also provide effective close air support to Iraqi and Kurdish forces taking the fight to Daesh on the ground, with recent successes coming in Ramadi and Sinjar. It is through the global coalition, to which we are making such a significant contribution, that we will defeat Daesh. Although it is understandable that individuals should want to add to that, their effort is better expended in supporting what we are trying to do as a nation to get this right, both militarily and in humanitarian terms.

This is also about challenging the propaganda that I have mentioned, as has the Chairman of the Home Affairs Committee. Challenging that, in communities up and down our nation, is a job for all of us. If people want to fight Daesh, they can do that on the streets of our capital city, London, and in cities and towns across this kingdom. All of us have a job to do in countering that poisonous narrative, which is delivered partly, but not only, through the internet. That is why the Government have invested so much in the Prevent programme and in our Channel programme, which deals specifically with people at risk of radicalisation.

We introduced a Prevent duty for a range of public bodies, including schools, prisons, local authorities and health services. This communal task of challenging the narrative is ongoing. It is highly dynamic, for the very reason that the threat we face is dynamic, and that requires us to redouble our efforts. I say to individuals who want to take on Daesh that there is a job to do in

all those ways. For example, we take 1,800 pieces of terrorist propaganda down from the internet not every year or every month, but every week. That task is vital, as is supporting those community organisations and others that are putting forward the counter-narrative. These are important pieces of work, because the effect on individuals, particularly young people, who are corrupted by that poisonous narrative could not be more devastating.

Of course young people are targeted, because they are particularly vulnerable. They are susceptible to the kind of propaganda that I have described. It is important to know that last year alone, we referred 2,000 young people to our Channel programme, because they were vulnerable to that kind of radicalisation. In some cases, no further work was needed, but in others, intervention by social services was required. More than 200 such young people received support through that Channel programme.

At the end of last year, I saw at first hand, in Portsmouth, Hackney and elsewhere, the work that was done by our Prevent co-ordinators. I have met many of those who are on the frontline of this battle, and that is the frontline on which I want people to fight. I am talking about working in this country, taking on those

who wish to corrupt our young people. This is no less than a safeguarding issue. The methods used by those who want to radicalise young people are not dissimilar to those of other kinds of exploitation. There is often a grooming process, which may take place face to face or online. It is often about picking on those young people who are particularly disadvantaged in some way. It is certainly about turning them from the cause of virtue to the cause of wickedness.

There should be no doubt that my hon. Friend the Member for Newark has done a service to this House by drawing our attention to the matters that we have debated briefly tonight. I end with this thought, which I hope he will broadcast to the people of Newark and elsewhere. If anyone should be in any doubt, let it be dispelled tonight: this Government and this Minister can outmatch our enemies in respect of our certainty, our determination and our commitment to winning this battle for the very heart and soul of all we are as a people.

Question put and agreed to.

7.27 pm

House adjourned.

Westminster Hall

Tuesday 19 April 2016

[VALERIE VAZ *in the Chair*]

BACKBENCH BUSINESS

Unaccompanied Children

9.30 am

Mr David Burrowes (Enfield, Southgate) (Con): I beg to move,

That this House has considered unaccompanied children.

It is a great pleasure to secure the debate and to open it. I thank hon. Members on both sides of the House who supported the application to the Backbench Business Committee, but especially the right hon. Member for Carshalton and Wallington (Tom Brake), who helped to secure the debate.

Sadly, the issue of unaccompanied children has in many ways become a focal point of consideration in Parliament, not least in the House of Lords. We will shortly consider the amendment tabled by Lord Dubs in relation to the campaign for 3,000 unaccompanied children to be accepted in addition to previous requirements. This is the sad reality of the situation facing children as they take a precarious route across Europe. Only yesterday there was a report that 400 migrants and refugees died when their boat capsized; they were travelling from Egypt to Turkey. The reality is that today another two children will probably die while crossing the Mediterranean. That is the context and it is a focal point of concern.

The focus of this debate, although hon. Members will no doubt want to deal with issues around it, is our responsibilities for separated children as they arrive in this country, whether they come by means of a formal resettlement plan—we can talk further about where that could take us—or whether they come via irregular routes into the United Kingdom. I want to have a long-term plan. My hon. Friends will know all about the mantra of a long-term plan, particularly in relation to economic plans. I want to get that mantra into the parlance on this issue: would it not be wonderful if Parliament had a long-term plan for separated children? I look forward to hearing from my right hon. Friend the Minister about that. We need a long-term plan for some of the most vulnerable children.

If we look at the statistics, we see that it is right for Parliament to be concerned about these children. In February 2016, children accounted for more than one third of all refugees and migrants, compared with just one in 10 in June 2015. There has been a 57% increase in the number of these children seeking asylum in the past year in the United Kingdom. Undocumented unaccompanied children are often beneath the radar, certainly before they get anywhere near the age of adulthood. There were 2,168 asylum applications from such children in the year ending June 2015. That was an increase of 46% on the previous year. The Minister for Immigration will be very much aware, not least because it is on his desk, that this is an issue of increasing importance for the Home Office.

It is important that we are compassionate. The word “compassion” is mentioned a lot these days, and rightly so. We must have an ambition properly to accept our fair share of unaccompanied children. The Minister was very much leading in relation to the announcement on 28 January. We look forward to hearing further details on the commitment in the coming days. There was a promise to step up efforts to reunite lone children with their families in Europe and the United Kingdom. There was a commitment to bring children who are on their own in conflict zones straight to the United Kingdom to prevent them from making perilous journeys, and there was a promise of more expertise and resources to help to protect child refugees in Europe and the United Kingdom. It is important that we have the right ambition, and I look forward to hearing those details.

As well as the compassion in terms of the length of commitment, I want to look at the breadth and depth of that compassion. We should be in this for the long term. That is an issue for children as they arrive here. I want to see how that looks and what it could look like, to ensure that we meet the concerns that have been expressed, not least by the Children’s Society, to which I pay tribute and which I thank very much. Those concerns formed the basis of my application and that of others to hold this debate. Its recent report, “Not just a temporary fix”, makes the point in the title, highlighting the need for a lasting outcome for unaccompanied children in the UK. This issue can often be missed in debate. These children, who come from some of the most appalling backgrounds and are often traumatised, are at risk of exploitation, not least as they make these journeys. As they come into this country, we need to ensure that we have the right package of support for them.

A point highlighted in the report that I have mentioned is the transition to adulthood. That is unsettling and unpleasant for all children, but particularly for separated children who have fled war and persecution. They have faced exploitation and destitution and have no parent or carer in this country to safeguard their best interests. We need to step in to support them to avoid their being at risk of further exploitation and destitution.

Tim Loughton (East Worthing and Shoreham) (Con): I congratulate my hon. Friend on attracting such support for this very important debate. I am glad that he is talking about long-term stability. Does he share my concern, which I think he was touching on, that we may have arguments about the number of children we welcome into this country, but we need to address the rights of those children when they become adults, particularly if they have been in care? They do not qualify for housing. They do not qualify for the Staying Put scheme. They do not qualify for various benefits. They do not qualify for loans if they want to go on to higher education. Their vulnerability does not change on the day they become 18, nor the danger they are in if they go back to their country of origin. We need to have a better long-term plan for those children as they progress into adulthood in the safety of this country.

Mr Burrowes: I am grateful to my hon. Friend: he is already talking about a long-term plan for separated children. Undocumented children may well not even make an application for asylum, not least because they are under the cover of being children and have the

[*Mr Burrowes*]

protection of the state, but as they get close to the age of adulthood, an application needs to be made. Their status becomes insecure and uncertain and they are very much at risk of going through the care system and, sadly, out on to the streets, where they are prone to further exploitation. I will touch on that issue as well.

The support for those vulnerable children who have found their way by so-called irregular means differs from support under the formal resettlement programme. I pay tribute to the Government for the vulnerable persons relocation scheme and the 20,000 commitment. I think that 1,500 people have been resettled. That is part of a package that is not just about numbers. It is a serious package of support involving local authorities and communities. I understand that at the recent meeting in Geneva, attended by my hon. Friend the Under-Secretary of State for Refugees, the British Government were praised as an example of good practice that other countries need to follow for their serious commitment to long-term support for these vulnerable people. That needs to be matched, including for those who arrive by different means. People may not arrive through that formal scheme, but they are no less vulnerable; their concerns and needs are no different. It is important that we do not in effect discriminate against them because of how they arrive.

When a child arrives by means of a formal resettlement programme, they are offered a five-year humanitarian protection visa. The Government have previously responded to concerns about what happens when such children turn 18; the likelihood is that they will be granted indefinite leave to remain. However, undocumented children, particularly those who arrive in the United Kingdom unaccompanied and by irregular means, are granted unaccompanied asylum-seeking child leave. That leave fails to represent the long-term solution that we all want, as it is granted for a period of 30 months or until the child is 17 and a half years old, whichever period is shorter. At that point, whichever comes first, the child is treated as an adult migrant and is not subject to the same protection that they had, but their needs have not suddenly changed dramatically just because an age threshold has been reached or they have reached the end of their UASC leave. We will fail that vulnerable person unless we provide long-term support.

The Children's Society has found that the widespread granting of UASC leave, with further determination delayed sometimes until just before the child turns 18, does not serve the best interests of children and leaves them open to risk. We need to look carefully at who we are dealing with, because UASC leave often fails to represent a long-term solution, and it leaves young people anxious and uncertain about their future, which will store up problems. Such young people are transitioning to adulthood, and they want to have a say. Any child wants safety, support and a loving home, which continues as they get older—for these children probably even more so, given their background. The Government increasingly do that for care leavers. This is not just something that ends at 18; it is a longer-term commitment. So many of these vulnerable people, wherever they come from, need longer-term support.

We must have a different understanding of children. We should not rely simply on their reaching the high threshold set by refugee conventions and the established

legal understanding of “refugee”; we should also recognise the needs of separated children who may not necessarily meet that threshold. Such children are at particular risk. We have seen across Europe that, appallingly, some 10,000 children—we do not know the exact numbers—have gone missing, many sadly into the hands of traffickers and exploitation. Such children are at risk, and they must be treated as such. We must consider how to categorise and support them properly with a child protection status that recognises their inherent at-risk status, which will not end just because they have come to this country and a place of safety. That status continues because of their background and their need for support so that, when they reach the age of 18, or if their ordinary application for asylum fails, they do not run the risk of further destitution and exploitation. It would be an appalling dereliction of our duty if, after we help to provide sanctuary from the risk of exploitation and destitution, they face that same cycle of risk in this country.

Mrs Helen Grant (Maidstone and The Weald) (Con): I congratulate my hon. Friend on securing this important debate. I declare an interest as a trustee of the Human Trafficking Foundation and as a Kent MP. Kent County Council has an overwhelming case load of unaccompanied, vulnerable and needy children for whom to care. Does he agree that not enough local authorities will help out and take those children identified by Kent and that much more co-operation is needed between local authorities?

Mr Burrowes: There is a proper long-term duty that has a disproportionate impact on Kent County Council. A case has been made in previous debates for how we could find a new way of enabling a fair distribution across the country. We recognise that local authorities have been willing to come forward, along with many community and other organisations. Towards the end of my speech I will mention some organisations that want to share the burden with local authorities. Communities want to come alongside to provide that long-term support.

Caroline Lucas (Brighton, Pavilion) (Green): I congratulate the hon. Gentleman on securing this debate and on his commitment to the issue. When unaccompanied children are settled here and a parent is later found, does he agree that they should have the same rights to family reunion as adult refugees? I know that is a controversial subject, but other countries seem to manage it without any fear of abuse. There are fundamental rights to family reunion that should be upheld.

Mr Burrowes: Family reunions are currently prevented by the rules on unaccompanied children, which are not in line with the rules for adults. The position that children cannot sponsor their parents or carers to join them means that they do not have the same rights as adults, which is a particular concern. The Government, considering their own and international legal obligations to protect the best interests of children already in this country, should not be in a position where they are effectively denying a child the right to be reunited with their family and to be safe.

It is important that we consider the situation more broadly, such as the issue of dependency in relation to families. Who is the family? There should be a broader

understanding of dependency. It might not be the father or the mother; it might be a brother. I have visited Calais, and I have seen the appalling conditions at the Dunkirk camp. I spoke to a young person from Afghanistan who was fleeing a war-torn area, and he was desperate to be with his brother—this was when the French police were dispersing people, and he was at risk of being dispersed into the hands of traffickers. We need to find ways of providing safety for such people, and of recognising that his dependent relationship was with his brother. We need to find practical ways of supporting such people.

Margaret Greenwood (Wirral West) (Lab): I congratulate the hon. Gentleman on securing this important debate. It is good to see Members from so many parties here. Does he agree that funding for local authorities should be increased so that they can do the necessary child protection work so that we can speed up the reuniting of children with their parents?

Mr Burrowes: There will be significant financial costs, and I hope that we will see the details of the commitment to relocate more unaccompanied children. The financial costs need to be clear. We need a proper package to be able to make that commitment—the vulnerable persons resettlement scheme included a financial commitment to local authorities—because we must take account of the additional costs of working with highly traumatised, vulnerable children.

In the childcare system, more than 24,000 missing children were reported from January 2012 to December 2013. Given that figure, we need to ensure that the care system is up to speed and fit for purpose so that children who risked going missing on their journey or, indeed, in their own country do not face the same risk of exploitation and destitution in this country. It is important to work with local authorities to find the best long-term solution, and I particularly draw attention to undocumented children who may never apply for asylum. We need to bring those children out into the open to show them that there is a future and a pathway for them in this country, rather than their waiting until the very last moment and becoming stuck in a system that lacks advocacy. They might then be prone to being outside the system and falling into the hands of those who may abuse them.

Johnny Mercer (Plymouth, Moor View) (Con): I thank my hon. Friend for securing this debate, which is important to a great number of us. Does he agree that, in this almost impossibly hard policy area, we must be driven by our heart and our head? We must focus on what works in the longer term for these children. We must be driven by evidence-based programmes led by experts, such as the United Nations High Commissioner for Refugees, for a long-term, enduring commitment to some of the most vulnerable families caught up in this tragic conflict. That would be something of which we, as a nation, could be truly proud.

Mr Burrowes: I agree. We need to be guided by the UNHCR on vulnerability and on its assessment of children at risk. It is encouraging that the Government's approach has focused on vulnerability, and that approach needs to continue for those in the region, in Europe and in this country. That must guide us throughout.

Fiona Mactaggart (Slough) (Lab): I share with everyone else an admiration for the hon. Gentleman's securing of this important debate. We know that children of Vietnamese origin are much more likely than not to go missing. Does he agree that there should be a specific focus on that group of children, who are absolutely at risk from exploiters and traffickers, and that, at the moment, we are failing them by not having that focus?

Mr Burrowes: I agree that we need to do that. The right hon. Lady and I are both members of the all-party parliamentary group on human trafficking and modern slavery, and I share her concern. Following the passage of the Modern Slavery Act 2015, we need to make sure that we recognise the inherent risk faced by such children and that there is a package available to do more than the current care system to provide help. We must end the uncertainty on the status of those children and ensure that there is a long-term commitment to their protection. Those children in particular are struggling, and there was a debate during our consideration of the Immigration Bill on restrictions on unaccompanied children receiving leaving-care support provisions, such as access to accommodation and subsistence, as well as foster placements, education, training and legal advice. Whether those children are applying for immigration or for asylum, we need to recognise that those needs continue.

Mrs Grant: On the issue of advocacy to which my hon. Friend referred, children are being trafficked younger and younger, facing loneliness and bewilderment. Does he agree that implementing a child advocate scheme similar to the one recently trialled by the Government could bring not only clarity to local authorities but the certainty and continuity of a long-term plan for children?

Mr Burrowes: Yes, certainly. I championed child trafficking advocates along with other Members across the House, and we were pleased when they were eventually included in the Modern Slavery Act 2015. The scheme has been piloted with mixed results, but it is important to recognise that trafficked children have a similar profile to separated children coming to this country. In his response, will the Minister confirm a link with the advocates who help those at risk of being trafficked, as well as their relevance to separated children? If the scheme needs to be expanded, let us hear the details, but the national roll-out must properly include unaccompanied children.

I appreciate that a number of hon. Members want to contribute, so I will not hog the debate. I draw attention to the commitment made by the Under-Secretary of State for Refugees at the Geneva summit. He said that we need

“to harness the generous offers of support from the UK public by developing a community sponsorship scheme.”

That is welcome, and we need to see how it might work, particularly for separated children. For example, Home for Good, a fostering charity, has signed up more than 10,000 UK households willing to provide a home for such children. We need to use that welcome offer of support, which goes beyond what was happening back in September—“I'll give my house.” It is a practical offer of long-term fostering support from an excellent organisation. Home for Good, among others, asks the Government to tell us how they will use the resources

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offered by charities, faith groups, churches and businesses to support unaccompanied children. I look forward to hearing the debate, particularly if it focuses on a long-term plan for separated children, and I welcome all hon. Members' contributions.

Several hon. Members rose—

Valerie Vaz (in the Chair): I propose to start the winding-up speeches at about 10.30 or 10.35. A number of Members have indicated that they want to speak, so if Members can restrict their speeches to four to five minutes, everyone should be able to speak.

9.52 am

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Enfield, Southgate (Mr Burrowes) on presenting his case and giving us all a chance to participate in this debate.

The migrant crisis was undoubtedly one of the defining issues of 2015, and it will undoubtedly be a defining issue this year as well. It is impossible to avoid it, and hard to find a member of the public who does not have an opinion on it, whether we consider the negative consequences seen in Cologne or the positive stories of relocated refugees settling successfully into a new society. It is a major issue that will take some time to resolve. In Belfast and in Northern Ireland, we have had our first refugees, sponsored by the Northern Ireland Assembly, which has encouraged them to relocate and be part of Northern Ireland. Church groups have also gathered around to ensure that that happens.

We have all seen the images of what ISIS or Daesh do: they behead, rape, murder and pillage. It is not hard to understand why any human being would want to get as far away from that as possible. More than 14 million Syrians in the country are in need of help, 7 million of whom are internally displaced, and nearly 5 million have fled abroad, including the hundreds of thousands making their way into Europe. Nevertheless, it is important to be rational and not let our emotions make us lose the run of ourselves. Syrian nationals were the fourth largest group of asylum applicants in the year to September 2015.

We cannot ignore the heart-breaking plight of genuine refugees. In 2015, some 3,043 asylum applications were received from unaccompanied asylum-seeking children, 56% more than in 2014 and 141% more than in 2013. More than half of all applications were from Eritrea, Afghanistan and Albania.

I want to underline the plight of Christians fleeing Syria. Some 900,000 Christians have been displaced in Syria, many of them families and children. Although we focus on Syria, it is clear that there is quite a spread of people seeking to come to Europe. We must be careful to do the right thing and have a compassionate approach, as the hon. Member for Enfield, Southgate mentioned.

Regardless of our approach, we must ensure that refugees are processed correctly, in order to give genuine refugees the dignity that they deserve and root out potential criminal elements or security threats. We have all seen the distressing images from the Mediterranean. The news last night referred to the unscrupulous people

in Libya and elsewhere who fill boats full of people, often without regard to safety. They are an obvious threat to people making the perilous and often fatal journey to Europe.

When it comes to children, especially unaccompanied children, we must act. We must be compassionate and do the right thing. The Syria crisis, in addition to the political situation across the middle east and north Africa, has resulted in an ever increasing number of unaccompanied migrant children making their way to Europe. Concerns about such children have been raised, not least after Europol warned that at least 10,000 unaccompanied children have gone missing since entering Europe. We must ask ourselves where those children are, what has happened to them, whether we are concerned and whether we are doing our best to find them.

People will know that I am a Christian and have strong views on these issues. From a compassionate point of view, I would say: where are those children, and what are we doing about them? Our Saviour said:

“Suffer the little children to come unto me”.

What are we in this House doing as Christians? What is this House doing as a leader of society to help those children?

Mrs Grant: Does the hon. Gentleman agree that a more consistent procedural approach across London boroughs and local authorities would also help to deal with the problem of missing children? Children go missing in this country too.

Jim Shannon: I accept that, and I thank the hon. Lady for outlining the issue clearly. Yes, we should have learned something in our own society about how to deal with and respond to the issue. We need, honestly and consciously, to take it seriously.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): Does the hon. Gentleman also agree that it is important that registration occurs at the point of entry, so that we can track children and ensure that appropriate child protection measures are in place?

Jim Shannon: I wholeheartedly agree.

At least 3,000 displaced children will be resettled in the UK, but the problem is that the Government initiative to relocate child refugees will not include those already in Europe. It is not the case that the whole of Syria is marching into Europe, although sometimes people listening to the news might think that it is. That is not how it is; let us keep things in perspective and focus on the important issues. The European Commission's chief spokesman said that 60% of those arriving in the EU as part of the movement were economic migrants rather than refugees. We must empathise with genuine refugees.

I am conscious of time, so I will finish with this comment. We should do what we can do to help. There are screening and security issues to be addressed, but we need to be part of the humanitarian effort, most definitely with regard to children. I can only hope that this debate will put pressure on the Government to reconsider and start helping with the efforts to assist unaccompanied children who are already in Europe. We need to get the right approach, reconsider the current one and be part of the humanitarian effort to help those poor children, who absolutely need and deserve our help.

9.58 am

Tom Brake (Carshalton and Wallington) (LD): I will start with a quote that some Members may have heard before. On 14 December 1938, Mr Noel-Baker asked:

“Is the right hon. Gentleman aware that these children in Germany in many cases are in really terrible conditions, without adult protection and without the means of finding food, and is he aware that the machinery of the Home Office for granting visas is so inadequate that the visas cannot be obtained in sufficient quantities to save their lives?”—[*Official Report*, 14 December 1938; Vol. 342, c. 1976.]

Unfortunately, 78 years on, not a lot has changed. We do not have much time to debate that issue, or indeed to debate what we could most effectively do to help children in the camps surrounding Syria, for instance, because this debate, secured by the hon. Member for Enfield, Southgate (Mr Burrowes), rightly focuses on what we can do for children who are already in the United Kingdom. As a minimum—the hon. Gentleman touched on this—we should provide a five-year humanitarian protection order, in line with those people being relocated under the Syrian vulnerable person resettlement scheme. That approach is needed simply because it provides security for the children and because it also makes the job of local authorities much easier, regarding what they have to plan for in the future for those children.

We also need the Home Office to extend the guardianship pilots for trafficked children to include unaccompanied children. I know that the Children’s Society is keen that the Minister for Immigration provides an update on the child trafficking advocates pilot, as well as clarification of whether he recognises the importance of there being an independent advocate for separated and unaccompanied children, particularly in their transition to adulthood and in providing support with regularising their immigration status before they turn 18. Indeed, there are strong arguments for extending that support beyond 18 to 21, as is the case with care leavers.

The provisions for transfers or disposals need to be addressed very early on. The worst that can happen to a child is that they remain in one place for an extended period only to be moved on much later. Action needs to be taken very soon on where children will be relocated within the UK.

We need effective and improved co-ordination mechanisms. My understanding is that in London, which was mentioned in an intervention earlier, the Greater London Authority is taking responsibility for co-ordinating certain aspects of the arrival of children, but that the mechanisms are not working very effectively. As I understand it, the latest figures suggest that a maximum of 10 children have been distributed through those mechanisms. Clearly, more action needs to be taken at a London level, so that co-ordination is in place and the boroughs can tap into what has been organised.

We also need to ensure that where family ties exist, every effort is made to ensure that family members in the same local authority area can provide support to unaccompanied children where appropriate. As well as improving conditions for the child, that approach has the advantage of reducing the burden on local authorities.

We need to make sure that there is better resourcing for foster carers, and we would like the regional assessment hub model to be explored further, although that is not a call to reduce the scrutiny of foster carers. A national register would also make a substantial contribution,

because it would enable foster carers who move from one local authority area to another to remain available to provide foster care. Of course, the need to check things such as the foster carer’s new home would remain; a national register would not deal with such issues.

Some authorities are clearly on the frontline in providing funding—Kent has already been mentioned. The Home Office needs to model scenarios to compensate local authorities that step up and take responsibility for unaccompanied children. The Government also need to identify which authorities are currently overburdened and have to rely heavily on out-of-county options for their own looked-after population before they take on any additional unaccompanied children.

The target advocated by Save the Children and others—including my hon. Friend the Member for Westmorland and Lonsdale (Tim Farron), who has outlined his blueprint for 3,000 children—is attainable, and it would make a substantial contribution towards dealing at EU level with the 30,000 or so unaccompanied children who are already in the UK. However, we need many of the measures that I and previous speakers have discussed this morning, to ensure that the framework—the support network—is in place before those children can be supported.

Several hon. Members *rose*—

Valerie Vaz (in the Chair): Order. If Members can aim to speak for about four minutes, everyone should be able to get in.

10.4 am

Helen Whately (Faversham and Mid Kent) (Con): I very much welcome this debate and I congratulate my hon. Friend the Member for Enfield, Southgate (Mr Burrowes) on securing it.

I imagine that we are all here today because we want Britain to play its part in dealing with the refugee situation and in looking after the unaccompanied children in this country, and across Europe and the middle east. The debate is very much about how we do that and how we ensure that we do it well.

I visited Calais last year—I think it was in October—and clearly I saw awful conditions there. There were very few children; the few children I saw were with their parents. However, we know that there are some unaccompanied children there and that those children who are there are usually in their teens, although some may be younger than that. I have also visited a refugee camp in Turkey, where I saw pretty good conditions—okay, it was a refugee camp that the Turkish Government chose to show visitors. However, I spoke to people there who were living in relatively good conditions, and without exception they wanted to come to Europe all the same.

I also represent a constituency in Kent and as my neighbour—my hon. Friend the Member for Maidstone and The Weald (Mrs Grant), who was here earlier—has already mentioned, we have a large number of unaccompanied asylum-seeking children in Kent. It is one of the areas that is feeling the effect of this issue particularly heavily, but we also have experience of how to deal with it well.

In the limited time available to me, I will just make a couple of other points. The first is that in addressing this problem of unaccompanied children, we must

[*Helen Whately*]

absolutely be compassionate, but we must also avoid being emotional and failing to think through the unintended consequences of whatever choices we make. And we must realise that we are making choices.

In the debate as to whether we should bring 3,000 unaccompanied children over from Europe, for instance, we should be mindful that, although we usually talk about Syrian refugees, about half of the unaccompanied children in Europe are Eritrean, and many others are from Afghanistan and Albania, although there will be some Syrian children among them. We need to be conscious that those who are calling for more children to be brought here are calling for children of many nationalities to be helped. That would be one decision, and a different decision from choosing, for instance, to focus our efforts on helping children who are fleeing Syria. I am not saying that the children from other countries do not need help; any unaccompanied child needs some help. I am just saying that there is a decision to be made.

Heidi Allen (South Cambridgeshire) (Con): My hon. Friend has, in fact, just answered the question that I was going to ask. Does it make children any less vulnerable or at risk that they are from a country other than Syria? However, she just answered that question, for which I thank her.

Helen Whately: Indeed I did, but I very much appreciate my hon. Friend's point and thank her for it.

My second point, which is very much in keeping with the tone and focus of this debate, is the importance of doing a really good job by those who come here. The worst thing is to raise hopes among young people—in fact, it is even worse to encourage them to come here—and then to let them down and not do a good job. Having talked to organisations that are active in Kent in looking after unaccompanied asylum-seeking children, I know that it is difficult to do a good job. Children need an enormous amount of help, and they really need foster homes; they need to be placed in a family environment, and to be given health, mental health, schooling and all of that.

The particular challenge that we have in Kent is that foster homes are full. We have around 800 unaccompanied asylum-seeking children who are under 18 and around 400 to 500 care leavers, so we have a huge number of children to look after. We need a national drive to find more foster homes, to ensure that children who come here can be looked after and British children who need foster homes can also be found places in foster homes. There is a limited supply of such homes.

I think that my hon. Friend the Member for Enfield, Southgate said that 10,000 foster homes were available through the Homes for Good charity. That sounds like a fantastic supply and there needs to be some way of matching the demand with what appears to be the supply; I hope that the Minister can pick up on that point.

Finally, we need a plan for what happens when these children reach 18, and for care leavers. In Kent, we welcome the extra funding that the Government have provided for under-18s, which has made it more feasible

to look after under-18s, but there is a question about care leavers, as they still need extra help, which requires extra money.

The most important thing is that when we bring unaccompanied children here, we do a good job. We must not raise hopes and then dash them; we must do a very good job by those children, so that they have a really good start in life.

Several hon. Members *rose*—

Valerie Vaz (in the Chair): If Members take about five minutes, not everyone will get in.

10.9 am

Gavin Robinson (Belfast East) (DUP): I am pleased to follow the hon. Member for Faversham and Mid Kent (*Helen Whately*) because her points about emotion and about our fostering and adoptive care provision are crucial to the debate. Those points need to be focused on, not just by us in the debate but by the Minister, and I hope that he will use the debate and the contributions offered to formulate his policies and plans—I say this with the greatest respect—before Monday. If we are removing emotion from the debate, Parliament should not cajole the Government. If on Monday a vote went against the Government, and Parliament cajoled them into a position that they were either unprepared for or unwilling to engage in, it would be a disaster for unaccompanied children.

I will focus a tad on emotion. I recall that back in the summer I felt that the Government's position was callous and heartless, and that it lacked the compassion of which we, as a country, should be proud. That was my emotional position at that time and I now accept that it was wrong. It was misplaced. It would have been wrong to resettle vulnerable people in this country without provisions such as homes, schools and GPs. Those things give them the best chance to assimilate, and so too with young unaccompanied children. It would be no justice to those who need the support, help and friendship of this country to bring them here without adequate support mechanisms in place. I hope, therefore, that the Government will take the opportunity not only to formulate their plans but to seek and receive the endorsement of Save the Children and the United Nations High Commissioner for Refugees, so that we know that what we do has both the helping hand and the endorsement of organisations and NGOs that respect what this country is doing and recognise the contribution that we can make.

We have a proud history in this country, and the important point that the hon. Member for Faversham and Mid Kent made is that when we consider today those many thousands of young people elsewhere who need our help it would be remiss of us if we did not also consider those in this country. If we could encourage more families to come forward as prospective adopters or foster carers, that would be a wonderful achievement for us, as a nation. If you take the Scotland and England figures together, there are more than 7,000 children in care homes so the idea that we would bring others to add to their number—and in many cases, their plight—is not something I can support. In building that support and that help, and in opening up the opportunity, I hope that this discussion can be of benefit not only for

those seeking to come to a country of safety and sanctuary but for those who currently live without the true love and support of a family in this country.

I will conclude now, Ms Vaz, to give you some extra time for others. I look forward to hearing from the Minister, not just in his response to the debate but over the coming days and, with any luck, in advance of Monday, about just how best we can get a scheme that we can be proud of and that does justice to those who so much need it.

Valerie Vaz (in the Chair): Thank you, Mr Robinson. That was excellent, and perhaps other Members could follow the example.

10.13 am

Fiona Mactaggart (Slough) (Lab): I congratulate the hon. Member for Enfield, Southgate (Mr Burrowes) on securing the important debate. When he started his speech he made some cracks about needing a long-term plan, and I want to talk about time, because one of the problems with the immigration system is that it does not recognise how important timeliness is in a child's life. A week, a month or a year in a child's life, in comparison with an adult's, is an enormous amount of time. One of the problems is the lack of timely intervention and support for vulnerable children, in France and also when they are in the UK.

In the case of ZAT et ors in the immigration tribunal, the judgment said:

“Insufficient and inappropriate reception conditions for unaccompanied asylum seeking children”—

in France—

“were considered to impair their effective access to the asylum procedure”.

We also learned that the children in that case were not eligible for legal aid, and that there was an endlessly bureaucratic process for their cases even to begin. I hear about Home Office officials being sent to France to help sort out those things but I do not see the speeding up of individual applications as a result, so that is the first step we should take.

The second step is trying to help local authorities that are acting on the issue. A number of Members have spoken about the situation in Kent. I attended a presentation by Philip Segurola from Kent and, strikingly, in September last year, instead of the usual 20 or so individual unaccompanied children more than 200 arrived there in a single month. We need to support local authorities better to support unaccompanied asylum-seeking children.

Beyond that, we know that child advocates work—the mixed results claim about the advocacy trial is spin. The independent University of Bedfordshire analysis of the outcomes of the trial was overwhelmingly positive. It showed that children experienced someone being on their side. That is the most essential thing. With overburdened social workers, children do not have an experience of anyone being on their side in the labyrinthine bureaucracy of asylum seeking, and it is urgent that we ensure that every child at risk of trafficking or who has been trafficked, and also asylum-seeking children, get access to an advocate who can be on their side. Although it is true that some of those children went missing, in almost every case in the trial it was before they were allocated an advocate. A number of the case studies in

the Bedfordshire report showed that it was the child advocate who found a child who had gone missing. That is the second area where we need to act urgently.

Thirdly, we need to change a procedure that has existed for decades. When a child applies for asylum, the Home Office does nothing—it does not take action; it does not investigate the claim; it waits until just before the child's 18th birthday to take any action in relation to the claim. The process was described by the Home Affairs Committee as serving

“administrative convenience more than the best interests of children”, and that is right.

I understand that it is difficult for a child to make a compelling case for asylum, but the state has a responsibility, at an early stage, to investigate the nature of the claim because three, four or five years later it is difficult to be able to support such a child. We are in a situation where children are failing to be supported in Europe, all over the place. In Lesbos they are being fed by sandwiches being thrown over a fence. That is unacceptable, and we should not be part of it.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): My right hon. Friend makes an important point about not knowing the full situation and about a number of children disappearing. In light of that, I have put parliamentary questions to the Minister about the number of take charge requests that have come to the British Government and I have been told that they cannot provide that information. It really troubles me that we do not have the information on which to even make the decisions. Does my right hon. Friend agree that that is a huge problem? How can the Government reassure us if they do not even have the facts?

Fiona Mactaggart: Indeed, and it is not only the UK that does not have the facts; strikingly, many Administrations all over Europe, including in countries we admire for being bureaucratically effective, such as Germany, do not have the statistics. We really are not looking after children. The state is the parent in those circumstances and, frankly, we are the kind of parent who, if we were a human being, should be facing court for failure to adequately parent. That is not acceptable, and action is needed urgently.

10.19 am

Kirsty Blackman (Aberdeen North) (SNP): I thank the hon. Member for Enfield, Southgate (Mr Burrowes) for bringing this important debate to Parliament, and I thank you, Ms Vaz, for chairing this debate. I hope I can get through my speech very quickly.

I will talk about the experience of refugee children who do not have parents to care for them, but first I want to talk about the situation with unaccompanied children who are given the opportunity to come to the UK and the Government's record on that. To be clear, I am referring to Governments of all colours; I am not in any way making a party political point. The Government have pledged to do more, and I am glad, because their record up to now has been pretty abysmal. When unaccompanied children come to the UK, they are placed in local authority care. Local authorities and communities do their best to care for them, but as soon as they turn 18 the situation changes drastically: they

[Kirsty Blackman]

can apply for naturalisation, and too many are turned away. The only place they have ever found safety and comfort turns them away.

We give these children a home and a family. They make friends and learn English. Then, when they turn 18, we send them back to the war zone they came from. Between 2008 and 2012, we sent nearly 2,000 children back to Afghanistan. In the same period, we sent 345 children back to Iraq and at least 22 back to the Democratic Republic of the Congo. In 2009 and 2010, we sent back children who were stateless. I do not even know how that works. They were stateless. No state was accepting responsibility for those children, and we sent them out of our country. A bairn who comes to our country as an unaccompanied minor and has no rights anywhere else is refused the right to stay after they turn 18. That is inhumane.

Things must change, and I am therefore pleased that we are having this debate today. The Scottish National party is calling for the UK Government to ensure that all separated children are allocated an independent legal guardian. I am glad that that point was made earlier. It is important that the kids have a voice and someone able to fight their side and navigate our incredibly complicated immigration system. We would like the UK Government to backtrack on the provisions in the Immigration Bill that discriminate against former looked-after children.

I will now turn my attention to the circumstances that displaced children and young people find themselves in throughout Europe, the middle east and other parts of the world. The other night, my four-year-old woke up having had a nightmare. I went in and gave him a hug and he went back to sleep. He had all his favourite toys around him. He had his own pyjamas on and was in his own bed. He knew that his mum and dad were just along the corridor, able to come in and give him the comfort and support he needed. The horror and terror that unaccompanied children must experience is unimaginable. Refugee children are waking from their nightmares and finding that real life is worse. Every day, every hour, displaced children are hoping and praying for comfort and safety. How can we, when we have the means to help them, justify leaving them in that situation?

I went to visit Kittybrewster primary school recently and the children there were talking to me about refugees. They were concerned for refugee children. They are passionate young people, and they grilled me at length about why the Government were not doing more to help children who are like them, but who are alone in a foreign country. They wanted to know what I was doing to help. They wanted to know what Members and the Government were doing to help. They wanted to know how dropping bombs on people in Syria would help to improve the lives of the many thousands of children who find themselves homeless and alone as a result of conflict.

Why, when we have more than enough, are we do not doing more to help those who have nothing? The Government have not been flexible enough. I do not think we should be removing emotion from the debate. We should be thinking about these children as young human beings whom we have a responsibility to help. We need to be doing everything we can to take action

now. We should be helping people with compassion and humanity and not simply considering these youngsters as numbers.

10.24 am

Jo Churchill (Bury St Edmunds) (Con): I add my voice to those who have congratulated my hon. Friend the Member for Enfield, Southgate (Mr Burrowes) on securing this debate. I will not talk about giving children a voice, because that has already been covered, as has supporting local government, which is hugely important, particularly in ensuring that no one area is overburdened at the expense of others.

When I visited Lesbos, an island that is not on the news most days, my first impressions were shocking in their tranquillity. It looked like any other Greek fishing village waiting for the summer trade to begin, but that belied what lay away from the port. The first camp was a functioning United Nations High Commissioner for Refugees camp. There were huts, and people had few possessions—only what they could carry. Charities such as Save the Children were doing a sterling job, providing safe places for families and vulnerable children. The play scheme, like any play scheme, was noisy and messy.

I want to address two issues, predominantly: timeliness, to which the right hon. Member for Slough (Fiona Mactaggart) alluded, and procedural appropriateness. The second camp was less ordered. Infrastructure was sparse and the detention centre housed vulnerable children. The barbed wire looked less than comforting. It is practically impossible to monitor where a child is. Children travelling on their own are vulnerable at every stage, as we have heard repeatedly. The lack of safe routes once they have arrived in Europe is appalling and frightening—think of travelling up through Albania and the like. To protect a child, we need to know where they are.

I was struck by two things: the size of the problem and the inadequacy of the provision. Do not get me wrong; the Greek population are doing a staggeringly good job. They did not ask for their islands to be the front door to more than 856,000 refugees in 2015. Lesbos is the same size as one of our constituencies in population. Refugees do not have many choices of where to go, and the situation will not change any time soon, so we need to step up and assist. The island administration struggles to cope with the high volume. It has poor facilities and a lack of expertise. The hotspot we saw in January was a digger and a bloke. That is not much of a hotspot. The Greeks and other possible first points of arrival need practical help with expertise from a broad base of countries. The Greeks' ability to cope is affected by the prefecture system of governance, a challenging economy and a lack of procedural competence, although all that is offset by the most enormous humanitarian response of basic decency and kindness by the people of the island and the country. Countries at the sharp end do not need fine words; we need to ask them how we can help. Vulnerable children need particular help.

Caroline Ansell (Eastbourne) (Con): I shared that experience with my hon. Friend, and I also saw the scale of the issue and the paucity of the response. There has been a rallying cry today around time, the right thing and the long term. My hon. Friend the Member for Enfield, Southgate (Mr Burrowes) spoke powerfully about the exploitation and destitution of unaccompanied

minors in our midst, especially that experienced by those who have come by irregular ways and means. Does my hon. Friend the Member for Bury St Edmunds (Jo Churchill) agree that the right thing to do is, as she has outlined, to find a new gear in the process of identifying children and young people in Calais and likewise in Lesbos so that they can be reunited swiftly with their family? We also need to extend our work with vulnerable unaccompanied children in the region so that they do not make this perilous journey and risk an uncertain future.

Jo Churchill: I could not agree more. We have to ensure that we are not a magnet. The trade is absolutely immoral. We need to ensure that handling procedures for all vulnerable people are speedy and timely. We need biometric machinery so that people are registered where they arrive. Vulnerable children have no one to ensure that they are looked after on this journey. An increasing concern is that money given to Frontex is not being spent correctly. Improved monitoring is a must.

Young single people are at particular risk on all parts of their journey. As my hon. Friend the Member for Maidstone and The Weald (Mrs Grant) said, they continue to be vulnerable once they are here, and we have a duty from the time they set sail. Taking people from camps in north Africa and Syria helps to show that assistance is there. A friend whose family comes from Lesbos said:

“It is not like an earthquake over in minutes. This is never-ending, like living on a motorway with daily car crashes. Some of the islanders can’t sleep and see boats when they are not there.”

The Greek people are tired, but I worry about having debates on numbers when we do not know the extent of the issue, when processing is not being done properly and when facts are scarce. Those things are critical. The amendment this week talks of 3,000 children, but as a mother, I have to ask: what about the 3,001st? Understanding situations properly is the key to sorting them, and we must ensure that councils are helped to provide the right support. Processing people quickly and decently is imperative, which brings me to the “jungle”. As my hon. Friend the Member for Eastbourne (Caroline Ansell) said, we need to do the same here. Keeping people in squalor is no deterrent; it merely dehumanises. The French authorities need to speed up decision making, ensuring that reunification of family members happens swiftly, if appropriate. To do the right thing should be possible in Europe.

It is being recognised that we in this country are making decisions more swiftly. That is to be welcomed, but I, like many other Members here, want to see more. In the coming days, I look forward to the Minister, who has met with us on many occasions, meeting Save the Children. It can provide up-to-date local information, but I want to know what more we can do in practice to assist the processing, both in technical and influential terms. I want to make sure that vulnerable people get the help they acutely require. We have heard fine words today; please let us see some action.

Valerie Vaz (in the Chair): We have five minutes left for the last two speakers.

10.30 am

Angela Crawley (Lanark and Hamilton East) (SNP): It is a pleasure to serve under your chairmanship, Ms Vaz. I thank the hon. Member for Enfield, Southgate

(Mr Burrowes) for securing this important debate. Given the dramatic rise in the number of children travelling through Europe in recent years, it is impossible to remove emotion from the debate. Too often, too many children are left unaccounted for and unrecognised in a system that focuses on bureaucracy, timing and filling in forms, and fails to remember that these are children and they are our responsibility. As a result of the ongoing crisis in Syria—sadly, in no way unique or the first of its kind—too many children are facing perilous journeys. Last month, while I was in Calais, I spoke to volunteers from Help Refugees. Both Annie and Maddie spoke of the utterly horrifying fact that too many children aged as young as nine are climbing into trucks, trying to get to the border and being sent back. One child, Hasan, had taken 15 perilous journeys. He had attempted to cross the border and been sent back. However, today he will reach the UK and he will be reunited with his family. That is a good story, but that is only one good story in the face of so many stories of children who may or may not make it.

I spoke to a mother who had put her two young children aged two and seven on the back of a truck in the hope that they would make it to the UK. I do not know whether they did. She will never know where those children are. This is the emotion of the debate and the reality. We do not know where those children are and that is the reality that we must face.

Save the Children, living up to its name, has put pressure on the Government to resettle the 3,000 unaccompanied children already in Europe. That is a responsibility that we in the UK must take seriously, and we must step up to the plate. However, as the hon. Member for Bury St Edmunds (Jo Churchill) said, in order to protect children we need to know where they are. That is vital. If I drive one point home in this debate, it is that there are too many children whose whereabouts we do not know; we do not know where they are going and we do not know where they will end up. That is not good enough.

The standard of care that we know they will receive when they get to the UK will be exceptional. It will be top class and delivered by some of the best local authorities across the UK in Scotland, England, Wales and elsewhere. Funding local government to deliver the services is absolutely vital. The stark reality is that three times more teenagers are deported than the Home Office previously admitted, which highlights that this bureaucratic process is still penalising people and creating an arbitrary line in the sand between what is a child and what is not a child. This is not good enough.

I will leave this point with the Government. I echo the sentiments of timeliness and the need to protect. The Government are failing children. We can always do more, so let us step up to the plate and do that.

10.34 am

Heidi Allen (South Cambridgeshire) (Con): I will be as fast as I can, Madam Chair.

Valerie Vaz (in the Chair): You have one minute.

Heidi Allen: Our ability to save the lives of children is immediate, doable and incumbent on us as members of the human race. In the past two months, I have visited

[Heidi Allen]

Lesbos and Calais. Given the world's attention on these unprecedented levels of migration, I was astounded to find a lack of coherent asylum processing and support for the most vulnerable refugees—children. In Lesbos, aid workers told of the promise of hotspots and resources to identify and process migrants, but we saw little more than organised chaos. Children identified as unaccompanied were held for their safety in a disused jail—welcome to Europe. So it was not altogether surprising that many sought to avoid that fate by ducking through the net of the authorities, but at least there was some kind of system. If I thought that was bad, nothing could have prepared me for what I saw—or did not see—in Calais. There was no asylum processing and no sign saying, “This way to safety.” Neither were there signs saying, “This way to avoid prostitution, trafficking and abuse.” The camp is eerily quiet until late morning because during the night, everyone, children included, is trying to board anything with wheels.

We met a young boy from Syria called Karim. He was desperate for human contact and hugged us and smiled sheepishly. He disappeared days after our visit. After the jungle was semi-demolished, a census carried out by self-appointed good British people, Help Refugees and Citizens UK, discovered that 129 children had gone missing. Karim did turn up a week or so later in Kent, thank God. However, he should not have had to make such a journey of danger and desperation.

In January, the Government said that they would work with the UNHCR to resettle unaccompanied children and with charities to assist and protect the children in transit across Europe. I do not doubt the herculean efforts of the Government in the region, but in Europe we must do more.

I have one final thought. I travelled home from Calais on a train with three young boys from Syria, the first to be resettled in the new reunification process. There should have been four, but there was no room in the car to the station for four children, so one was sent back to the “jungle” for one more month until the next car came along.

When the great British public are feeding and safeguarding the refugee children of Calais, I am filled with immense pride, but also embarrassment that they are having to do that work. If the British people are there, so should the Government be there. It is not France's problem. Our compassion, Dunkirk spirit and geographical proximity have made it our problem, too, so I urge the Minister to do everything in his power to find those children before it is too late and bring them home for good.

10.36 am

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): I congratulate the hon. Member for Enfield, Southgate (Mr Burrowes) on securing this debate, on his commitment to the issue and on opening with an excellent speech. The debate has continued in that fashion, with a series of powerful, thought-provoking and wide-ranging speeches setting out the huge scale of the humanitarian challenge that the crisis poses and the action that is necessary to support unaccompanied children who have fled their home countries as a result.

What has underpinned the speeches is a belief that those children should be treated as children. We should provide for them as we would want and reasonably expect our own children to be provided for were they to be in the same situation, arriving alone in a strange new country. It is hardly a radical idea, yet in so many respects Governments across the EU have failed to take that approach. Looking from the outside, too often it seems it is not the best interests of the child that informs policy but perceived national interests in closed borders and fencing, and Government targets and party politics.

It would be impossible for me to cover in the short time available the full range of the debate in any detail, so I will make a few short, sharp points in a handful of different policy areas, echoing some of the arguments and concerns that Members have raised. The main focus of the debate has of course been on providing durable solutions. I agree with hon. Members who have said that it is time for the Government to think again about the nature of the leave that is provided to unaccompanied children, particularly in the form of UASC leave.

We could argue all day about how safe it is to return an 18-year-old lad to Afghanistan, for example. For the record, I agree absolutely with my hon. Friend the Member for Aberdeen North (Kirsty Blackman) that such a practice is reprehensible. Even putting that to one side, what we say will happen to someone when they turn 18 has an immediate impact on a child facing up to that threat in the here and now. Dangling what amounts to a sword of Damocles over an unaccompanied child is plain cruel, creating uncertainty and anxiety and stoking fear. It is not in any child's best interests and not what we would hope or expect for our own children. It is far short of the long-term plan of support that various Members highlighted.

Ultimately, those who are granted UASC leave are granted it on the basis that there are inadequate reception arrangements in their country of origin—in other words, they would face destitution, discrimination, homelessness and lack of access to medical treatment if returned home. Although that does not mean they will get protection under the refugee convention, it surely merits something of an equivalent nature. There is a strong case for saying that no child should have to leave immediately on reaching adulthood. Furthermore, there is a powerful argument that in many cases we should be prepared to say that these kids, whose rights under the conventions would be breached if they were immediately removed, should be offered permanent settlement immediately.

I ask the Government to think again about the effect of the Immigration Bill, which we will be considering again next Monday. They should think particularly about the proposals to remove the ability of local authority social work departments to provide support to unaccompanied kids up to the age of 21. The Bill would remove that support at the age of 18, a change that is opposed by a host of Members, the British Association of Social Workers and others.

I support Members' calls for the roll-out of guardianship and advocate schemes throughout England and Wales. In Scotland, a successful pilot showed that guardianship schemes can be crucial in helping unaccompanied children and young people to be heard and to realise their individual potential. Northern Ireland and several other

countries throughout Europe have similar schemes. I urge the Government to roll out the scheme to unaccompanied children in England and Wales.

I back what the hon. Member for Brighton, Pavilion (Caroline Lucas) said about family reunion. It is plain wrong that unaccompanied children cannot apply as sponsors for their parents or carers. Such a failure to provide for reunion is a clear breach of children's best interests.

Members touched briefly on legal aid in their speeches. Will the Government revisit some of the previous Justice Secretary's reforms so that more than 2,500 unaccompanied children will no longer have to try to act as their own solicitors? Legal aid should be available for non-asylum immigration and family reunion cases. Such matters are not straightforward. As a solicitor in Scotland I was able to assist with such applications, with recompense from the Scottish Legal Aid Board in the form of advice and assistance funding. I know that was welcome, and it was clearly justified.

I echo the comments that my hon. Friend the Member for Lanark and Hamilton East (Angela Crawley) made about Calais, where a significant number of unaccompanied children are living in what are essentially shanty towns. A significant number of those children have strong connections to the United Kingdom. Charities have estimated that there are more than 150 unaccompanied children at Calais who they believe would be able to come to the United Kingdom using take charge requests. As the right hon. Member for Slough (Fiona Mactaggart) said, the tribunal judgment was that the system in France is working at barely a snail's pace.

As I understand it, the United Nations High Commissioner for Refugees has made an offer to the Home Office to provide support, including through the distribution of an information leaflet; technical comments and suggestions on the implementation of the Dublin regulations; assisting persons of concern, particularly unaccompanied minors, with the identification of relatives in France; supporting the family links evidence gathering process; and a referral or signposting mechanism for individual cases. For the life of me I cannot understand why the Government would not accept that offer. I hope we hear from the Minister that they are going to do so.

We could have a whole separate debate on the situation across Europe, but I shall leave that for another day as time is running short. In all the policy areas I have mentioned, we need to rethink our approach as a country. I hope that the Government will listen to what Members have said.

10.43 am

Sarah Champion (Rotherham) (Lab): It is a pleasure to serve under your chairmanship, Ms Vaz. I thank the hon. Member for Enfield, Southgate (Mr Burrowes) for securing such a timely and appropriate debate. I also thank him because whenever I hear him in Committees or the Chamber, he is always moderate and thoughtful and really has the best interests of the most vulnerable people in his heart.

Nobody who has heard today's speeches can be in any doubt about the level of concern Members have about the growing number of unaccompanied children in Europe, or their frustration at the Government's

response. The debate is timely as it comes just a week before the House will have the chance to consider an amendment to the Immigration Bill that would require the Government to relocate and support 3,000 unaccompanied refugee children from across Europe. I thank my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) for pushing that issue for a long time.

The amendment is small but significant, with the potential to provide safety and stability to children for whom conflicts in their home countries are far beyond their comprehension, let alone their control. As Members will know, the amendment was tabled by my colleague Lord Dubs, himself a refugee who arrived in Britain in 1939 as one of almost 10,000 Jewish children saved by the Kindertransport. The quote from 1938 that the right hon. Member for Carshalton and Wallington (Tom Brake) read out was therefore particularly pertinent.

Lord Dubs' amendment passed in the Lords by more than 100 votes and has the support of a wide range of charities and campaign groups. It will have the support of Labour Members in the Commons next week, and I implore all Members of all parties to support it. I do not pretend that the amendment will solve the growing problem on its own. The number of unaccompanied children who are now making such treacherous journeys to Europe is an incredibly serious and complex issue. Indeed, as the hon. Member for Enfield, Southgate said, two more children died making the journey last night.

In February this year, children accounted for more than a third of all refugees and migrants in Europe, compared with one in 10 in June 2015. Beyond the refugee crisis, 982 of the 3,266 people identified as potential victims of trafficking in the UK last year were children, who are vulnerable to unimaginable exploitation and violence. As with so many other challenges we face, our response to unaccompanied children in Europe, whether they are here as refugees or as the victims of traffickers, will require an EU-wide solution and EU countries working together to address a problem that cuts across borders.

I echo the points made by the hon. Member for South Cambridgeshire (Heidi Allen). There needs to be an improved framework to support migrant children in Europe and reduce the risks of them falling into the hands of traffickers or suffering sexual exploitation and violence. Recent reports by UNICEF and the Children's Society have emphasised the urgency of finding a more durable solution, and I hope that the Minister will reflect on that in his response.

The United Nations High Commissioner for Refugees and Save the Children estimate that there are currently 24,000 unaccompanied refugee children in Europe, so we believe that 3,000 would be a reasonable figure for the UK to take at this stage. That would be in addition to the number already being taken under the vulnerable persons relocation scheme, a scheme that we fully support but that does not allow the resettlement of vulnerable refugees who have already reached Europe. Given the sheer scale and immediacy of the problem of unaccompanied refugee children in Europe, we believe that the amendment is fair and realistic.

Now for some asks. The Minister has stated that he is sorting out the issues relating to the Dublin III resolution, but so far he has not told us about the facts. Will he do

[Sarah Champion]

so today? Does he agree with the UNHCR, Save the Children and countless other bodies on that matter? If he does not, what alternative proposal do the Government have in mind? If the Minister can introduce some constructive proposals today, we would like to hear them, because of course we have a vote in a week. My right hon. Friend the Member for Slough (Fiona Mactaggart) was right to bring up the issues relating to the support given to local authorities. Will the Minister update us on the support that the Government are making available for local authorities that are resettling unaccompanied child refugees? For how long will such funding and support be continued?

I am sure the Minister will appreciate that it is not enough to simply allow children to find sanctuary in this country; we must afford them the security and safety that we would expect for our own children. Yet in April 2013, the Government implemented changes to the legal aid system that mean that separated or unaccompanied migrant children are no longer able to get free advice and representation for their immigration cases. However, just yesterday the Supreme Court ruled that the former Lord Chancellor acted *ultra vires* when he made changes to the Legal Aid, Sentencing and Punishment of Offenders Act 2012 using secondary legislation.

The cases that were affected by the changes to the 2012 Act primarily involved children who have non-asylum immigration claims. Their claims are often about their right to a family and private life, and the children have often grown up in the UK in foster homes and have no lasting connections to their country of origin. Cases include those of lone children making citizenship applications; child trafficking victims; children involved in international adoption processes; and children who have been abandoned or estranged from their care-givers.

The restriction in legal aid means that some of the most vulnerable children are left without clarity as to their immigration status as they turn 18, which affects their access to housing, education and employment. I thank the hon. Member for East Worthing and Shoreham (Tim Loughton) for making that point more completely. Without legal aid, the children affected no longer have independent access to legal professionals who can help establish their immigration status and advise them on their options to find a permanent solution. They are at increased risk of removal to countries to which they have little, if any, connection. Worse still, children desperate to resolve their legal issues are faced with the intense risk of being exploited through unregulated labour, or of being sexually exploited or groomed by criminal networks, because of the need to raise the funds to pay for their legal fees. Can the Minister tell us that he will look into reinstating legal aid for all separated children for their immigration cases?

Although the debate is timely, it is also depressingly familiar. For a number of years Labour has been calling on the Government to do more to help vulnerable refugees fleeing violence, abuse and oppression, but at every stage they have been reluctant to do so. They must recognise and respond to public and parliamentary pressure and support unaccompanied children in Europe. Children are vulnerable to the most horrifying exploitation and abuse. I end where the hon. Member for Enfield,

Southgate began: the Government must offer these children not just a temporary safe haven but a lasting solution, and the opportunity to make the UK their safe and secure childhood home.

10.49 am

The Minister for Immigration (James Brokenshire): This debate has been marked by passionate and compassionate contributions. The Members who contributed did so with a genuine desire to inform the debate, based on their own experiences. Many of them have travelled out to areas affected by the migration crisis and to the refugee camps. This has therefore been a very well informed debate, and the Government will continue to reflect on the points made by hon. Members on both sides of the House, who always speak with a genuine desire to make a difference on these extraordinarily difficult issues. The Government must act appropriately to make the biggest difference that we can on the challenging issue of vulnerable children who have been affected by conflict and are fleeing persecution.

I congratulate my hon. Friend the Member for Enfield, Southgate (Mr Burrowes) not just on securing the debate but on his continued focus on these issues. I very much appreciate the conversations we have had over many months—indeed, over many years—on these themes. He focused principally on what happens in the UK, an issue that he feels keenly, although many contributors strayed more widely. We will continue to reflect on the points that he and others made this morning.

In the time available, I will struggle to do justice to this very good debate, but I will address a number of the points that have been made. I echo a comment made by my hon. Friend the Member for Plymouth, Moor View (Johnny Mercer): it is right that we have a sense of compassion, but we have to act with head and heart to do the right thing in an extraordinarily difficult situation. It is worth reflecting on the fact that up to 90% of asylum seekers pay a criminal gang to reach Europe. We therefore have to be careful not to do anything to encourage vulnerable individuals to put their lives in the hands of criminals seeking to exploit migrants for profit. I know that things can get twisted in their presentation, but none of us wants more children being exploited or losing their lives after being pushed out to sea in the Mediterranean. We must prevent that appalling tragedy.

The UK has a long and proud history of offering sanctuary to those who genuinely need it, including children. The Government take our responsibility for the welfare of children seriously. The crisis in Syria and events in the middle east, north Africa and beyond have led to an unprecedented number of migrants and asylum seekers, including children and families, arriving in Europe. Some of those children have been separated from their families and, as we have heard, have gone on to reach the UK via northern France. It is absolutely right that Britain fulfils its moral duty to help refugees. The Government take our responsibility on asylum cases involving children very seriously.

As we have heard, last year there was a 56% increase in the number of unaccompanied children arriving in the UK, which placed significant pressure on some local authority children's services. It is important to understand that nearly two thirds of those children are aged 16 or 17 upon arrival.

From the points that have been made, I know that Members are aware of the pressure faced by Kent County Council, which is currently caring for nearly 900 unaccompanied children, 300 of whom have had to be placed in other local authority areas. I have previously put on the record my gratitude for the way in which Kent and other local authorities such as Croydon responded to the pressures, but I have also been clear that a national response is needed to ensure that all unaccompanied asylum-seeking children get the support they need and are appropriately safeguarded. The current situation is not in the best interests of either the children or those councils. That is why a voluntary transfer scheme was put in place last summer, and additional funding has been made available to local authorities that take on the legal responsibility from Kent County Council for caring for unaccompanied asylum-seeking children.

However, it is clear that we need to go further to promote a fair and equitable distribution of cases across the country in a way that protects the best interests of those children. Government officials continue to work with the Local Government Association, the Association of Directors of Children's Services, the devolved Administrations, local government organisations and a range of charities and non-governmental organisations to put in place a longer-term, more sustainable transfer scheme that will assist not only Kent but other local authorities caring for high numbers of unaccompanied children.

I believe that a regional approach to the transfer of unaccompanied asylum-seeking children is the best way to support local authorities, which are legally responsible for caring for those children, but that will work only if local authorities are funded appropriately. I know that that is a concern for many. The Home Office provides funding for the care of UASCs, and last week I confirmed that all existing rates, including the rate offered to local authorities willing to accept the transfer of unaccompanied children from Kent—as outlined in the joint letter from the Home Secretary, the Education Secretary and the Communities and Local Government Secretary last November—will continue until a new transfer scheme is introduced. I hope that local authorities will support the transfer scheme and that it will remain voluntary. However, we are keen to avoid a repeat of the situation in Kent last summer, which is why we included provisions in the new Immigration Bill to underpin the voluntary transfer scheme, and, if necessary, to enforce it.

Comments have been made about advocacy services. All unaccompanied asylum-seeking children are entitled to legal aid throughout their asylum application. It is right that they are supported throughout their application. I am aware that there have been some instances in which children have been unable to access advocacy services in a timely manner, which has been particularly problematic in areas with a high concentration of unaccompanied asylum-seeking children. My officials continue to work with the Legal Aid Agency to ensure that such problems are resolved as quickly as possible to progress cases in a timely manner. It is imperative that unaccompanied

asylum-seeking children have access to legal advice as soon as possible. Equally, I am working closely with my colleagues in the Department for Education on the issue of fostering.

On the issue of independent child trafficking advocates, the Government are committed to supporting trafficked children. When children are found to have been trafficked, their safety and welfare must be addressed as a priority. In January 2014, the Government announced proposals to trial specialist independent advocates for trafficked children. That trial formally ended on 8 September 2015, and the Government report on the child trafficking advocates scheme was published on 17 December 2015. We are continuing to engage with parliamentarians and stakeholders to determine how best to support trafficked children, and we are considering the use of independent child trafficking advocates. We will update Parliament in due course, but I recognise some of the benefits to supporting children that were highlighted.

It is not true that the Home Office does nothing in relation to asylum places before the age of 17 and a half. The Home Office works with the Refugee Council to ensure that children can access legal support, and each child is given a statement of evidence to help prepare their case. The Home Office decides straightforward cases within six months.

Hon. Members touched on a number of other issues, but I want to talk about the call for the Government to take more action on issue of resettlement. I intend to follow through on the statement that I made at the end of January, and I will make a clearer statement to Parliament in the coming days. I recognise the call for the Government to take more action. The UK has been working with the United Nations High Commissioner for Refugees on this issue, and we will do more. I acknowledge the call for more information. I am not able to give it this morning, but the Government intend to reflect carefully on the advice we received from the UNHCR, and we will come forward with more information in due course.

I am conscious that we are rapidly running out of time, and I apologise to my hon. Friend the Member for Enfield, Southgate for the fact that I have not left him much for his right of reply, but I have sought to reflect on the issues raised. If I have further thoughts to give, I will write to him. I very much welcome today's debate, which has helped to inform this very important issue.

10.59 am

Mr Burrows: I welcome the fact that 27 hon. Members have been involved in considering this motion about unaccompanied refugee children. Over the coming days, ahead of Monday, we look forward to the Minister's response to show the length, depth and breadth of our compassion for the most vulnerable unaccompanied children.

Motion lapsed (Standing Order No. 10(6)).

M6 Toll Road

11 am

Julian Knight (Solihull) (Con): I beg to move,

That this House has considered usage of the M6 toll road.

It is a great pleasure to serve once again under your chairmanship, Ms Vaz.

On 4 February, a day that will live in infamy for west midlands motorists, the M6 motorway was paralysed for more than 24 hours. Drivers looked for alternative routes, which meant significant knock-on effects on nearby roads such as the M42. The only road that was not heavily congested was the M6 toll.

Our country's only toll motorway was originally designed as the Birmingham relief road, but it brings no relief, so it does not serve the function for which it was originally intended. High prices have driven ordinary motorists from the road, creating a rich person's motorway, which is underutilised even in normal, everyday conditions.

During times of crisis, when we need a relief road the most, the contingency plans in place might have been deliberately designed to never be used. To open the toll to general traffic costs £300,000, an astonishing sum that represents, at best, a generous estimate of the cost of a day's toll take—although the toll waiver might not even be needed for a full day, but just for a few short hours. Worse, the final decision to implement the plan, dubbed Operation Freeway, rests with civil servants, who are not accountable to local residents and cannot be fairly expected to make snap decisions about such huge sums of taxpayers' money.

If the M6 toll is to serve the best interests of the west midlands and our economy, as it was built to do, we must see fundamental reform of how it operates, especially during gridlock and crises. There are several options to consider. We could move towards a system in which the toll road is free to use during periods of gridlock, with an annual fee paid to the operator to secure that service and access, rather than having a one-off, never-generated fee. Midland Expressway Limited needs its compensation, but at the moment it is in the worst of all worlds: it never gets the money anyway, because it is never triggered. Alternatively, an annual fee could purchase an allotment of days of access—five days during the year, for example. Only last night, the M6 northbound, at junction 6, I think, was again entirely gridlocked due to a spillage of diesel. In such cases, such an option could be triggered for a few short hours to bring genuine relief to the people of Birmingham.

Either way, we must vest the final authority to implement such measures in people who are properly accountable to local residents. The new West Midlands combined authority, under the excellent leadership of Councillor Bob Sleight from Solihull, is the ideal institution to make such a decision. The WMCA's leadership would be able to take a broader view of the best interests of residents and of the region than a Highways Agency official can do. For example, February's gridlock is estimated to have cost the west midlands economy an eye-watering £40 million in such things as lost days, products not reaching their intended destinations and people not being able to turn up to work.

Wendy Morton (Aldridge-Brownhills) (Con): I am grateful to my hon. Friend for securing the debate. My constituency is very close to the M6 toll and, indeed, to

the M6. Does he agree that any cost is not only financial? When the M6 is blocked, the ensuing gridlock impacts on local communities, on places such as Brownhills, which has the A5 running through it. They can be adversely affected by the extra traffic, so we need to look at ways in which to mitigate that.

Julian Knight: My hon. Friend makes a good point, as a strong advocate for her community. As I said at the start of my speech, there is the damage to arterial routes and the heavy congestion in surrounding areas, but emergency services and their access to those areas are also affected. The West Midlands police and crime commissioner is deeply concerned about what happened on 4 February, and has happened on other days. The PCC would like to see action and a fairer means by which we can gain access to the M6 toll when necessary.

It is unfair, however, to expect specialist public servants to take such considerations into account, especially at short notice. That is precisely why they are not the right people to be making those decisions.

We should also consider lowering the day-to-day cost of the M6 toll. When it opened in 2003, the standard fare for cars was only £2, compared with £5.50 today. The charge for vans has also more than doubled, from £5 to £11. The result is a very quiet road, which is an absolute pleasure to drive on for the minority prepared to pay for the privilege, but it does not serve the wider community as it should. In effect, motorists are presented with a game of chicken as they approach the turning for the M6 toll: do they take the risk? Do they go through Birmingham and all those junctions, or do they pay the money to take the M6 toll? I genuinely believe that if we lower the cost, more motorists will make the decision to take the M6 toll, and that alone will help congestion.

A report on the M6 toll was done for Alistair Darling, then the Secretary of State for Transport, soon after the road was opened. It concluded that the road was bringing relief and helping to decrease traffic in the M6 area. According to later reports, however, since the escalation in toll prices, relief has not taken place; a lot of the good work that was done has now been undone by the very excessive charges.

International comparisons are certainly not flattering. Depending on the time of day, the M6 toll charges a car driver between 14p and 20p per mile, compared with averages of 9.6p per mile in France, 8p in Italy and Spain, and only 6p in the world's largest economy, the United States. It is no coincidence that those countries have a broad network of toll roads, whereas Britain has never built a second. If the operator is interested in the long-term future of road charging in this country, it is in its interests to work with us to make the M6 toll more accessible and attractive to motorists. That could even have an immediate benefit—an increase in traffic—which would be good news for Roadchef's Norton Canes service station, which has always seemed quiet on the few occasions when I have stopped there.

Renewing support for the project might also allow us, once again, to take an optimistic view of the future of the M6 toll—for example, it could be extended to connect with the M54, as originally intended. Opening up the toll to more traffic will also have considerable benefits for motorists and the wider west midlands region: journey times will be cut; emissions will be reduced as congestion on the free roads is eased by the

better distribution of traffic across the system; and better road access will open up the local economy and better connect west midlands businesses to suppliers and customers around the UK. If a day's gridlock costs the local economy £40 million, the benefits of year-round smooth operation must be considerable indeed.

The system is in clear need of reform, which offers the Government a wonderful opportunity to demonstrate the strength and benefits of the devolution agenda. The new combined authority provides the ideal means to put that vital piece of regional infrastructure under democratic, accountable local control, which would not only lead to better management of the road, but be a concrete demonstration to residents of the benefits of the new arrangements and of our decentralisation agenda. Too many voters see the WMCA as just another layer of bureaucracy; they do not yet appreciate the important role it can play in promoting regional growth. If they see action on the M6 toll to ease congestion in the area, they would see a real benefit of the WMCA.

Other measures should also be considered. I have proposed elsewhere that the WMCA be given control of air passenger duty. Birmingham airport is an important employer in my constituency, and we must be allowed to maintain a level playing field for it and its counterparts in Scotland, where the First Minister has announced plans to scrap APD entirely. Control of the toll would be a positive first step. The Government have placed the northern powerhouse at the centre of their agenda, focusing on delivering greater autonomy and improved infrastructure to our cities and regions. There is now an excellent opportunity to put those principles into action in the west midlands engine. Empowering local leaders to fix the problems created by bureaucratic control and unlock the potential of our existing road network will benefit local residents and businesses, stimulate the regional economy, and make a powerful case for devolution.

I do not suggest that what I have outlined is a silver bullet and will somehow solve all congestion. I know that a lot of the traffic that goes on to the M6 gets off between junctions 6 and 8, an area not covered by the toll. However, if people are sitting in gridlock and can see a sign that says "M6 toll clear" but cannot get to it, that is a failing. I believe that the rich person's motorway is a sign of failings in the transport system in the west midlands, and that by bringing some relief to the situation we can help the devolution agenda, save money for the economy, and promote growth and jobs.

11.11 am

The Parliamentary Under-Secretary of State for Transport (Andrew Jones): It is a pleasure to serve under your chairmanship, Ms Vaz—for the first time, I think. I congratulate my hon. Friend the Member for Solihull (Julian Knight) on securing the debate.

The motion relates to the usage of the M6 toll road, so I shall begin by reflecting on how it is used. The toll road is open to all traffic, and is priced according to vehicle type. Average traffic levels have recently been rising, and have reached about 50,000 vehicles a day, which is catching up with the volume experienced before the recession.

Julian Knight: The current figures I have are about 48,000 to 50,000; the Minister is correct. However, that is still below the 72,000 a day that was originally envisaged when the toll road was built.

Andrew Jones: I entirely agree with my hon. Friend. He makes a good point, and he has made an important case today. He highlighted the cost to the west midlands economy of the terrible incident on 4 February, but what he said was also part of a wider case about how road investment opens up local economic development. My hon. Friend the Member for Aldridge-Brownhills (Wendy Morton) cited the social impact of the incident on 4 February. The two aspects of the matter are aligned. Our road network is not just an economic tool; it is how our society travels—how people reach schools, workplaces and hospital appointments, and go to see family and friends. If we have a failure in our road network we see that in all aspects of our lives.

What happened on 4 February was a terrible incident for the west midlands, and it is important to debate it. It may be helpful if I give a little information about it. On that day, the M6 between junctions 5 and 6 was closed for 24 hours following a serious traffic accident, which sadly involved a fatality. As my hon. Friend knows, the Secretary of State and I are keen to explore whether more can be done to prevent such a degree of impact on road users and business in future. The recent event highlighted our expectation that our road network should be reliable and resilient. The issue is not only what alternatives there are should parts of the network be unavailable, but how quickly and effectively key organisations are able to respond to the circumstances. I think that the incident on 4 February showed that we have to review that, and work to improve the situation.

I shall explain the incident in more detail. The M6 northbound between junctions 5 and 6 was closed from 1.50 am on Thursday 4 February 2016 until 1.45 am on Friday 5 February owing to a collision involving two heavy goods vehicles and a car. As I mentioned, very sadly that resulted in one fatality. Extensive incident investigation work was carried out by the central motorway police group before Highways England could fully assess the damage to the carriageway. Once Highways England had access to the road it became evident that all four lanes of the carriageway—a section about 200 metres in length—required resurfacing repair work as a result of the large volume of diesel that had spilt on to the carriageway causing widespread damage to the road surface. The closure of that section of road resulted in inevitable disruption for road users and communities. My hon. Friends the Members for Solihull and for Aldridge-Brownhills discussed the impact in their constituencies, and many other areas were affected. In fact I was caught up in the traffic jams myself, and so was the Secretary of State. There was a big impact across the west midlands.

As hon. Members would expect, Highways England has diversion routes agreed with relevant local authorities to mitigate the impact of incidents on the road network. As my hon. Friend the Member for Solihull is aware, there is an agreement in place with Midland Expressway Ltd to make use of the M6 toll road in cases where there is an extreme event over and above that associated with a serious road traffic collision. The agreement is known as Operation Freeway and it enables tolls to be suspended for an agreed period of time—24 hours. As the M6 toll road is a commercial operation, suspension brings with it a fee of £300,000 excluding VAT per day, which is a significant cost. The arrangement is a little clumsy—it has never been used, despite the fact that the agreement has been in place a long time.

[Andrew Jones]

Highways England has criteria for deciding whether to activate Operation Freeway. The deciding factor is whether the road is likely to have to be closed for a number of days, rather than hours. After the event on 4 February, Highways England took the decision not to suspend the toll because the incident did not meet the criteria for activation: it was not seen to be an extreme event impacting the carriageway over and above what is associated with a serious road traffic collision.

I know my hon. Friend has his own ideas about how the west midlands could make better use of the M6 toll road, not only when there has been an incident but at times of heavy congestion. We all know that there are many periods when the M6 and M5 suffer from heavy congestion. I also note my hon. Friend's concerns about the most appropriate way in which to take the decision whether to implement Operation Freeway. He has made important suggestions today, and we are due to meet—I think our meeting is only a few weeks away—to discuss that very issue. Of course there are a whole range of issues which we need to consider, including cost, policy and value for money. I look forward to the meeting, and it is clearly appropriate to review everything, in the light of the serious incident that occurred.

It may be helpful if I now talk about how local areas can shape the decisions that are made about them. If there is desire locally for specific schemes or improvements through local authority groups such as the West Midlands Combined Authority, there is a process to put forward ideas as part of the development of the second road investment strategy. As my hon. Friend knows, the Government agreed a devolution deal with the WMCA in November, in anticipation of its transition to a formal combined authority. The deal sets out the terms of a proposed agreement between the West Midlands Combined Authority shadow board and the Government to move forward with a radical devolution of funding, powers and responsibilities. In particular, it sets out the expectation that the Government and the WMCA will work together through the development of the second road investment strategy to examine options for the most effective way to facilitate the movement of goods and people, and manage congestion in the region on the strategic road network.

At this year's Budget we launched the process for the second road investment strategy. Over the next couple of years, we will seek input from stakeholders on what the Government should fund during the period 2020 to 2025. We are one year into the first road investment strategy, as my hon. Friend knows. It is on budget and on schedule and has proved to be a success so far. As we develop and build on that, we have a secure stream of funding through road hypothecation—the reforms to vehicle excise duty—so we have visibility for many years ahead on road investment budgets.

As we develop the content of RIS 2, I want to ensure that we are able to take input from a much broader range of people. The core work preparing that will be the route strategies prepared by Highways England; they will be the basis for that work. However, I want people to be able to contribute on a local basis—certainly colleagues here or local authorities, combined authorities or local enterprise partnerships.

We should view our road investment strategy as a key facilitator of our longer-term economic growth, so over the next couple of years I want to ensure that we receive input from as many stakeholders as possible on what that scheme will look like. Of course, we already have significant commitments to the strategic road network in the west midlands in the current road investment strategy, which runs until 2020 and is indeed an investment. It is a step change for our country: this is the first time we have had a statutory road investment strategy. It commits £15 billion of funding for strategic roads. That is on a national basis, but £3 billion of that spending is within the midlands. It includes key investments such as rolling out smart motorways—smart motorways have increased capacity by bringing in all-lane running, either full time or part time—and upgrading key junctions such as the M6 junction 10 and the M42 junction 6.

Mrs Caroline Spelman (Meriden) (Con): I apologise for my late arrival. I have just spoken to my local council leader about junction 6 of the M42, which needs to be redesigned. Would my hon. Friend the Minister ensure that Highways England takes account of the master plans of the local authority; the local plan, which is for a garden city at that location; the fact that the interchange station for High Speed 2 is to be built at that location; and the fact that the airport has its own separate master plan? We have concerns about the lack of joined-up thinking in the redesign of that junction, which is failing to take account of other planning proposals.

Andrew Jones: My right hon. Friend has clearly had a most timely meeting with her local council leader and makes a really important point. I am very happy to give a commitment and ensure that Highways England discusses the proposals with the bodies that she has just mentioned. I will raise that with Highways England personally, so that commitment is very easily provided.

I have met council leaders in the area. They came down to express their concerns about the incident on 4 February and to ask for my support in terms of what can be done to bring people together to find solutions. I have talked to them about how collaboration or communication on a local basis needs to improve, but they are building on some success, and the points that my hon. Friend the Member for Solihull made on the importance of local decisions and local capacity for decision making is building are completely true. I have also met the police and crime commissioner about that incident.

We are at the beginning of a process. We recognise that there has been under-investment in the road network across our country for years. We are addressing that with the first road investment strategy. We are building on that work with the second road investment strategy. I want as much local input as possible so that we can provide schemes that make a difference on a local basis. The incident on 4 February was not just a personal tragedy for the family who lost a loved one; it also highlighted the lack of resilience and capacity in the network around Birmingham and the fact that we have to think about all elements of that capacity, including the M6 toll road, as we plan both for resilience and for extra growth. I am happy to have such conversations,

which have already begun, but we need to build on them. I am happy to work with everyone locally to make that happen.

I conclude by congratulating my hon. Friend the Member for Solihull on securing this debate. Ensuring that we are making the best use of our network is an important issue that is worthy of debate, and he has my support on proceeding with the local issue. The Department and Highways England are investigating whether improvements can be made to respond better to incidents such as the one on the M6 on 4 February.

Mrs Spelman: There is a real appetite locally for the Minister to visit the area to see how the loaded M42 and M6 easily snarl and how that relates to other transport infrastructure. He is the roads Minister, but the midlands motorway crossroad combines with Birmingham airport, the west coast main line, the M6 and the A45. We would be grateful if he paid a visit so that we can show him the situation first hand.

Andrew Jones: That is another commitment that I am happy to give. I would be delighted to visit the area to see the situation for myself. Seeing an area first hand helps to bring the issue home. I am familiar with the area—having been caught up in a traffic jam for many hours on 4 and 5 February, I saw even more of it than I normally might. I am happy to make that commitment and to work with colleagues, both here and locally, to improve the situation.

This is an important issue for the west midlands, and the serious incident highlighted the lack of resilience and capacity. We need to work together, with continued dialogue, to improve the situation for the future.

Question put and agreed to.

11.27 am

Sitting suspended.

Children's Homes

[MRS CHERYL GILLAN *in the Chair*]

2.30 pm

Ann Coffey (Stockport) (Lab): I beg to move,

That this House has considered children's homes.

It is a pleasure to serve under your chairmanship, Mrs Gillan. In October last year, the Prime Minister announced a review of children's homes led by Sir Martin Narey. The final report is due this spring. The review

“will look at which children should be in residential care, how it can be improved and how government can achieve the very best for every single child in their care.”

It is a huge and complex task, and an important review. The area that interests me in the review is the commissioning of residential care homes and distant placements.

By way of context, Ofsted figures show that in 2015, 69% of children's homes were in the private sector, 8% were in the voluntary sector and 23% were run by local authorities. The number of children's homes run by local authorities has decreased and the number run by the private sector has increased. Seventy-one per cent of private providers own one to two homes. The largest private companies provide just over a quarter of all placements. Owners range from families to private equity and venture capital companies.

I first initiated a debate on children's homes in March 1995, on the issue of the registration of children's homes. At the time, homes providing care to fewer than four children did not have to register and were not inspected. Social workers were responsible for fire inspections—the situation was completely astonishing. Clearly, we have come a long way since then in regulation and inspection, but in that debate, I expressed concern about the most vulnerable children being placed hundreds of miles away from home. Twenty-one years later, I am still expressing the same concern, and we still have a long way to go.

It is staggering that despite successive Governments calling for a clampdown on distant placements, the latest figures show that the number of children being sent away has increased. The 2014 Department for Education data pack shows that in 2013, 31% of children in children's homes were placed 20 miles or more from their local area—an increase of 2% from 2011. In fact, 35% of new placements in 2014 were distant placements. It is clear that one reason is the unequal distribution of children's homes in England. Until we sort that out, we will never be able to solve the problem of vulnerable children being placed miles away from home, with all the horrendous problems and risks that can flow from that. The present situation in the continuing unequal distribution of children's homes demonstrates a continuing catastrophic failure of the care market for some children. It seems to be working for the providers but not for the children themselves.

In 2012, a joint inquiry into children missing from care was conducted by the all-party group on runaway and missing children and adults, of which I am the chair, and the all-party group for looked-after children and care leavers. It was supported by the Children's Society.

[Ann Coffey]

One of the main conclusions was that the unequal geographical distribution of children's homes meant that large numbers of vulnerable children were placed at a distance from their home area. We found that many placement decisions were last minute, driven by what was available at the time rather than by the needs of the child. This meant that the child was often not involved in planning. Children told the APPG inquiry that they felt dumped in children's homes many miles away from home. That increased their propensity to go missing and to come to harm from, for example, sexual exploitation.

The recommendations of the APPG report, including a call for urgent action on reducing the number of out-of-borough placements, were accepted in full by the Government and changes were made to regulations. An expert group on the quality of children's homes was set up and reported to the Department for Education in 2012. A key finding in the expert group's report was that local authorities could not overcome the uneven pattern of supply of children's homes across England through their commissioning arrangements. In other words, the locations of children's homes were determined, and continue to be determined, by providers.

According to Ofsted, a third of all local authorities—54 in total, when excluding short-break provision—run no children's homes. With local authority and voluntary sector provision decreasing, this means greater dependency on the private sector for places in children's homes. That makes it even more essential that we address urgently the underlying issues that result in the unequal distribution of private children's homes and the resulting distant placements.

In 2012, the DFE data pack showed that homes were concentrated in the north-west, the west midlands and the south-east. As of March 2015, that situation is unchanged—Ofsted stats show that Lancashire, Kent and the west midlands have the highest number of places, and London the fewest. The local supply of children's homes places does not reflect the needs of local looked-after children. The situation is most extreme in London, which has 17% of the children's homes population but only 6% of children's homes. The north-west has 15% of the children's homes population but has 25% of the children's homes. In Greater Manchester, 71% of the children living in children's homes in Rochdale came from outside the borough, and in Stockport, the number was 63%. Some authorities in England have no children's homes at all and all their children are placed outside the borough.

Why are distant placements a problem? Children placed in care homes face huge challenges compared with other children in care. They are typically older and more likely to have emotional and behavioural difficulties. They are more likely to have substance misuse issues, more likely to have engaged in criminal activity, and more likely to be excluded from school and achieve worse GCSE results. They are also more likely to go missing from their placement, and those who go missing are more likely to go missing multiple times. Again, however, that was not the fate of all children in children's homes: stability of placement is a critical factor in improving outcomes, but distant placements can make it more difficult to secure that stability for a child.

Ofsted's 2014 thematic review, "From a distance", highlighted a number of serious continuing problems in this area. Its research showed that in far too many cases, the local authorities in its sample were failing to pay appropriate attention to the quality of care provided, leaving too many children without the support and help that they needed. It is not difficult to understand why: with pressure on social work time, it is easier to make time to visit a child in a near placement than a distant one. Last year, 520 London children were placed an average distance of 52 miles and an average journey time of 69 minutes from their home area. That makes it very difficult for children to keep in contact with their family.

It is not clear to what extent the situation has improved since Ofsted's "From a distance" report. If we look at the single inspection framework reports published by Ofsted in the last year, we see that although in many authorities work with children in distant placements was generally good, in just under half the reports, the work with children living far from home did not come up to standard. The most common shortfall was that decisions to place children out of the area were driven by a shortage of placements close to home rather than by individual need.

The last Labour Government placed a duty on local authorities to secure sufficient accommodation for looked-after children in the local authority area, so far as is "reasonably practicable". The intention was to ensure local provision for looked-after children so that they could be placed nearer home, with access to friends, family and support services. Local authorities are required to publish a local sufficiency plan detailing how they are meeting that duty. However, the numbers of children sent away from their home area remains stubbornly high, despite the existence of those plans.

Why are so many children still being placed in distant placements? A major reason, as the expert group said in 2012, may be that although individual local authorities can recruit foster carers to meet local needs, they are not able similarly to influence the supply of children's home places in their areas. It is also not clear if and to what extent the experiences and choices of children are influencing care provision. In preparing the "Real Voices" report on child sexual exploitation in Greater Manchester, I talked to children who had been in children's homes. What was important for them was being listened to; they thought decisions about where they lived should be made with them rather than imposed on them, so it is important that there is choice in placements, including local choice.

The reasons for the geographical distribution may be that property costs are lower in some areas, that health and education support services are better in some areas, that the planning process is easier in some local authorities, that there are existing good relationships or that having a cluster of homes is easier. However, even in those areas that have a sufficient supply of children's home places to meet local demand in principle, it may not be possible for the local authority to guarantee placements to providers in advance, and providers will not hold places, meaning that in the event children may still be placed out of their home area although there is actually a sufficiency of local places.

That is the situation in Greater Manchester. In February 2014, Greater Manchester had 192 regulated children's homes. In 2013, 390 children were placed in children's homes by the 10 local authorities; 185 of those children were placed in another local authority area. Rochdale, which has a high number of children's homes, placed 41% of its children inside the local authority area and 18% of children more than 20 miles away, while in the children's homes in the borough, 71% of the places went to children from outside the area, and of those 45% were from outside Greater Manchester. By contrast, in Stockport, which also has a high number of homes, 88% of the children were placed within the local authority boundary, but again they accounted for only 36% of the local children's home places; 64% were from other local authority areas and, of those, 28% came from outside the Greater Manchester Police area.

Private and independent providers dominate in both boroughs. In Rochdale, the majority of the private providers are homes containing just one or two placements, while in Stockport the homes are larger and there has been a long relationship with the Together Trust, a voluntary sector organisation. That may go some way towards explaining the different figures.

In terms of distance and familiarity with an area, a child from Bury placed in Stockport will feel a long way from home in a place that is unfamiliar, and they may well respond by going missing. Greater Manchester Police calculate that missing children in Greater Manchester cost the police up to £30.9 million a year, and there are additional difficulties in keeping children safe when information needs to be passed across police boundaries.

Given all that, it is ludicrous that we have an oversupply of children's homes in some areas that do not guarantee a place for local children, while children from areas many miles away that have few children's homes are placed in Greater Manchester. That chaotic situation sometimes has long-lasting consequences for the children concerned.

Lucy Allan (Telford) (Con): I am delighted that the hon. Lady has secured this very important debate. Will she join me in welcoming Sir Martin Narey's review of residential children's homes, and does she agree that sometimes children can have incredibly positive experiences in the residential care system?

Ann Coffey: I will of course agree with the hon. Lady: children's homes are an important part of the care system. It is equally important that children's homes offer the highest-quality care, and it is very important that children's homes are where they need to be, which is the point I am making.

The situation is just as difficult where there is an undersupply of places. A local authority struggles to attract new providers when it cannot guarantee bed occupancy.

What is the answer? In 2014, the Select Committee on Education said:

"We can see the attraction of adopting a rule which prohibits the placement of children more than 20 miles from home unless there is a proven need to do so."

That would work only if it were part of a wider strategy to tackle the unequal distribution of children's homes. Local authorities could increase the number of homes that they run, especially in areas that have little or no

private provision. They could do that by using available capital borrowing powers or, if they do not want to manage the homes directly, they could provide the capital and a provider could manage the home.

Alternatively, the answer might be the co-commissioning of private providers by a consortium of local authorities. At present, there are regional or sub-regional frameworks in place to purchase places from providers, but in practice those can amount to little more than "catalogues" giving information about homes. Co-commissioning is a challenge, but one that recent devolution facilitates. For the 10 local authorities in Greater Manchester, it offers not only an opportunity for all children's services to look at how they can use their individual resources such as fostering services in a more co-operative way, but an opportunity to commission from the private sector the provision that will meet the needs of children in Greater Manchester. The DFE could helpfully publish a toolkit for consortiums of local authorities showing them how legally and financially they could structure regional and sub-regional commissioning of children's home places to meet projected need, instead of merely relying on spot purchasing.

There is a large sum of unspent capital allocated for free schools. Perhaps providers could work with consortiums of local authorities to bid for that funding. Local authorities can currently access basic need funding from the DFE to provide sufficient school places, and capital funding for the childcare offer for two-year-olds. Why should that not be the case for residential placements for looked-after children?

Greater Manchester could provide the perfect test bed for any new approach, as could any other group of local authorities willing to work together, as the problems differ from area to area, depending on the number of children's homes, local policies and the needs of the looked-after children.

Structural problems with the children's homes market have no easy solutions. That said, if we mean what we say about seeking to

"achieve the very best for every single child in...care",

we must overcome them. We cannot allow this situation to continue. I hope that Sir Martin Narey's review will recognise that reducing distant placements should be at the heart of reforms to the children's homes market and that therefore action must be taken by the Government, by local authorities and by providers to tackle the unequal geographical distribution of children's homes.

2.46 pm

Patricia Gibson (North Ayrshire and Arran) (SNP): I would like to express my delight at serving under your chairmanship, Mrs Gillan, and to extend my thanks to the hon. Member for Stockport (Ann Coffey) for securing this important debate. I come to the debate with a career of more than 20 years as an English teacher, and the subject of the debate is close to my heart. I have had the experience of teaching young people who have had the misfortune, the upset, of being caught up in adverse family circumstances and have become what we now call looked-after children and sometimes residents of children's homes.

Putting a child in a children's home must be a last resort, for reasons that I will go on to explain. It is no great surprise that children who find themselves in

[Patricia Gibson]

children's homes are often very angry. Despite the best efforts of the well-meaning staff in homes, those young people become angry and disengaged from the world. That is because, regardless of how challenging the home circumstances might be, it is, as we can imagine, extremely traumatic for a young person to be removed from their loved ones and placed with strangers. However much attention, affection or concern is expressed by those people, they are strangers to the young person, and it is a very difficult transition for them to make, even if it is only on a temporary basis.

We know that some homes for children do an excellent job. I have examples from my constituency of North Ayrshire and Arran. But for the young person that is not necessarily the point. It is the strangeness, the unfamiliarity, the confusion and very often the social stigma in their peer group of being removed to a children's home that cause so much distress, and it is very important to be mindful of that.

Of course, not every looked-after child ends up in a children's home. There are other options. They may be looked after at home under a supervision requirement. They may be in foster care, a residential unit or school, a secure unit or a kinship placement.

In Scotland we have made some progress, with a 1% reduction in the number of looked-after children from 2014—the third consecutive year in which the numbers have decreased. The numbers leaving care each year are lower than the numbers entering care. The number of looked-after children in England is rising. If the situation were reversed and the numbers were rising in Scotland, I would be taking a great interest in what was happening in England to see what we could learn from that. I would be urging the Scottish Government, of whatever political make-up, to look at the work being done in England to see whether we could apply the same lessons in Scotland, because this is not a party political issue. We all seek the best outcomes for our children, wherever they come from in the United Kingdom. The beauty of devolution is that it allows component parts of the United Kingdom to seek the best solutions, which provides excellent opportunities for us to learn from each other and to look at the different experiences as those solutions are applied. Such opportunities should be seized with enthusiasm and curiosity.

I applaud kinship care. The number of looked-after children in Scotland benefiting from kinship care exceeds the number of children looked after at home. For all the good work undertaken in children's homes, there is little doubt that kinship care is the most effective way of providing care for vulnerable young people. As a society, we all owe a debt of gratitude to those who assume kinship care roles. Kinship care is a challenging role that does not receive the recognition it deserves, and I am proud to say that the SNP Government in Scotland have provided kinship carers with additional support so that their care allowances are the same as those provided to foster carers.

There is no reason why children living with kinship carers should not be treated in the same way as children in foster care. Their stories are no less traumatic and no less distressing, and their vulnerability is no less real. Supporting families is vital, and it has been the entire approach in Scotland. Action is increasingly being taken

earlier in children's lives to address any concerns before they escalate, which has reduced the number of children on child protection registers by 4%. The way forward must be stable, secure placements either at home with their parents or in a different home environment where the child can benefit from the security and stability upon which child development thrives.

At the end of last year, I was involved in a Backbench Business Committee debate on the sexual exploitation of young people. The Chamber was urged by various speakers to consider examples from Finland, Iceland, Norway, Denmark and Sweden. Name any country in Europe, and good examples of best practice were being held up for the Chamber to consider. Although it is important to learn from other nations, I said that we had some excellent examples in Scotland, where a child in foster, kinship or residential care can continue their residency up to the age of 21 and where support can also be provided to care leavers up to the age of 26 if it is considered necessary and desirable. Although I held up such examples of good practice, I am afraid that my contribution was covered over by the chatter in the Chamber. Of course there are excellent examples in mainland Europe, but we must learn from each other in the United Kingdom because the whole point is to have the best outcomes for all the children of the United Kingdom, wherever they live.

We all agree that we need to ensure that all children who need extra support are able to access it. We need to learn from each other, and we need to keep on learning from each other, about the best way of ensuring that such support is in place. That is the least that our children deserve.

2.53 pm

Simon Danczuk (Rochdale) (Ind): It is a pleasure to serve under your chairmanship, Mrs Gillan. I start by paying tribute to my hon. Friend the Member for Stockport (Ann Coffey) for securing this important debate. She has done excellent work on such matters, for which she should be commended.

I also pay tribute to an outstanding constituent, Jonathan Rigg, whose company, Meadows Care, is responsible for the safe running of a number of children's homes in Rochdale. I have witnessed the standard of service and the facilities that the company's premises provide, and it is a credit to the childcare sector. The standard of the homes is second to none. The social care sector has faced a wave of pressures, but those homes have remained a stable and integral service to many vulnerable children. The private sector receives a lot of negative press on health and social care provision, but Jonathan and Meadows Care are evidence that individuals who are wholly passionate about the provision of care, whether public or private, can have a positive impact on the care industry. Indeed, I do not take the general view that seems to be in fashion in some places that all private is bad and all public is good; the situation is obviously much more complex.

My hon. Friend touched on the distance of children's placements from their original home. Although it may be a concern that some children are moved many miles from their original area, I have spoken to a number of professionals in the sector, and many looked-after children require specialist care. Some have suffered severe mental

or physical trauma and abuse, and they have sometimes missed many years of education. Such children are likely to require bespoke treatment, which is the important point. In such situations, geography is likely to fall way down the list of priorities. It sometimes is not appropriate to place children close to their family, or close to where they originally came from, if they have suffered abuse or trauma. We need a flexible approach to placing children in care homes that puts their needs and requirements first. We must not allow ourselves to substitute quality for locality.

The gap between referrals and placements is a growing concern, as discussed in the "State of the Market" report by the Independent Children's Homes Association. The report states that the number of referrals received by homes is going up. Some 66% of providers report higher referral rates, but only 32% report growth in occupancy rates. What appears to be happening is that local authorities are just blanket emailing and bombarding providers with possible referrals. They are not checking whether the provider is appropriate for an individual child or sifting to find the most appropriate provider to make a referral to, which shows the disregard within local authorities of trying to get a bespoke service for each individual child. Just bombarding providers wastes their time and does not get the best deal for the young person—local authorities need to look at that.

Another concern in the "State of the Market" report is the lack of market confidence within the children's homes sector. There is still significant uncertainty in the sector, with 60% remaining unsure, or worse, about their current outlook. Although that is down on the previous year's figure of 78%, it is still worrying that the majority of respondents in the sector remain uncertain about how they will operate. There are a number of reasons for that. As I have outlined, there is the complexity of cases and the occupancy rates, but there is also the lack of funding for children's homes. Unless we begin to address those problems, confidence and service delivery will begin to be negatively impacted. We must do more to relieve the pressures on the sector, which needs proper funding.

Those who run children's homes provide a vital service to people who have fallen on the toughest of times. We should be doing everything we can to make life easier for such service providers and to allow them to provide the care that they want to provide. The points that they have raised are a warning sign that we cannot ignore. If we do, we will be failing some of the most vulnerable people in our society by not allowing them to grow and develop the opportunities that so many of us have been fortunate enough to enjoy.

2.58 pm

Kirsten Oswald (East Renfrewshire) (SNP): It is a pleasure to serve under your chairmanship and to participate in this debate, Mrs Gillan. I also commend the hon. Member for Stockport (Ann Coffey) on securing this debate on an important topic. It has been interesting to listen to the contributions so far. A number of important points have been made.

So far—I am sure this will continue—there has been clear agreement that it is vital to ensure that care is provided in the most effective and appropriate way for all of our looked-after children. I appreciate that this

debate has an English perspective, and I will focus to some extent on what I have heard today and on what differences there are between how things work here and how they work in Scotland. As my hon. Friend the Member for North Ayrshire and Arran (Patricia Gibson) said, it is useful that we can all listen to one another, because it is vital that lessons are learned and that best practice is shared in all corners of the United Kingdom, and more widely, on such an important issue. Of course there are no easy answers, but we must appreciate that much can be done.

This topic should concern everyone. The hon. Members who have spoken, including the hon. Member for Stockport, have noted the vulnerability of many of the children who find themselves being looked after. As my hon. Friend the Member for North Ayrshire and Arran pointed out, all those children are particularly vulnerable. They all deserve our care and concern, and we have a collective responsibility, particularly in this place, to be as aware as possible of the issues facing them in order to facilitate the best possible outcomes and safeguards, as the hon. Member for Rochdale (Simon Danczuk) said, for these most vulnerable children.

Local authorities have a responsibility to provide support to our looked-after children and vulnerable young people. We know that a young person might be looked after for a number of reasons, including neglect, abuse, complex disability requiring specialist care or involvement in the youth justice system. Those are all challenging situations for young people and merit our support. I was heartened to hear my hon. Friend the Member for North Ayrshire and Arran and the hon. Member for Rochdale refer to the positive intentions and hard work of many who work in and with the sector. It is vital.

Looked-after children have often had to deal with myriad challenges in their lives, so we should take seriously our obligation to minimise those challenges rather than add to them. Where possible, for instance, avenues other than children's home accommodation might be more suitable to the needs of the children concerned. For instance, as we have heard, kinship care might be possible. Kinship care is not always fully understood and can be far more challenging than many people realise. For that reason, the SNP Scottish Government have provided additional support to kinship carers and were the first to introduce kinship care payments to ensure that children looked after by relatives, which I acknowledge is not always possible, are entitled, as they should be, to the same support as those placed with foster care families.

As my hon. Friend said, I am enthusiastic about the £10.1 million in support that the SNP Government provided to councils last year to increase kinship care allowances. Importantly, we have also extended support to eligible children on the edge of care, who are subject to what will be known from this month as a kinship care order. Because vulnerable children come in all varieties, we must consider their needs as a whole in deciding how best to deal with them.

As we have heard from a number of speakers, the circumstances leading to a child or young person being looked after or taken into the home of a relative can be heartbreaking, confusing and complex for the family as well as the child. If we can encourage a family relationship that provides some stability and support, we must do

[Kirsten Oswald]

so, but like moving into care, such situations are significant and involve huge upheaval, and we need proper frameworks in place. The additional investment in Scotland recognises that we need to make practical provision for people who have had to struggle more than they should, in order to provide the stability that such children need and that some of the most vulnerable people in our society deserve.

Anne Swartz, chair of the Scottish Kinship Care Alliance, has applauded that way forward and rightly commended kinship carers' tireless efforts to raise the bar. I applaud them as well as her for their efforts. It is important that such work continues. I look forward to hearing more about the work between the Scottish Kinship Care Alliance and the Scottish Government on that issue.

However, kinship care often might not be possible. Due to the variety of situations involved, some children might have to be looked after in children's homes, and additional considerations need to be taken into account there. The hon. Member for Telford (Lucy Allan) rightly pointed out that in some cases, the experience of children looked after in children's homes can be very positive, and I agree. It is absolutely true, and we must not lose sight of it, but we must also acknowledge and work on the genuine issues and decide the best way forward.

Any action that we can take to minimise additional complication in the lives of children in such situations and maximise stability and support is vital, especially if we do so at the earliest stage possible, as it can have a profound impact on children's lives. On the basis that a significant number of children in Scotland and the UK are affected by this debate, we must consider the matter as a whole and where the issues might be, so that we can move forward.

In England, the number of children being looked after is rising, which is not what any of us want. In the year ending 31 March 2015, nearly 70,000 children were looked after by local authorities in England, and the absolute number of looked-after children has increased by 6% since 2011. That number has increased steadily over the past seven years, and is now higher than at any point since 1985.

Ann Coffey: I am always anxious to learn from Scotland's experience, because I am a Scot, but I have been waiting to hear the hon. Lady share experiences of accommodating children in children's homes in Scotland. What observations does she have about the children being placed in those homes, and how far those children's homes are from their home authority? What are the Scottish Government overcoming, and how do they work with the private sector? That is the focus of the debate.

Kirsten Oswald: I will come to some of the points raised by the hon. Lady, particularly the issue of distance, which I know is a concern of hers.

Most looked-after children in England are between 10 and 15 years old. More boys than girls are looked after, and the gender distribution seems relatively unchanging. Although the majority of the looked-after population is white, children from black and minority ethnic backgrounds appear to be over-represented in

the looked-after population. Those figures are concerning. Those are our children, and we must be conscious of the impact on their lives.

As the hon. Member for Stockport and my hon. Friend the Member for North Ayrshire and Arran said, things in Scotland might be different—useful progress has been made in recent years—but we must all consider what needs to be done and can be done at any time, because there is always progress to be made. I am pleased that under the Scottish Government, the number of children in the care system has dropped for the third consecutive year. It means that there is a possibility that we are taking action earlier in children's lives to address some concerns before they escalate.

Between August 2014 and July 2015, the number of looked-after children in Scotland decreased by 1%, and the number of children on the child protection register decreased by 4%. We recently introduced a successful programme to help find permanent homes for vulnerable youngsters, and the Centre for Excellence for Looked-After Children in Scotland will receive around £580,000 a year to support improvements in helping looked-after children find a permanent home, because we have seen the positive outcomes of doing so.

The permanence and care excellence programme aims to find permanent homes for children in care. It has been piloted by Aberdeen city and Renfrewshire councils, and importantly, it brings together multi-agency staff teams to build capacity so that we can continue to improve service and outcomes, which the hon. Member for Stockport was rightly concerned about, for some of our most vulnerable young people. I think we agree that it is vital that, wherever possible, children should be able to achieve a permanent home, including through family rehabilitation where appropriate, at the earliest opportunity.

Of course, there are still children and young people who spend too long being looked after or on the child protection register. Sometimes it is appropriate to consider children's homes and how we might provide better support, and sometimes we must acknowledge that that support needs to extend beyond what it might have been traditionally. I echo my hon. Friend's sentiments about the positive impact of extending the right to stay in foster, kinship or residential care settings up to the age of 21, and supporting care leavers up to the age of 26 to help them move to independent living. When children cannot live at home, we owe it to them to help them find a stable, loving environment where possible and move forward in their lives as they get older.

Patricia Gibson: Perhaps one of the defining differences between England and Scotland is that in Scotland there has been far greater emphasis in the past five to 10 years than ever before on supporting families, using kinship care where appropriate or foster care, and moving away from children's homes wherever another solution can be found.

Kirsten Oswald: I thank my hon. Friend for her intervention. I agree with her. The hon. Member for Rochdale also emphasised that it is very important that the whole range of options for each child is fully considered. I acknowledge the great eloquence of the hon. Member for Stockport on the topic of authority placements. I sympathise with her concerns about the potential for

increased difficulties for some children who may find themselves in such situations. I think she is correct that children accommodated far from home may be particularly vulnerable. I am concerned about some of the pull factors that may lead them into potentially damaging and dangerous situations. She made the point very well—she was passionate about this—that there is the potential for a significant impact on these children.

However, I acknowledge the point made by the hon. Member for Rochdale that on occasion there may be sound reasons for distant placements. The Education Committee was very thoughtful in its assessment of the situation, and I look forward to hearing more when the report that was referred to earlier comes out.

In contrast with England, I think there has been some progress in Scotland in recent years, which it is useful to look at. The number of children in the care system has dropped for the third consecutive year. However, in our aspirations, I think we are all of one mind here. I hope that our shared desire to see the best possible outcomes for all of our children can lead to further progress and lead us to listen carefully to one another. We must always remember that children who need to be looked after, in care or in the situations we have discussed today, face challenges that we, their peers, and wider society often struggle to understand. We need to make sure that our systems are in place to give them the best help possible at the earliest possible stage to lay the trust and foundation for a successful and happy life.

3.12 pm

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): It is an honour to serve under your chairmanship, Mrs Gillan. First, I want to thank my hon. Friend the Member for Stockport (Ann Coffey) for securing this important debate this afternoon. She is probably the most knowledgeable MP in the House on this issue. As she said, she spoke on this issue in the House more than 21 years ago, and it could be quite frustrating for her that 21 years later she is still raising some of those same issues. It shows her tenacity that she has not given up and, hopefully, we might see some movement this afternoon. We live in hope.

We have heard thoughtful contributions this afternoon from the hon. Member for North Ayrshire and Arran (Patricia Gibson), from my hon. Friend the Member for Rochdale (Simon Danczuk), and from the hon. Member for East Renfrewshire (Kirsten Oswald) who is a Front-Bench spokesperson for the Scottish National party. We have had very thoughtful contributions. Debates are sometimes disappointing. I was in the debate on brain tumours yesterday and there was standing room only. I would not like to think that this debate is any less important than one that needs to have large numbers of people contributing, but let us hope that in our contributions today the quality will outweigh the quantity. I also thank the hon. Member for Telford (Lucy Allan) for her interventions.

What comes across very clearly is that we are sending a message to Sir Martin Narey—the hon. Member for Telford mentioned him—before the publication of his review that we hope to see reforms that will support and improve the lives of looked-after children in residential care. This debate has been on the wider aspects of the

Narey review, but there are two areas that I wish to touch on this afternoon: out-of-area placements, as described by my hon. Friend the Member for Stockport, and the criminalisation of looked-after children.

Ever since the passing of the Children Act 1989, there has been a strong statutory duty on local authorities to place a child who enters the care system in the local authority area and ensure that their needs are met. However, guidance released by the Department last summer stated:

“There will be circumstances where a distant placement will be the most suitable for a child”.

Since then, there has been a clear trajectory in Government thinking that has raised the many concerns eloquently highlighted by my hon. Friend the Member for Stockport. It is important that children receive the best care possible and, in certain circumstances, that may mean that an out-of-area placement is necessary to meet their needs. However, there is no conclusive evidence to support that strategy becoming wider practice. That is why the evidence that was used to come to the Government's conclusion must be clarified.

Until out-of-area placements' effectiveness is made clearer, it is important that they do not become the norm, yet when we see more and more children living more than 20 miles away from what they define as their home—their local area—it is not hard to believe that this is now becoming common practice. Recent Department for Education figures show that since 2010 we have seen an increase of over 20% in the number of children placed out of area, which now totals 17.9% of looked-after children. We need to unpick why that is happening, and I hope that the Minister will clarify what is going on in his response to this debate.

We know it is not the case that all local authorities have a children's home within their boundaries. Many are based, as we have heard, in the west midlands, the south-east and north-west. This is an issue of infrastructure, and I hope that that will be addressed in Sir Martin Narey's review.

One example of how care homes work, which I believe should be considered by the Government, is the Scandinavian and Germanic model of residential care, with smaller children's homes with highly educated social pedagogues in charge. This idea of social pedagogy was backed by the “Care Matters” White Paper in 2007, which finally took it out of the confines of academic discourse and brought it into practical policy development. It included a recommendation to pilot a model in England to gather more evidence. A pilot was commissioned by the Social Education Trust and managed by the National Centre for Excellence in Residential Child Care, a specialist unit under the watchful eye of the National Children's Bureau.

Reviews of the pilots found that residential care staff welcomed the holistic and child-centred approach that social pedagogy could have on real change to the lives of children in residential care. The idea was backed as a valuable way to work in our residential care homes by the then Department for Children, Schools and Families in its looked-after children report in 2009. However, we have unfortunately seen this important step forward put on the back burner since the Government came to office in 2010. I am therefore interested to hear what assessment the DFE has made of how much this would cost and

[Mrs Sharon Hodgson]

whether it is feasible for the UK. It is clear that the model is working in other countries, and it was welcomed here during the pilots, so an assurance by the Minister to look into this further, as the previous Labour Government had done, would be welcome.

For some children, residential care is the best option to meet their needs, but what is best for children is being in an environment that they know. To rip them away from some of the only constants in their life, including their school place and links to positive support from family—let us remember that not all family members of a looked-after child are irresponsible—can be damaging. In addition, reduced access to social workers and other support services that they have grown accustomed to can be damaging.

It is also concerning when the private sector gets involved and fails to market the services correctly. In a recent case, a looked-after child was moved from Oxfordshire to an expensive placement in Wales, and sadly committed suicide shortly after arriving. The serious case review investigation identified the fact that the quality of the provision on offer was not what had been marketed at all.

Although removing a child from influences such as gang violence or sexual exploitation is honourable and necessary, there is a need to support a child to manage risks and build personal resilience in their home area, especially when many of them return there once they have left a children's home. Can we blame them? It is the place they know best, where friends and family are, and we all have that homing instinct within us, after all. The Challenging Behaviour Foundation recently came out strongly against out-of-area placements, and it has lobbied for more investment in local communities and areas. That included making the case for renting a home in a child's local area and supplying staff for children on a one-to-one basis, which is not dissimilar to the Scandinavian model that I mentioned earlier.

Many serious questions about out-of-area placements arise, including the involvement of private companies in the system, which must be addressed urgently by the Government. There is no better time, especially with the review pending, for the Government to take the bull by the horns and make significant strides in reforming the provision on offer to looked-after children. I hope that the Government anticipate that all the issues I have mentioned will be addressed in Sir Martin's review. However, I hope that another area, which has recently been brought into the public debate, will be considered: the criminalisation of children in residential care.

Recently, the Howard League for Penal Reform released data that showed there had been more than 10,000 police call-outs to residential settings. That is more than two for every child in residential care, and many of the call-outs concerned the most minor of incidents. An excellent report from the Standing Committee for Youth Justice, by Claire Sands, entitled "Growing Up, Moving On", deals with the long-term effect of even minor offences becoming a criminal record that is never wiped clean. The criminalising of children in residential care is deeply concerning for children who are negatively labelled in many ways before they reach adulthood. If we add "criminal" to that list, we are burdening them further

with a label that will impede any life chances that may come their way as they move into adulthood. There are some pertinent examples in "Growing Up, Moving On", which I encourage hon. Members and the Minister to refer to. I hope that the Government are considering that issue seriously and that they will provide strong guidance to residential care homes to prevent further damage to the lives of children and young people by the very system that is trying to help and care for them.

We all want children, no matter what their background, to have the best start in life. That belief should be central to any reforms that affect the lives of children, and I hope that the Government will not squander the opportunity presented by Sir Martin's review to take significant steps towards achieving that. I look forward to reading the review when it is published, and will continue to press the Government to keep the improvement of looked-after children's lives at the heart of everything they do, ensuring that they are protected and nurtured and live a happy childhood, just like their peers.

3.22 pm

The Minister for Children and Families (Edward Timpson):

It is a pleasure to have you overseeing proceedings today, Mrs Gillan. I begin by congratulating the hon. Member for Stockport (Ann Coffey) on securing this valuable debate. As she reminded us in her typically humble way she has pursued the issue with unstinting commitment and authority for many years. I know she shares my determination that we should do all we can to protect vulnerable children across England and beyond, whether they are in residential care or any other form of placement. Her commitment has been demonstrated in her work as chair of the all-party group on runaway and missing children and adults, and as a member of my Department's quality expert group on children's homes in 2012. She was an important contributor to that work.

Although we await the impending Narey review of residential care, the debate is a welcome opportunity to consider the action that has already been taken, and the further important work now under way to improve quality, transparency, oversight and decision making in children's residential care. I acknowledge the speeches by the hon. Members for Rochdale (Simon Danczuk), for North Ayrshire and Arran (Patricia Gibson), for East Renfrewshire (Kirsten Oswald) and for Washington and Sunderland West (Mrs Hodgson). I always accept an invitation from SNP Members to look at what they are doing north of the border, and it is one that I would extend in the opposite direction, particularly because of the work that we are doing to try to inject greater innovation into children's services.

Although I want to keep my remarks to the discrete and important issue of residential care in England, there is one issue that I cannot allow to pass without challenge, and that is the care population in England. It is important not to oversimplify the reasons why a care population may fall or rise, and why there may be variations across the country. It is not always right to say that a rising care population is bad and a falling one is good. What matters is whether the right decisions are being made for each individual child. For example, in a high-performing practice-based social work area, staff can spot where children may be in a situation of neglect, and take them into care. If they are not performing well

they may miss the opportunity, so that the child remains outside state care. That is not good for the child, but it would not necessarily be reflected in the statistics, if we look at them in a simplistic way.

Children's homes are a vital part of the care landscape, particularly for older children and children for whom a family setting might not be the right placement. In England the law is very clear: where a child cannot live with their birth parents, the first port of call should be to look at the immediate family and see whether there is anyone who can support them, as an individual or as a group of relations or friends. That happens for many children in this country. Three quarters of young people in children's homes are between 14 and 17 years old and two thirds are likely to have a significant mental health difficulty. There are some excellent examples of good practice in supporting them, with homes providing superb care. I know from personal experience, and from visiting children's homes around the country, that that excellent care makes a real and lasting difference to children's lives. Like other hon. Members, I pay tribute to the dedicated care staff who do all they can to help change lives for the better.

I am the first to acknowledge, however, that despite the concerted efforts of consecutive Governments not all children's homes deliver as they should. As the hon. Member for Stockport set out, challenges remain. That is why, as we have heard, the Prime Minister and Secretary of State for Education asked Sir Martin Narey to undertake an independent review of children's residential care. Sir Martin, as hon. Members know, worked in the Prison Service and was the chief executive of Barnardo's. He is much respected in the field, and we look forward to receiving his report, whose purpose is to set out the role of residential care in the wider care system, and to make recommendations about how outcomes for children can be improved. It is a complex undertaking, but I expect the review to look at some key issues such as commissioning and the geographical distribution of children's homes, which the hon. Member for Stockport rightly concentrated on in her speech.

The hon. Member for Washington and Sunderland West raised the issue of criminalisation, and I have seen the report by the Howard League for Penal Reform. Sir Martin Narey has also seen it, and I hope that he will be able to address the issue in his review. We will wait to see what he has to say. The review's call for evidence has received a strong response and Sir Martin will report later this spring. Understandably, I do not want to pre-empt the independent review's findings, but I am determined to use it as a catalyst to help to drive further improvements in residential care and I hope that all, including hon. Members present for the debate, will continue to lend their support and expertise to the process.

It is right to acknowledge, as the hon. Member for Stockport does, that we have made significant progress in improving the quality and safety of residential care. We have introduced an enhanced legislative framework and a new set of quality standards for children's homes. We brought those standards in to move away from the *de minimis* approach and to focus much more on outcomes and what is being achieved for those young people. The standards are backed up by rigorous Ofsted inspection and they challenge managers and staff to apply their skills and professional judgment—that, to me, is important

—to ensure that there is properly tailored, high-quality care for each and every child in their home, and to make it possible for children to reach their potential in a safe and secure environment. There is a protection of children standard, which requires homes to have the skills to identify and take effective action on concerns about a child's welfare.

A £500,000 programme of training and support has been made available to help homes to embed those new standards, and to make that crucial shift to a more aspirational and outcome-focused way of working. Although it is too early to assess the full impact of the changes through the quality standards, the independent small-scale research that has been carried out on implementing the standards indicates that they have resulted in a greater focus on evidencing outcomes for young people, which is exactly what we wanted to see, and on the need to consult young people about improvements, so that they feel that they are part of their journey through care, rather than feeling that it is being "done" to them.

To that end, it is positive that 12% of the children's homes in England inspected between 1 April 2015 and 30 September 2015 were rated outstanding for their overall effectiveness, which is an increase of five percentage points from the same period in the previous year. In addition, because 62% of those in residential care have clinically significant mental health difficulties, which is something we should never overlook, I am pleased that the Department of Health has commissioned its own expert group to develop new care pathways, so that children living in children's homes can better access mental healthcare.

The NHS England five-year forward view for mental health, which was recently published, and local transformation plans bring focus and resources to meet the mental health needs of children, including those in children's homes. I also welcome the forthcoming publication of the quality standard from the National Institute for Health and Care Excellence on attachment difficulties in children and young people who are looked after, adopted from care, in special guardianship, or on the edge of care. If professionals and others working with and caring for children in care, including in residential care, really understand how to address the presentation of attachment problems, significant progress can be made.

I will address the specific point made by the hon. Member for Stockport and other hon. Members about out-of-area placements. As the hon. Lady mentioned, in order to address that issue we have sought to strengthen protection for children placed out of area by ensuring that it is now the directors of children's services who have oversight of all decisions to place a child in a distant placement, and local authorities should now consult the authority where they intend to place a child to ensure that the placement meets the child's needs.

We should be clear that for some children a placement at distance may be right, due to risks associated with their own home area or, as the hon. Member for Rochdale pointed out, because of the need for a very specialised placement but, as has been highlighted, we should ensure that Ofsted and local authorities make sure the right placement is made for the right reason. Therefore,

[Edward Timpson]

as the hon. Member for Stockport said, it is a concern that there are still instances where the supply of places distorts too many decisions.

That is why we have improved the transparency and quality of data regarding children missing from care, to ensure that Government and local authorities have much more reliable data when they try to tackle this issue. Local authorities are now required to tell us about all instances of children going missing from their placements, even those that last less than 24 hours, because those 24 hours could be crucial.

Turning specifically to children's homes, in January 2014, we strengthened children's home regulations regarding children going missing from a home. All children's homes must have clear policies to prevent children from going missing and they must respond when children go missing. It is no good their simply acknowledging that fact on a piece of paper; there needs to be follow-up action. We have also beefed up arrangements for monthly independent monitoring visits to children's homes, to make sure that such action happens. Those visits scrutinise standards of safeguarding and care, and reports on visits are now sent to Ofsted. Those reports are valuable to identify concerns, and also patterns, as Ofsted continues its inspection of every children's home.

We have strengthened regulation to ensure that local agencies, including the police, are more aware of vulnerable children in their area and therefore are more able to protect them. Ofsted can now share information on the location of children's homes with the police. That practice was established by the expert group and many of us were extremely surprised to find that it was not happening before. However, it is now in place. In addition, children's homes must notify their local authority of all admissions and leavers.

In this debate, it is important to acknowledge that for a very small number of children a secure home is the best option to address the reasons why they go missing from care. That is why we are improving the availability of this specialised provision, in partnership with the Association of Directors of Children's Services, the Local Government Association, the Youth Justice Board and the Secure Accommodation Network.

By the summer, we will have determined the best long-term commissioning arrangements for secure homes. In the interim, we have funded secure homes to raise their capacity and improve the skills of their staff. With Hampshire County Council we have established for the first time a central point of contact and source of support for all local authorities seeking secure placements. On top of that, a further £10 million-worth of funding, alongside action from NHS England, will strengthen the quality of the mental health support available to children in secure children's homes. I know that is an area that the hon. Member for Stockport has a deep interest in, and I am happy to keep her informed of developments as they occur.

All of this work will help, but I share the hon. Lady's interest in the uneven distribution of children's homes. Local authorities remain responsible for ensuring a sufficient range of placements for looked-after children and for managing local markets, which includes managing

children's homes. However, as has been identified, in 2013-14, 60% of children's homes were concentrated in just three regions, including what for many of us participating in this debate is the shared region of the north-west, which accounts for a quarter of all children's homes.

I should add that before 2012 there was no comprehensive overview of the location, status, quality, ownership and track record of children's homes in England. That is why, as the hon. Lady alluded to, we set about pulling together all that data for the first time ever in the children's homes data pack, which is a hugely valuable resource that enables patterns, trends, gaps and the like to be more easily spotted and acted on. Those who are in the role of commissioning places should use that information to be much smarter and savvier about how they commission them, so that they are not always the ones who have to acquiesce; the providers should try to ensure that they shape their homes to meet the demand from every local authority.

In tackling the issue of uneven distribution, I agree very much with the hon. Lady about the value of joint work between local authorities in ensuring adequate provision of homes. Research commissioned by the Department for Education from the Institute of Public Care showed that in May 2015 most local authorities were taking part in a wide variety of commissioning consortia and partnership arrangements. For instance, there are 14 regional or sub-regional commissioning consortia for residential care, and typically authorities were able to achieve 4% to 5% in savings for placement costs as a result of those arrangements. However, I believe that they can go much further.

Ann Coffey: The Minister is quite right—in the north-west, Placements Northwest provides that information. The difficulty is getting local authorities into a more proactive commissioning role, so that their staff sit down together not only to exchange information but to say, "In five years' time, we will need this number of children's homes and this number of places." Without support, it is very difficult for local authorities to work with each other to do that.

Mrs Cheryl Gillan (in the Chair): Before I call the Minister, just for the information of Members here in Westminster Hall I will point out that I have had a report that we may have a vote shortly in the main Chamber. I leave it to the Minister and Ann Coffey to decide how long they speak, but I thought that it would be helpful to bring that information to your attention. I call the Minister to speak.

Edward Timpson: That is extremely helpful, Mrs Gillan, and I will take heed of that information as I continue.

As ever, the hon. Member for Stockport is right, and that is why we need to establish a much more coherent way for every local authority to carry out forward planning, not only about their residential care population but about their whole care population, including where people need to be placed and in what type of arrangements. There has to be some flexibility in the system—no one can predict exactly what the system will look like—but we can certainly have a far better and more cohesive approach than the one that currently exists.

There are some models out there, including in the north-east, where regional arrangements are much more solidified, but there is a lot more that we need to do. Sir Martin Narey is looking very carefully at this issue as part of his independent review. That is because the research that I referred to showed that consortia are confident that working together brings non-cash savings, primarily through sharing commissioning costs, procurement costs and other elements of working with providers, such as monitoring.

The devolution deals, including in Greater Manchester, where children's services form part of those new regional arrangements, provide a real opportunity to shift that relationship between the purchaser and the provider in a much smarter way when it comes to commissioning. As we look through every devolution deal, I am keeping a close eye to ensure that there is serious thinking on how the new children's services can benefit from the new organisations. However, the new arrangements continue to develop, and we look forward to Sir Martin Narey's recommendations on what more might be done.

Where there is good and innovative practice, I want to be able to share it more widely across the system. The way it is set up at the moment means that pockets of excellence are the preserve of those people. We need to open up the system so that those who are in a position to make good, strong decisions on behalf of vulnerable children are at the forefront not only of great practice, but of cleverer commissioning. Where there are ways of putting the purchaser in a stronger position, we should explore them carefully.

I listened with interest to the remarks that the hon. Member for Stockport made on the need for innovation and new models in residential care, and I absolutely agree with her. I am pleased to say that as part of the Government's children's social care innovation programme, which is £310 million over phases 1 and 2, we are testing two new models of residential care for children who are at risk or are victims of sexual exploitation. "Step Down", based in the Aycliffe secure children's home, targets the trauma experienced by victims of sexual exploitation and includes an extensive step-down service for children preparing to leave secure care. In addition, "Safe Steps", a high-supervision children's home model run by St Christopher's Fellowship, is designed to protect girls at risk of sexual exploitation.

The learning that the innovation programme continues to give us and the many other associated projects will help generate further evidence of impact in the next six to 12 months that we can take forward. The innovation programme learning network will share those key findings through a series of publications and resources and through the new What Works Centre focusing on children's social care. It will include a focus on residential care and will be launched at the end of the year.

The innovation programme provides a fantastic opportunity for front-line services and practitioners to show creativity and collaboration, and to explore new models of practice, including in residential care, as has been demonstrated. I would warmly welcome a range of

high-quality bids focused on residential care for the current round of the programme, which was launched earlier this month. In that endeavour, I encourage the hon. Member for Washington and Sunderland West to look at where a bid based on the Scandinavian model that champions social pedagogy may add to the innovative practice we want to unleash.

The work I have outlined is only a small part of the work being undertaken in my Department. In January this year, we published "Children's social care reform: a vision for change", which outlined our ambitious programme of work in the key areas of people and leadership; practice and systems; and governance and accountability. The programme aims to achieve our vision of every child in the country, whatever their age, background, ethnicity or gender being able to fulfil their potential. The Narey review will sit alongside those wider reforms once it is published.

I am enormously grateful for the support that the hon. Member for Stockport has given to this issue yet again today. She has expressed some important, well-argued concerns, which I will consider carefully in light of this debate and the work of Sir Martin Narey. I hope that this debate reassures her that the Government echo many of the concerns she has expressed. The steps we have taken underline the importance of ensuring that residential care provides the high-quality care that vulnerable children deserve. We cannot be satisfied until we have achieved a system that consistently delivers excellent care. We should expect nothing less for our most vulnerable children than the care we would want for our own children.

3.44 pm

Ann Coffey: I thank the Minister for his reply. He has demonstrated yet again his complete and continuing commitment to improving the lives of looked-after children. He is a very experienced Minister—I think he has been in the role for four years—and he reflects the value of having a Minister in place for that length of time. It is an idea that should be considered for other positions.

I thank all other Members for their contributions. My hon. Friend the Member for Rochdale (Simon Danczuk) has also taken a long interest in this area, and he is right to remind everyone that residential children's homes offer a very good-quality and much-needed provision. They are not a last resort; for some children, they should be a first resort. I thank the SNP Members for their observations on the situation in Scotland, which are always welcome. I also thank the shadow Minister, my hon. Friend the Member for Washington and Sunderland West (Mrs Hodgson). She is also incredibly committed to this area, and has also been in post for quite a long time. It just shows the value of people being in post for a long time.

Question put and agreed to.

Resolved,

That this House has considered children's homes.

Port of Liverpool: Road and Rail Access

[MR CHRISTOPHER CHOPE *in the Chair*]

4.1 pm

Peter Dowd (Bootle) (Lab): I beg to move,

That this House has considered road and rail access to the Port of Liverpool.

It is a pleasure to participate in this debate under your stewardship, Mr Chope. The port of Liverpool, which is primarily situated in my constituency and falls within Bootle and Seaforth, has a long history of serving this country in times of peace and war. Many buildings around the port hinterland still bear the marks and shadows of the bombing of the port in the May blitz of 1941. As we approach the 75th anniversary of the bombing, I pay tribute to everyone who served on or near the port in those dark days and to the people who were killed or injured, of whom there were many.

The port became a lifeline to these islands during the war in general, and during the battle of the Atlantic in particular. Between 1 and 8 May 1941, over seven consecutive nights, German planes dropped 870 tonnes of high-explosive bombs and more than 112,000 incendiary bombs around the Bootle, Litherland and Seaforth environs. Lord Haw Haw addressed the people of Bootle with the words,

“the kisses on your windows won’t help you”,

referring to the tape supposed to prevent flying glass. Unbelievably, only 10% to 15% of the properties in the town were left unscathed.

Thankfully, those days are gone, and we have much better, friendlier and more peaceful relationships with our European neighbours. During the dim recessionary days of the 1980s and for most of the 1990s, our connection with the European Union was a lifeline when the Government turned their back on us and talked of the managed decline of the city. I am pleased that those days are over, and I look forward to devolution gaining pace, which will enable us to run many of our own affairs rather than be run from this place.

That sets the context for what I want to say about rail and road access to the port of Liverpool. I am afraid that the degree of synergy, co-operation and collaboration among the various agencies responsible for transport has been woeful. I believe that the devolution process will help to address that lacuna. While Highways England pushes on with its assessment of the road links—new constructions or reconstructions—Network Rail appears to be taking a “*mañana*” approach to the need for significant investment in the rail links to the port. It seems to have put the rail freight connection in the “too difficult to do” box. Highways England is talking of anything between £120 million for a new road and £300 million for a realigned road being needed. Meanwhile, back at the ranch, Network Rail has decided that £10 million in total over three financial years will do the trick. That is the sum of investment in the port rail infrastructure. To use a phrase much used in Merseyside, are they having a laugh?

Highways England has not covered itself in glory. It has shown a pretty grim attitude over many years to the people who have to live along the Dunning Bridge corridor. The local authority and my councillor colleagues

have had to fight tooth and nail, through their contractors, to keep the Dunning Bridge corridor cleaned, to get its street lights sorted out, to get its gullies unblocked, to have the grass cut and to enforce standards on lorry drivers who feel free to use the lay-bys as toilets, among other things.

Highways England seems incapable of providing soundproofing to just half a dozen semi-detached houses that have no acoustic protection from the thousands of cars and lorries that pass through night and day. It spent huge sums on glossy leaflets and several million pounds on decommissioning a traffic island on the route to the docks, but it seems incapable of sorting out triple glazing or some other acoustic amelioration. I am afraid that the Government’s recent response to me on that matter does not instil confidence that this long-standing issue will be sorted any time soon.

For those and other reasons, many people in my constituency and beyond have little confidence in Highways England’s ability to get the road link from the M57 and M58 right. Will it listen to calls for significant tunnelling along either route—in the Rimrose Valley country park or the Dunning Bridge-Church Road corridor? What other more or less radical plans will it consider? Have the decisions already been made? The devil is in the detail. The agency’s history of dealing with local concerns sets the scene for local communities’ levels of confidence in future plans and proposals.

At the mention of the building or reconstruction of major highways, Highways England’s lethargy dissipates and its energy levels grow, because they are sexy, big projects. Why would it bother with the routine things that affect people’s daily lives when it can pore over road plans and spend hundreds of millions of pounds to boot?

Many people in the area surrounding the port—or the docks, as it is better known—are suspicious of the local benefits that the expansion will bring. That will not come as a big surprise to most people in the area. People understand the regional, national and even international benefits, but they ask themselves what the local benefits for jobs and growth will be. They are sceptical. I do not share that level of scepticism. I believe that the port expansion will bring benefits to our community.

I have discussed the issue with many of my local councillor colleagues, including Councillor Gordon Friel, who is a councillor in that area. However, it is difficult to break through the scepticism when people believe the vast majority of port-related traffic will simply move in and out of the port along one or other road, and when the rail option, which most believe to be the most appropriate, languishes on a shelf somewhere, if indeed it has even been produced. The rail line I refer to is the Bootle branch line. It is about 7 miles long and runs from the west coast main line to the port. I use word “runs” loosely, because it is in a dreadful state. I will not take up Members’ time by setting out how dreadful it actually is—suffice it to say that it is.

We can compare that with the activity of professional rail aficionados, civil servants and the Government on High Speed 2 or Crossrail 1 and 2. We can compare the £16 billion spent on Crossrail’s 73 miles of track and 26 miles of tunnels, and the £30 billion projected for Crossrail 2, with the £10 million over three years that is to be spent on the Bootle branch line, which serves a

port that is one of the largest in the country and expanding. In the Budget, the Chancellor announced £80 million just to start the planning for Crossrail 2—a staggering eight times the amount that will be spent on the actual works on the Bootle branch line. Crossrail 1 cost £210 million per mile of track, so recent announcements of £340 million for rail services across my region equate to only 1.5 miles of Crossrail 1 track. The figure for Crossrail 2 will be double that for Crossrail 1.

Before anyone suggests that Liverpool city region should be grateful, don't bother. The Government need to reprioritise capital spending, of which the south-east, and London, in particular get the lion's share, to other areas—then we might be grateful. I agree with Mayor Joe Anderson of Liverpool and my colleague Councillor Ian Maher of Sefton Council that we now need transformational funding. I have a cunning plan: to rename the Bootle branch Crossrail 3. By that measure we would get money thrown at it, and the Minister would be falling over himself to accommodate us—but perhaps the plan is not cunning enough.

All stakeholders agree that a multi-modal solution is required. The requirement to improve rail access has been talked about for decades. The last study before the recent Highways England assessment was in 2011. It concluded that there was spare rail capacity, but that the port facilities were a major barrier. Five years later, that issue has still not been addressed. In 2011, it was estimated that a modal shift to rail could increase the amount of freight carried by rail from 2% to 11%. In the 2015 study, it was considered too “ambitious” to use a 15% rail share, due to funding constraints and the ability to persuade freight hauliers of the advantages of rail. The study concluded:

“It is clear that any increase in rail freight beyond 24 trains per day will most likely require a new rail line to be constructed to the port and there are expected to be a number of significant issues associated with this”.

By the way, Crossrail 1 will have 24 trains per hour each way. I accept that we are not comparing like with like, but the point is well made for illustrative purposes. So there is a surprise: evidence of a mentality that, as I suggested earlier, wants to put the issue in the “too difficult” box, because no one will care, and in any event it is not London.

Network Rail therefore has no such plans in its programme. If the Government were serious about rail freight, other than getting to grips with Network Rail, they would increase the investment in rail network in and out of the port of Liverpool to ensure the maximum modal shift to rail, and provide incentives for freight hauliers to shift to rail and so avoid overly congested roads.

The Government gave the port operators a significant regional growth fund grant to expand the port, even though a feasible strategy to ensure that goods could be moved in a variety of ways was not in place. I am afraid that the chaotic, unplanned, uncosted, piecemeal approach to the port's transport needs is creating tension and irritation in local communities and uncertainty across the board, with a perception, at the very least, that Governments—not just this one—have not simply taken their eye off the ball but never had it on the ball in the first place.

I am sure the Minister can see that the Government have a responsibility to ensure that economic development and growth is seen as being just as important in the Liverpool city region as anywhere else. Given that, a crumbs-from-the-table approach to the infrastructure needs of the port of Liverpool is just not good enough. It is disrespectful to social, economic and business communities alike. I therefore exhort the Minister to take a fresh look at the plans, or rather the lack of plans, that Network Rail has for non-road port traffic ingress and egress. He should also ensure that Highways England stops acting like a robber baron and treats my community with the respect that it deserves.

If you detect an air of irritation in my voice, Mr Chope, you would be correct. The Luftwaffe could not push Bootle, Litherland or Seaforth around, so Highways England and Network Rail have little chance, and they would be well advised to take that into account in their deliberations.

4.14 pm

The Parliamentary Under-Secretary of State for Transport (Andrew Jones): I congratulate the hon. Member for Bootle (Peter Dowd) on securing this debate on road and rail access to the port of Liverpool. However, I am a little more optimistic and excited about the prospects for the city region. Recent times have seen an acceleration in the growth of the local economy and the creation of private sector jobs and business start-ups.

Liverpool is an historic maritime city and much of its growth came from its port, which is still a key economic asset for the city region, the north and our whole country. The local enterprise partnership's Superport strategy is focused on growing the port, enabling the creation of a further 21,000 jobs by 2020. Peel Ports, the port's owners, shares that vision and has invested significantly, including in Liverpool2, which is due to open later this year and has a new biomass handling facility. The port of Liverpool can handle vessels that carry between 3,000 and 4,000 20-foot-long containers. In order not to become marginalised on important trade routes, Liverpool needs to be able to handle larger vessels, and the new Liverpool2 facility at Seaforth will enable it to do so.

As hon. Members know, the Government do not directly invest in UK ports; the hundreds of millions of pounds invested by Peel Ports is private sector investment. That investment and the economic benefits that it brings will be stymied if it is difficult to move the goods around the UK after they have arrived in Liverpool. That is where the role of Government in ensuring that our road and rail networks meet the needs of people and businesses comes to the fore.

Improving multi-modal access to the port is a key priority for the Government and the Liverpool City Region combined authority. With the full support of the port, Highways England, Network Rail and my Department, the city region is leading on the delivery of a strategy to improve access to the port involving all modes of transport.

On roads, the A5036 is vital to the Liverpool city region, its businesses and, in particular, the port of Liverpool. The road is the principal link between the port and the motorway network. At current levels of port activity, the mix of local and port traffic is

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already causing difficulties, constraining the economic opportunities for the city region. As part of our £15 billion road investment strategy, therefore, we committed to a comprehensive upgrade to improve traffic conditions on that link.

Highways England is taking forward the development of the scheme. Consideration is currently being given to options, including an online one and an offline one, the latter being through the Rimrose valley. Both options present difficulties, which is why I recognise the local sensitivities, and that is why I welcome Highways England's clear commitment to work with local stakeholders throughout the development and delivery of the scheme.

A recent programme of public information sessions has been held. I understand that they provided useful feedback for the project team. In addition, two newsletters have been produced, and local MPs have been kept informed and involved. The hon. Gentleman was highlighting how involved, and sceptical, the local community are. I make the commitment that public involvement in development of the plans will continue.

The next stage is for Highways England to move from option identification to option selection, with the aim of identifying those options that are to be taken forward to public consultation before the preferred route is announced. The current timetable has the public consultation happening this autumn, leading to a preferred route announcement in spring next year; the forecast for the start of works is spring 2020.

The A5036 scheme is only one element in a comprehensive access strategy being led locally by the combined authority. Measures to improve rail access have been considered. The Government recognise the importance of rail freight in delivering reduced congestion and lower carbon emissions. The investment that we are making through the strategic freight network fund includes a number of projects that improve access to the port of Liverpool, three of which are: the doubling of the single line link from the Bootle branch line into the port estate; increasing line speed on the Bootle branch; and improved signalling at the Earlestown West junction. All those schemes are scheduled to be completed by 2018-19 and will double the number of freight paths to the port to 48.

The hon. Gentleman will be aware that the biomass required to support more environmentally friendly power generation is already carried by rail from the port of Liverpool to its destination. The four trains per day that currently run are forecast to rise to 10, so rail is vital to the port's current and future plans and we are investing to support its future growth. In addition, both Network Rail and Transport for the North have been studying the strategic requirements of freight movements across the north of England, and their work will inform future investment planning processes.

The hon. Gentleman mentioned the investment going into HS2. The key reason why that project needs to be taken forward is that it will inject capacity into the rail network. The west coast main line, on which £9 billion has been spent in recent years, is nevertheless forecast to be full very soon. That means not that every train will be full but that we will not be able to put more train parts on to the track. The injection of capacity that HS2 will provide will free up capacity for freight.

There are of course other modes of transport. I want to highlight coastal shipping. Peel is investing in facilities on the Manchester ship canal so that more freight can be moved inland by water, and it is also promoting greater use of coastal shipping, which should help to reduce the growth in road traffic.

I should mention the wider investments we are making across the Liverpool city region. I understand why there is a degree of scepticism about transport investment in our country, because we have had a stop-start approach to rail and road investment for many years. Arguably, there has been more stop than start, but I do not think that that accusation can be levelled fairly at this Government. We are looking at a record level of rail investment—the highest since the Victorian era. Our first road investment strategy features £15 billion of investment, which is the highest in the road industry since the 1970s. All parts of the country are benefiting from that.

Between now and 2019, there will be £340 million to provide a bigger, better, more reliable railway for passengers. More than £179 million from the local growth fund has been provided to the local enterprise partnership and combined authority to deliver a number of transport schemes that are essential to local growth. There are provisions in the devolution deal to support Merseytravel to make progress with the locally funded procurement of new trains for the Merseyrail network. We have also supported the new Mersey Gateway crossing in Halton, one of the largest local transport schemes in the country, which is now under construction.

The north of England rail infrastructure upgrade programme has already delivered a significant benefit. The electrification of the routes from Liverpool to Manchester and Wigan has taken 15 minutes off the fastest journey between Liverpool and Manchester. On 1 April we saw the start of the Northern and TransPennine franchises, both of which will see significant investment—particularly in new rolling stock—that will benefit everybody in the area and provide an enormous boost for the rail sector.

Another important change that has not been mentioned is putting Transport for the North on a statutory basis. The Cities and Local Government Devolution Act 2016, under which it was established, received Royal Assent only in January. It has brought together the 29 transport authorities throughout the north. I believe that we will plan transport like this much more in future. It is from the north, for the north. Transport for the North will be working alongside Highways England and Network Rail to plan investment in the area. Of course, it is already involved not only in planning but in the running of the rail franchises, which are being run jointly by the Department for Transport and Rail North. Again, that is run in the north, for the north. This is the first time that has happened.

We are seeing significant devolution in the world of transport that will bring benefits not only to the hon. Gentleman's area but throughout the north. We are working with Transport for the North on northern powerhouse rail, which is sometimes called HS3. It will provide a fast link from Liverpool across to Hull, linking Manchester and Leeds, as well as Manchester airport and Sheffield. It is all about creating new fast links between northern cities and will, of course, release more capacity for freight. We agree that moving freight

on to our railways is part of the answer to improving the freight sector's environmental performance. As northern powerhouse rail develops, Liverpool's aspiration for a direct connection to HS2—the mayor has personally told me about that—will be considered.

I hope that I have provided assurance to the hon. Gentleman that we fully recognise that it is most important that we improve access to the port—access to ports and airports has been underestimated in this country's transport planning for too long—and that we are working constructively with local partners on implementing their multimodal strategy by investing in both road and rail schemes, through which we are playing our part in meeting the ambitions of the port, the city region and the north of England. What is happening at the port is a huge boost for the economies of all the affected areas, and it is therefore critical that we maximise the opportunities that this private investment brings by making corresponding public investment in connectivity to ensure that we capitalise on it for the benefit of everyone.

Question put and agreed to.

4.26 pm

Sitting suspended.

Teenage Pregnancy: Regional Variations

4.30 pm

Lucy Allan (Telford) (Con): I beg to move,

That this House has considered regional variations in the rate of teenage pregnancy.

It is a great pleasure to serve under your chairmanship, Mr Chope. I am pleased to have been able to secure this afternoon's debate; it is timely, because data published by the Office for National Statistics in March showed a steady decline in the average rates of teenage pregnancy in England and Wales. Those data have been widely celebrated, and rightly so. Teenage pregnancy is a huge barrier to opportunity; it creates lifelong and entrenched disadvantage. The causes and consequences so often overlap—deprivation, family breakdown, low aspiration, intergenerational worklessness, mental health difficulties, poor educational attainment and poor school attendance.

Despite the welcome fall in average rates, England and Wales still has the highest rate of teenage pregnancy in western Europe, so we must guard against complacency. An average is just an average and often masks extremes and regional variations. It is not really enough to say, "We are going in the right direction."

Although high rates of teen pregnancy are closely correlated with deprivation, teen pregnancy should never be accepted as inevitable in any area, because that would fail the young people affected, many of whose lives are already profoundly insecure and who may see motherhood as a positive way out. Those are the young people most in need of help and support.

Hon. Members will share my commitment to improving the life chances of young people in our constituencies, so I would like briefly to talk about the situation in Telford. Back in 1998, Telford had a teen conception rate of 64 per thousand. It is no doubt good news that it has fallen to approximately 32 per thousand—it has halved, so the situation in Telford is much better than it was. However, in 1998 the rate of teen pregnancy in Telford was 36% higher than the national average, but today it is 42% higher, so rather than getting better, the gap between Telford's teen pregnancy rates and the national average is getting worse.

I would argue that high rates of teen conception are not inevitable. My constituency lies in the heart of Shropshire. Although Telford is in the worst-performing decile of local authority areas, more affluent rural Shropshire, which surrounds Telford, is in the best-performing decile, with some of the lowest teen pregnancy rates in the country. Based on that fact alone, it would be too easy to argue that deprivation, poverty, health inequality and all that causes those difficulties cannot be improved. Naturally, many demographic and social factors play a part, and I fully accept that it is difficult to find a like-for-like comparison, which is why an average does not tell us that much. Equally, it is too often assumed in the most deprived areas that nothing much can be done. Good things get better and bad things get worse if they are not tackled actively.

There are some individual success stories in local authorities, which other local authority areas could learn from, and I will mention a couple. In 1998, Leicester had a teen pregnancy rate of 64 per thousand. That fell to 25 per thousand in 2014, which is close to the national average. Similarly, Caerphilly had a rate of

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70 per thousand in 1998, which has also fallen to about the 25 per thousand mark. In Hammersmith and Fulham, a similar decline has been experienced, with the rate falling from 70 per thousand to 22 per thousand, which is just above the average.

There are plenty of examples of how high teenage pregnancy rates can be tackled over time, but I want specifically to draw attention to the model in the London borough of Wandsworth, which has been a success story that other local authorities would do well to look at closely. In 1998, the rate of teen pregnancy there was 71 per thousand. Wandsworth is now outperforming the national average, with a rate of 19 per thousand. That has been achieved through a true commitment to focusing on teen pregnancy. It was not just a statement in the joint strategic needs assessment. Teen pregnancy was treated as the No. 1 indicator of how the local authority was performing, and all partner agencies took that view. There was a clearly defined plan, with achievable goals, a teen pregnancy unit, outreach work and early intervention to identify the young people most at risk and provide support to address multiple causes and raise self-esteem. There was a genuine commitment and a belief in improving the life chances of those least able to help themselves. Young people's aspirations were built up and their resilience was strengthened to help them to make informed decisions and fulfil their potential.

Kevin Foster (Torbay) (Con): I congratulate my hon. Friend on securing the debate, not least because Torbay, my constituency, has the highest rate of teenage pregnancy in the whole of the south-west region. Does she agree that the statistics show the importance of having leadership at local level, given the wide variation between local authorities, let alone regions? For example, the rate in my constituency is very similar to that in the north-east, yet only a few miles away West Devon has one of the lowest rates in the entire country.

Lucy Allan: My hon. Friend eloquently makes the point that I hope to have made by the end of my speech. Torbay does indeed stand out as a stark example of the significant regional variation across the country. He rightly says that one would not necessarily expect that, given the demographic and age profile of his constituency.

The way the success was achieved in Wandsworth was that resources were targeted at the young people aged 15 to 17 who were most likely to become pregnant, such as young people in care and care leavers, those with disrupted family relationships and the children of teen parents. We had a debate earlier about young people in care, and I want to highlight the fact that a quarter of young women leaving care are either pregnant or already mothers. Too often they are trying to fill the emotional gap from growing up without a family of their own, and sometimes in a chaotic succession of different placements. Yes, teenage pregnancy has fallen nationally and across Europe—that tells us a lot about a changing world, with young girls routinely aspiring to jobs and college and a better future—but we need to do everything that we can at local level, as my hon. Friend mentions, to help young women on that path.

A debate of this kind must touch on solutions to problems, and as the causes are so complex in this case, we have to accept that the solution is not straightforward

either. More advice on contraception is helpful, but it will not tackle the issue if it is the only tool in the box—if only it were that easy. It has become fashionable to see universal sex and relationship education as a silver bullet and the panacea to high rates of teenage pregnancy, but I think we can all accept that teen pregnancy is a far more complex social and emotional issue than that, and more advice on contraception alone will not fix it. We have to address the specific needs of the young people most likely to be affected, so the focus and concentration has to be on the at-risk groups—those most in need—in order to improve the life chances of the most disadvantaged young people.

Building stronger families and early intervention support for struggling families is part of the solution. We need also to recognise that looked-after children have different health and education needs from others. We mentioned in the debate earlier today the mental health of children in care, and that is a determinant in this complex issue. Also, school is not always a fixed certainty in the lives of the young people in question, so sex and relationship education at school will not necessarily tackle the problem if school attendance is a problem in itself.

One aspect of the marked regional variation is that we can identify young people who will be affected. An example is a young person who has been in contact with the police, or who does not like school and has been excluded. Young people not in education, employment or training are another group who are among the most likely to be affected by teen pregnancy. We have also touched on the role of a disrupted childhood and difficult relationships within families.

I pay particular tribute to the Government for their life chances strategy. I want to see a continued focus on championing stronger families, and addressing teenage pregnancy in the areas and groups where the rates are highest should be the overriding priority in achieving that goal.

Caroline Ansell (Eastbourne) (Con): My heart swells to hear my hon. Friend speaking so warmly about the Government's priorities. Placing families at the heart of policy and decision making is our stated aim, recognising that strong family relationships are fundamental to any and every outcome, be it prosperity or health outcomes. I think she would agree that it is not just the young girl, her extended family and the father of the child who are affected by teenage pregnancy; the child coming into that situation will suffer the same potential social inequalities. This is a generational issue that we must champion.

Lucy Allan: My hon. Friend makes an important point. The rates of teen pregnancy among children of teenage parents are extremely high, so we should take the opportunity to target the groups that we know are more likely to be affected. By any measure, teen pregnancy rates are a primary indicator of an unhealthy society, and it is right that local authorities are charged with addressing the issue. I say to all local authorities, "Please don't take your eye off the ball." Whatever challenges a particular area may face, let us not accept it as some sort of immutable fact that can never be turned around. Some local authority areas with the highest rates of teenage pregnancy have been successful in bringing the rate down to below the national average, whereas many

other local authority areas have not. It is essential that local authorities look closely at what they are doing and whether it is good enough. It simply is not acceptable to say that teen pregnancy is an inevitable consequence of deprivation and that there is nothing more to be done.

There are local authorities that have brought about real change, and there are others where local politicians have sometimes parked this sensitive issue. I ask the Minister to do everything he can to encourage local authorities that are performing less well to learn from the outstanding examples that I have mentioned. Does he agree that some local authorities should explain publicly why they are not making better progress? The life chances of young people depend on how their local authority addresses the issue, and I urge all local authorities where teen pregnancy rates have not come down closer to the national average in recent years to reassess why they are not doing what they should be doing and how they could do things better. We all owe it to all our children to ensure that they have strong life chances and the potential for a better future. Addressing high rates of teenage pregnancy in places where they are at the extreme end of the spectrum is essential to achieving that.

4.43 pm

Jim Shannon (Strangford) (DUP): I was expecting a few more hon. and right hon. Members to participate in this debate, which is important to me as the Member for Strangford and for a great number of Members who would probably wish to participate but for whom there are many other distractions in the House today, with votes and other commitments. I am sure that those who are not here wish that they were and will read *Hansard* tomorrow.

I congratulate the hon. Member for Telford (Lucy Allan) on securing this debate. I have some comments on the Northern Ireland perspective, and it is disappointing that the research on regional variations in the rate of teenage pregnancy has nothing on Northern Ireland. Perhaps that will change when we have other debates on similar issues. Teenage pregnancy is a public health concern in both the developed and the developing world.

Hopefully most of us in the Chamber have had the joy of holding our own babies in our hands when they were first born. The birth of a new baby in the world is a joy. Today we have had the chance to see the hon. Member for Chatham and Aylesford (Tracey Crouch) with her new baby boy, and not a person passed by without a smile on their face and without congratulating her on the birth of her firstborn. Seeing a new life in the world, loved by their mother and by everyone, is a joy.

When we talk about teenage pregnancies, we must recognise that many of those who become pregnant have a strong, loving relationship to their babies, the new additions to their family. In my constituency office, I have the privilege as the Member for Strangford to engage with many of those young mothers, helping them get the housing benefits, care, nurseries and other support that they need. Those are some of the things that we do. This debate is not meant to be about judging teenage pregnancies in any way; it is about what we can do to help and assist. My contribution will be along those lines, and will focus on how we can assist those young ladies who are teenage mothers.

The United Kingdom has one of the highest teenage pregnancy rates in the whole of Europe. The most recent data show that teenage pregnancy rates in Northern Ireland continue to fall, including—I will qualify this later on—in my own constituency, where they have been relatively high in the past. Ours is still the third highest of all the constituencies in the Province, so my constituency still has a health issue to address. Health is devolved, so the Minister does not have responsibility for replying on that, but hopefully he can take note of my contribution.

Northern Ireland's teenage pregnancy rates are now at a record low, according to the most recent figures released by the Department of Health in the Province, with a fall in teenage pregnancy rates of 37% in the last 10 years. That is a significant decrease, and I believe that it is caused by some of the policies that we have adopted. In December 2008, when I was in the old Northern Ireland Assembly and made some inside contribution to the relevant debates there, the regional sexual health promotion strategy and action plan was launched and set a target to reduce the rate of births to teenage mothers under 17 by 25% by 2013. We have exceeded that, and the target has been well beaten. The figures have gone the way that the NI Executive and Assembly desired, and the strategy undoubtedly played a large part in that.

I will mention a bit about that, if I can. Better sexual education and availability of contraception have helped drive down the rate of teenage pregnancy in the Province, and although the overall fertility rate in Northern Ireland has been falling, it is most welcome to see it falling more significantly where we want it to do so. Regional variations in teenage pregnancy rates are apparent, but within those, there are also key socioeconomic variations. The hon. Member for Telford referred to some of the reasons for teenage pregnancies, and I am sure that other Members who speak will comment on them.

As we have heard, there are many explanations for the variations in teenage pregnancy. As the rate falls nationwide, we need to take note of those indicators and of similar research to develop a strategy that can work nationally. I have always said that it is important to do so. I bring a Northern Ireland perspective to this debate, and the hon. Member for Glasgow Central (Alison Thewliss) will bring a Scottish perspective. We bring our perspectives to add to the debate and show that where what we are doing can be replicated in other parts of the United Kingdom of Great Britain and Northern Ireland, we should do so. If we see something being done in England, Wales or Scotland that can help us, we in Northern Ireland will look towards that as well. That is why I am commenting about how we can work together.

The factors involved in teenage pregnancy can affect anyone, regardless of where they are in the country, so they should be at the core of identifying how to reduce teenage pregnancy rates further and support teenage mothers. We want to support them. We want them to have the support that we as Members of Parliament can give, and that the Government, society and families can give as well. The hon. Member for Telford mentioned the effect on families, and we need to look at that as well.

Kevin Foster: The hon. Gentleman is making some interesting points. He referred to the potential to learn from other areas and he gave examples of the progress

[Kevin Foster]

that has been made on the strategy in Ulster. Can he give a couple of examples of specific actions that have made a difference?

Jim Shannon: I am coming to that if the hon. Gentleman will bear with me. He always makes a valuable contribution in his interventions. He and I seem to always attend these debates. Whatever they are, we are here together to make our contributions. I thank the hon. Gentleman for his intervention and I will come on to the issues.

Within the main council area that dominates my parliamentary constituency, teenage pregnancy rates are the third highest—unfortunately—in Northern Ireland. Although there has been a decrease of 37%, I represent the area with the third highest teenage pregnancy rates in Northern Ireland. It is important for me to learn from other Members—to learn from their experience and understand their knowledge can add to the research that I have done so that I can take that back to Northern Ireland and to my constituency of Strangford.

Progress has undoubtedly been made through personal education. Families and those who are close such as brothers and sisters—probably more sisters to sisters or mothers to daughters—is something that we perhaps should focus on more. Sometimes relationships break down between parents. Young girls can find themselves at a loose end and sometimes things happen. Things happen for many reasons. They can happen because of what has happened at home or because of what is happening in society. They can happen because of peer pressure as well. Those are issues that Government cannot legislate for, but which we as parents need to do something about. We need to encourage the people who have influence to do likewise. When it comes to some of the things that we have done, I can point to the education plan, setting a target for reduction, and the availability of contraception. We have to address those issues. Sometimes we have to be aware that young people will want to do their own thing, but sometimes we have to be aware of what we can do as a society.

Caroline Ansell: I note the hon. Gentleman's points on the availability of contraception and appropriate advice. We tend to assume that we are talking in the main about unplanned teenage pregnancies, and that is not always the case. Does the hon. Gentleman think that we should do more to show that the role of parenting is a hugely challenging one? It is very rewarding, but challenging and costly—emotionally, financially and socially. Do we do enough in that regard?

Jim Shannon: I thank the hon. Lady for that intervention and for her wise words. We in this Chamber will say yes, we have done our bit, but many of us here could perhaps do that wee bit more. People could be more conscious of where their children are at night; what they are doing; who they are with and what their peers are doing. I see this in my advice centre all the time; I see some of the issues. I am not here to criticise or to point the finger. That is not what this is about. This is about saying how we and Government can help and assist young people. We should aim to try and enable people to see how we can reduce teenage pregnancies, which we have done in Northern Ireland in significant numbers,

but we need to do more. When it comes to whether people can do more, yes, they can. I have three boys—three young men. One is married and one is about to get engaged. If the third boy leaves it until the age of his dad, he has 10 years to go before he gets married, as I was married at 32.

We have to look at the issues individually. Society itself, but particularly the role of parents, is important. The hon. Lady is right. The role is critical and necessary. The Prime Minister has often said that families are at the core of society. I believe that as well, and that is where we need to start.

Although progress has undoubtedly been made, we cannot take our eye off the ball. With research ongoing, the Government need to keep on top of the issue of teenage pregnancies and work with the various bodies—private, voluntary and public sector—to continue the good work that has been done in Northern Ireland and elsewhere and to adapt to the ever-changing goals in the effort to address teenage pregnancies.

For me, the issue is knowing how we can do things better. The hon. Member for Telford referred to some of the reasons for teenage pregnancy. When we consider those reasons, we cannot ignore the variations and variables in the regions of the whole of the United Kingdom. The Department of Health has made clear what it has done to drive down the overall rate of teenage pregnancies and recognised socioeconomic variations. In June 2014, the Department amended the 2008 strategy to include the aim of reducing

“the gap in births to teenage mothers living in deprived areas.”

Identifying and targeting the population most at risk of an unplanned and possibly unwanted pregnancy is vital to both prevention and improving the accessibility and uptake of post-natal medical care. That is another issue that we have addressed. I hope that these comments are helpful and specific. Regardless of their background, all sexually active teenage girls are at risk of becoming pregnant. That fact cannot be denied. Teenage mothers are more likely to be in what are known as routine or semi-routine occupations—for example, sales and services operatives or low-grade administration. I am not doing those jobs down, but that is what the statistics say.

Research evidence from the Family Planning Association in Northern Ireland suggests that risk factors include low self-esteem; poverty; low educational attainment; declining educational achievement; alienation and non-attendance at school; children being looked after by health and social care trusts; children of teenage mothers; a history of sexual abuse; mental health problems; and a history of offending behaviour. Those are all explanations for the variations in the rate of teenage pregnancy. When we look at these issues as we did in Northern Ireland, we can come up with a strategy. The hon. Member for Torbay (Kevin Foster) asked what we did. That is what we did, and it has made a significant contribution to where we are.

I again thank the hon. Member for Telford for giving us the opportunity to participate in this debate. When the shadow Minister speaks and the Minister responds, I hope that we will hear how we can address teenage pregnancy to an even greater degree, because there are many ways we can do that.

4.57 pm

Alison Thewliss (Glasgow Central) (SNP): It is a pleasure to serve under your chairmanship, Mr Chope. I thank the hon. Member for Telford (Lucy Allan) for securing this debate and for her very interesting speech.

When we are discussing teenage pregnancy, it is critical that we do not seek to stigmatise or hurt young women. As the hon. Member for Strangford (Jim Shannon) said, every baby born should be celebrated and every mother supported. Having a baby at any age has its challenges, and we should always seek first to offer assistance rather than dole out judgment.

Since the SNP Scottish Government were elected in 2007, the rate of teenage pregnancies in Scotland has fallen every single year, and it has dropped by about 35% in six years. All the NHS board areas in Scotland have seen reductions in their rates of teenage pregnancies. In the under-20 age group, it has decreased by 34.7%; in the under-18 age group, it has decreased by 41.5%; and in the under-16 age group, it has decreased by 39.8%. All that has not happened by accident. The SNP seeks to give every young person in the country a good start in life, regardless of their circumstances. The Scottish Government and the Minister for Children and Young People, Aileen Campbell MSP, have been working to achieve the goal of making Scotland the best place in the world to grow up, and they are leading policy in early years intervention.

The hon. Member for Telford mentioned looked-after children in particular. I draw attention to the Centre for Excellence for Looked After Children in Scotland—CELCIS—which does great work. The Scottish Government have also worked in a number of different ways to support care leavers by giving them an entitlement to university and further training. There are lots of measures to build their self-esteem and make them feel like the valued part of society that they are.

At the weekend, the SNP pledged to give every newborn baby born in Scotland a Finnish-style baby box to ensure that families have all the things they need to start in life. That programme has been hugely successful in Finland in reducing infant mortality from one of the highest rates in the world to one of the lowest. Interestingly, infant mortality is 60% higher among babies born to teenage mothers, so the baby box has the potential to become an important intervention for this vulnerable group.

It takes time and effort to change the causes and history of teenage pregnancy, as the hon. Member for Strangford indicated. I recently visited the National Society for the Prevention of Cruelty to Children in Glasgow. It is doing interesting and worthwhile work to support young mums. It is piloting an intervention that was started by Yale University called “Minding the Baby”. A health visitor and a social worker work with teenage mums from around seven months into pregnancy until the child is two. That very intensive model has resulted in benefits in improved attachment and better parenting skills. It has raised the self-esteem of the young women involved and had a wider effect on their families. Some have younger brothers and sisters who have seen a benefit in their family after teenage mums went through the programme, so there is a wider benefit to society. I was also delighted to hear that through the programme, a number of young women have been

supported to breastfeed. That demographic has a low uptake of breastfeeding, but the babies gain a huge and significant benefit.

There is an undeniable correlation between deprivation and teenage pregnancy. Dundee is often mentioned very negatively in that light, but there has been significant progress. Over the past decade, Dundee has seen a 58% drop in teenage conception rates. That is credited to the close working of schools and the local health board and the valuable work of family-nurse partnerships. It is also credited to education. Dundee has a young mums’ unit, which keeps young women in full-time education, meaning that they do not lose out on their education—that vital piece of the jigsaw in moving out of deprivation.

The hon. Members for Telford and for Strangford mentioned the impact of sexual health and relationships education. The House of Commons Library research mentions in relation to England that it is unclear what obligation there will be for schools in England to provide sexual health and relationships education should the Government’s full academisation plans go through. The SNP sees the value in that education and urges the Government to clarify whether new academies will have an obligation to provide sex education in schools. It would be utterly unacceptable for schools to offer no sex education whatever.

The hon. Member for Strangford mentioned prevention and young men, who have an important role. It is not just up to young women; young men have a serious role in teenage pregnancy.

Jim Shannon: A significant role.

Alison Thewliss: A very significant role. If young men and young women together are not educated about sexual health and relationship more widely, we are missing an opportunity to impart important lessons about consent and respect. Leaving it to chance is hugely damaging, as we can see with the ongoing investigations in Parliament into harassment in schools and the higher education sector.

Sexual health and relationships education is very much part of the curriculum in Scotland. My son is five. His primary 1 class has just been learning about human bodies. We should not be daunted by these issues as parents or politicians, because serious issues such as consent can be taught at a young age. It can be as simple as stopping tickling a child when they say no. That is consent, and we need to think about these things more widely.

In Scotland, we updated our national guidance on relationships, sexual health and parenthood education in December 2014. That guidance puts into practice the commitment made in the Children and Young People (Scotland) Act 2014 that the Scottish Government would actively promote the rights and wellbeing of children and young people. Education in schools should equip children and young people with information to help them keep themselves safe. Giving children and young people the knowledge and understanding of healthy, respectful and loving relationships and the opportunity to explore issues in a safe environment protects them from harm and promotes tolerance. Young people have the right to comprehensive, accurate and evidence-based information to help them make positive, healthy and responsible choices in their relationships.

[*Alison Thewliss*]

Dr Alasdair Allan, our Minister for Learning, Science and Scotland's Languages, said at the end of 2014:

"The issues covered by RSHP can be seen as the building blocks to how pupils look after themselves and engage with people for the rest of their lives. These classes allow pupils to think about their development and the importance of healthy living surrounded by their peers who will have similar experiences to them... The guidance recognises the professionalism of teachers, the expertise they bring to making lessons age appropriate and an invaluable addition to discussions that parents are likely already having with their children at home."

Finally, I come back to my point about poverty and deprivation and the correlation with teenage pregnancy. In its most recent statistics, which are from 2013, the Information Services Division notes:

"There is a strong correlation between deprivation and teenage pregnancy. In the under 20 age group, a teenage female living in the most deprived area is 4.8 times as likely to experience a pregnancy as someone living in the least deprived area and nearly 12 times as likely to deliver their baby."

The UK Government's welfare cuts and sanctions are increasing poverty—that is the context in which this debate exists—and will not help the teen pregnancy rate. In particular, I draw Members' attention to how young people aged 18 to 21 will lose access to housing benefits from next year. Centrepoint and Shelter have expressed concerns about the impact that will have on young people. One exception to that policy is where people of that age are parents. When the Government begin to make policies that take age and particular things into account and certain groups lose out, that will have a consequence. My concern is that by excluding that group from housing benefit, the Government perhaps encourage young people in particularly desperate circumstances to make huge life decisions for the wrong reasons, and that would be a seriously retrograde step.

5.5 pm

Sitting suspended for Divisions in the House.

5.28 pm

On resuming—

Alison Thewliss: I would like to end my speech as I began. In our deliberations about teenage pregnancy we should not stigmatise, and in responding to the debate on behalf of the SNP I hope I have not done so. It has certainly not been my intention. We must do all we can to support young people, teenage mums and dads and their babies, and to invest in their future.

5.29 pm

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): It is an honour, as ever, to serve under your chairmanship, Mr Chope. I thank the hon. Member for Telford (Lucy Allan) for securing this debate, which allows us to acknowledge the achievements made in addressing teenage pregnancy rates and to recognise that there is still a lot more to do, as she did so eloquently in her speech. I also want to acknowledge the excellent contributions of the hon. Members for Strangford (Jim Shannon) and for Glasgow Central (Alison Thewliss), who brought important perspectives from Northern Ireland and Scotland respectively.

Research shows that 61% of children born to teenage mothers are at a higher risk of infant mortality and that, by the age of 30, teenage mothers are 22% more likely to be living in poverty than those who gave birth at the age of 24 or over. I know that that is not universal, but those are the statistics. The fact that 21% of women aged between 16 and 18 who are not in education, employment or training are teenage mothers shows that teenage pregnancy is not only a cause but a consequence of the educational and health inequalities in our society. That is why we cannot sit by and ignore this situation, especially given that we still lag behind western Europe on our teenage pregnancy rate. Although it was welcome news that England last month achieved the long-held target of a 50% reduction—it actually achieved 51%—in the under-18 conception rate between 1998 and 2014, this is no time to be complacent. We must ensure that the positive work that has been done does not go to waste and that the trends do not flatline or worsen.

Although the overall rate has gone down for England, there are still wide-ranging variations—not just between regions but within them. For example, my own local authority, Sunderland City Council, has seen a 45% drop in the conception rate. However, just down the road, Stockton-on-Tees, in the same region, has seen only a 29% decrease between 1998 and 2014. That trend is replicated in all regions, with varying gaps and differences in the conception rate. A lot of that can be put down to local variations and the way in which the 10-year strategy, which was introduced by the previous Labour Government in 1999, was implemented by local authorities.

The strategy was informed by international evidence. A 30-point plan was launched to halve the under-18 conception rate and to improve the life chances not only of the teenagers who fall pregnant but of their children. The plan laid solid foundations for reducing teenage pregnancy by ensuring effective multi-agency work. In 2005, the plan was reviewed when it became apparent that the initial measures were not being implemented across the board. Instead, more prescriptive guidance was introduced. That review of the strategy's actions was best described by Alison Hadley in a recent article in the *Journal of Family Health*. She said that the review was an understanding

"that high rates were not inevitable—even in deprived areas—if the right actions were put in place."

That is the crux of the way that we should and must approach the issue of teenage pregnancy. It is not an inevitability of modern society, but it can be down to the inaction of those with the levers of power and their failure to implement the right interventions.

Angela Rayner (Ashton-under-Lyne) (Lab): I thank my hon. Friend for giving way, and I congratulate the hon. Member for Telford (Lucy Allan) on securing this debate. I do not know how many in the House have the experience that I had, but I was a mum at the age of 16. I come from a deprived background. Does my hon. Friend agree that one of the most important things we can do is to ensure that people have the opportunity to break that cycle and enable them to go back to education or to bring their child up? That is one of the things that I found really depressing when I watched the ITV programme "Long Lost Family". It is one of the heartfelt things that made me burst into tears. My son is with me;

I was able to raise him as a teenage mum because of the intervention and support that I got as a mum. Does my hon. Friend agree that it is vitally important that we do that?

Mrs Hodgson: I do, and I commend my hon. Friend for raising that matter. She talked about it in her maiden speech so movingly for those who were in the Chamber or who listened to it afterwards. It brings important insight into this House in debates such as this to hear someone speak from experience. She is right that we need to support teenage mums. This is not about stigmatising them. Obviously, sometimes it is about helping them to make different choices if they do not want to make a particular choice. We must support them and ensure that the statistics I just mentioned, which we are all aware of, do not become the reality for young mums and their children. My hon. Friend has obviously broken that cycle: she is here as a Member of Parliament. The cycle of deprivation does not have to be inevitable. As I said, it is not universal, but the statistics are not where we would like them to be. There are obviously exceptions that prove the rule.

In 2010, the Department for Education set out a bonfire of policies that saw specific budgets directed at local councils, such as for addressing teenage pregnancy, rolled into the early intervention grant, which has sadly been repeatedly cut year on year and is a shell of what it used to be. The Government have failed to build on the work set out by the last Labour Government, thereby threatening the success seen to date with their short-sighted strategy on early intervention.

Instead of the Government seeing local authorities as a problem, rather than a solution, we need a renewal of the thinking that we had between 1997 and 2010, which harnessed the co-operative relationship between local and central Government to address issues such as teenage pregnancy effectively. For instance, one of the key measures that followed through in both the initial strategy and the updated version, as the hon. Member for Telford discussed in her opening speech, was the necessity to improve sex and relationship education in our schools.

No one will be surprised to hear that I am a passionate advocate of age-appropriate sex and relationship education. I understand the real benefits that equipping children with the right knowledge and tools will have on their futures as they become adults. However, it is not just me who believes that; it is the young people themselves. As the Sex Education Forum found in a survey of more than 2,000 young people earlier this year on the sex and relationship education that they receive, one in five was reported as saying that it was bad or very bad, which is deeply concerning when young people still say that they are embarrassed to seek advice about sex or relationship issues and half of 15-year-olds do not know about the existence of local contraception and sexual health services in their area.

Many opponents of age-appropriate sex and relationship education say that it is the job of parents, not teachers, to teach their children about sex and relationships, which shows just how out of touch many people are with the lives of children and young people. The Sex Education Forum reports that 7% of 15-year-old boys and 9% of 15-year-old girls have no trusted adult in their life to whom they can go when they need advice on sex and relationships. Some of them are children in

care, about whom hon. Members spoke in the earlier debate. It is for that very reason that I and other Labour Members support the introduction of age-appropriate SRE as part of statutory personal, social, health and economic education, and many Government Members are slowly coming round to that idea, too. The lack of sex and relationship education in our schools is a ticking time bomb that the Government must address, especially with their impending forced academisation of all schools, which will bring into question the survival of SRE in any form in our schools.

Kevin Foster: I am interested to hear some of the points that the hon. Lady has made so far. Does she agree that it is important that schools buy into any duties? It is important that we have SRE and that its delivery does not become like the requirement to hold an act of religious worship in the morning. It is nice that that is statutory, but it is far more honoured in its breach than in its observance.

Mrs Hodgson: That is a very good point, because where sex and relationship education is compulsory in maintained schools, unlike in academies and free schools, there tend to be two elements: the biology and HIV/AIDS awareness, and then the relationship side. That is exactly the hon. Gentleman's point. It has to be good-quality sex and relationship education, rather than just ticking some boxes.

The ticking time bomb is paired with the increasing sexualisation of young people, with recent freedom of information requests to local police forces showing that reported incidents of children sexting has skyrocketed by more than 1,200% in the past two years due to increased access to social media such as Twitter and Facebook, and even to dating apps such as Tinder, which is why it is welcome that the Women and Equalities Committee has announced today an investigation into sexting as part of its inquiry on sexual harassment among pupils in schools. I look forward to seeing what comes out of that inquiry.

It is high time that the Government took action and issued an update of the sex and relationship education guidance, which was published before the smartphone generation was even born. I hope the Minister can update Members on the DFE's plans. I will not hold my breath, however, as when the opportunity came for the Government to take bold steps in introducing statutory PSHE and age-appropriate SRE following the most recent report of the Select Committee on Education on this area, it was blocked by no less than the Prime Minister. That was despite it being reported that many women Cabinet Ministers, including the Education Secretary herself, were strongly in favour of introducing this measure and were dismayed at the Prime Minister's inaction.

Not only disgruntled Cabinet Ministers but the Children's Commissioner, the Chief Medical Officer, the National Society for the Prevention of Cruelty to Children, 88% of teachers, 90% of parents and 92% of young people themselves are in favour of introducing both subjects to the curriculum as statutory subjects. Yet again, the Prime Minister is putting himself on the wrong side of the issue when it comes to teaching our young people about life and the resilience to deal with what is thrown at them.

[Mrs Hodgson]

In conclusion, it is undeniable that we have made great strides forward on teenage pregnancy and those achievements must be celebrated, but there is still a long way to go. The Government must make clear their vision about how they will build on the important multi-agency, co-operative intervention work of the last Labour Government, and about how they will finally bring forward plans for PSHE and SRE that will make them effective tools in the young person's arsenal and enable them to make informed choices in their lives.

Mr Christopher Chope (in the Chair): Before I call the Minister, I should point out that this debate has to finish at 5.52 pm.

5.41 pm

The Minister for Children and Families (Edward Timpson): As ever, Mr Chope, it is a delight to serve under your chairmanship.

I begin by congratulating my hon. Friend the Member for Telford (Lucy Allan) both on securing this debate and on her extremely well-judged contribution to it. Her contribution had at its heart something that I believe all Members could feel comfortable signing up to, which is the need to make sure that all children and young people, irrespective of their background, get a real and enduring chance to be the best that they can be, for themselves and—in the future—for their own families. I welcome the other contributions to the debate, by my hon. Friends the Members for Torbay (Kevin Foster) and for Eastbourne (Caroline Ansell), and by the hon. Members for Strangford (Jim Shannon), for Glasgow Central (Alison Thewliss), for Ashton-under-Lyne (Angela Rayner) and for Washington and Sunderland West (Mrs Hodgson).

To underline the genuine importance of this agenda, my hon. Friend the Member for Telford reminded us that it was the Prime Minister who set out in a significant and perceptive speech in January his intention for the Government to make improving the life chances of the most disadvantaged children and families in Britain a central tenet of our work over the next four years. Like my hon. Friend the Member for Telford, I welcome that commitment to cross-Government work to tackle some of the deep-rooted social problems that exist, and, in doing so, to help to transform children's lives so that they can meet their full potential.

As my hon. Friend acknowledged, although teenagers might still have the highest rates of unplanned pregnancies, we have seen a steady and impressive decline in that rate, to the extent that there are now 50% fewer teenage pregnancies than in 1998. In fact, teenage pregnancies are at their lowest since records began in 1969. That is important progress, which has a significant impact on young people's lives and improves their life chances, whether in Telford, Crewe or elsewhere in the United Kingdom. We heard about similar progress in Northern Ireland and Scotland.

However, although the rates are coming down, and doing so at a faster rate than elsewhere in Europe, they remain higher than in comparable western European countries. As the hon. Member for Strangford said, we

simply cannot afford to take our eye off the ball, and as the hon. Member for Washington and Sunderland West said, there is certainly no room for us to be complacent. Reducing the level of teenage pregnancy must remain a high priority, not only at national but at local level. My colleagues in the Department of Health have recognised that by including teenage pregnancy rates as a key indicator in the public health outcomes framework.

How will that outcomes framework be supported to deliver what is required? As we know, since 2013 local authorities have had responsibility for commissioning sexual health services. To support local commissioners, Public Health England has a teenage pregnancy expert adviser, whose role is to provide support to national teams by integrating teenage pregnancy data, evidence and best practice into relevant work programmes. It is good to hear about areas such as Leicester, Caerphilly and Wandsworth—in particular, Wandsworth sounds hugely impressive—that are helping to add to that best practice. The expert adviser also provides Public Health England with a teenage pregnancy link to the Local Government Association and relevant Department of Health policy teams.

The Government also provide support by facilitating the sharing of information and learning with local areas about what works in reducing teenage pregnancy. We have heard contributions this afternoon that touched on exactly that point. Most recently, in March this year, Public Health England and the Local Government Association produced an updated briefing for councils—I have even come to this debate armed with a copy. It is entitled “Good progress but more to do”, which probably sums up the message that has come out of this debate. Having been around for only a few weeks, it has already been downloaded more than 5,000 times, which suggests both a high degree of interest in the subject and a welcome continued commitment at local level to actively do something about it rather than just look at figures on a page.

As I am a Minister in the Department for Education, it would be remiss of me not to set out what the Government are doing to improve education standards for all children. As we have heard, education has a key role to play in keeping children on a positive path in life. I know from having visited Holmer Lake Primary School in the constituency of my hon. Friend the Member for Telford that she believes strongly in the power of education to change lives. She will be aware that we have published a White Paper setting out how we will seek to achieve educational excellence everywhere. As the Secretary of State set out in the White Paper, it is imperative that we extend opportunity to every child, whatever their background. That is why we are completely committed to ensuring that all pupils receive an excellent education.

Since 2010, 1.4 million more children have enjoyed an education in a good or outstanding school. To support that, we have taken a number of measures to drive up performance: matching failing schools with strong sponsors; driving up the numbers of national leaders of education to support other schools, from 250 in 2010 to more than 1,000 last year; and providing schools with significant extra funding to raise the attainment of disadvantaged pupils through the pupil premium, which is worth £2.5 billion this year. We have protected that funding at per-pupil rates for the duration of this Parliament.

We must of course build on that, so that all children and young people receive the same standards of education enjoyed by those in the best schools. We acknowledge that some parts of the country suffer from acute problems and will need additional support for all children to achieve their potential. The White Paper identified areas of the country where low school standards are exacerbated by low capacity to deliver improvement. To support improvement in those parts of the country, we will designate achieving excellence areas, where we will work with local leaders to diagnose the underlying problems and then target our national programmes to help them secure sufficient high-quality teachers, leaders, system leaders, sponsors and governors. We will trial that approach from September this year and roll it out more widely from September 2017, with the aim of delivering lasting improvement to standards in those areas.

I am sure my hon. Friend will agree that in order to ensure that all children can benefit, we must keep absences from school to an absolute minimum. Overall absence rates have followed a general downward trend from 6.5% in 2006-07 to 4.6% in 2014-15. Although we have made progress, with almost 200,000 fewer pupils regularly missing school than in 2010, we must keep our foot on the gas.

Why is that important in the context of this debate? With regard to educational underperformance and teenage pregnancy, my hon. Friend rightly pointed out that there is a correlation between teenage conception, deprivation and low educational attainment. In 2013, the Centre for Analysis of Youth Transitions, funded by the Department for Education, published a research report on teenage pregnancy in England. The report set out the evidence on the relationship between deprivation, low prior attainment and likelihood of teenage conception and maternity.

The research found that girls who are eligible for free school meals and girls who are persistently absent from school are more likely to become teenage mothers, both because they are more likely to conceive and because they are more likely to continue with their pregnancy. Researchers also found that girls who attend higher-performing schools are less likely to conceive, and that deterioration in academic performance between key stages 2 and 3 is associated with teenage pregnancy. Girls who make slower than expected progress during the early years of secondary school are significantly more likely to conceive, and to continue with the pregnancy after conception, than those who progress as expected.

Free school meals eligibility, persistent absenteeism and slower than expected academic progress during early secondary school can therefore be thought of as key individual risk factors associated with conceiving as

a teenager and continuing with that pregnancy. That is exactly the sort of evidence-based research that we need to proliferate around the system so that those at local level can gain a much better understanding of what works.

As such research demonstrates, various risk factors are associated with increased teenage pregnancy rates, including educational underachievement. Schools can help all children to make better decisions in their personal life through high-quality teaching of personal, social, health and economic education. Unfortunately, time precludes me from rehearsing the many arguments of the past few weeks and months on the role of PSHE in equipping pupils with the knowledge and skills to make safe and informed decisions and in preparing them for adult life.

I think we can all agree that we want to equip young people and children with such skills. To achieve that, we need to ensure that PSHE is of the highest quality possible. That is why, with the support of the PSHE Association and after consultation with a wide variety of agencies and PSHE practitioners, we have produced a suggested programme of study, based on the needs of today's pupils and schools. We have said that we will keep the issue under review, as we set out in our response to the report of the Select Committee on Education. We will do that in all seriousness, to ensure that as the hon. Member for Washington and Sunderland West rightly said, we provide children with the arsenal that they require to meet many of the harder challenges that life throws at them when compared with our own childhoods, and at a much younger age.

Much is going on in government, including the provision of support for children in care and care leavers so that they are ready and prepared for adult life. The number of mothers who were previously looked-after children has declined over the years between 2011 and 2015, but as my hon. Friend the Member for Telford reminded us, about 20% of female care leavers become teenage parents, so we need to do even more. That is why we have committed to deliver real reform of social care services. We have our £200 million social care funding programme, as well as the Pause programme, with funding from the innovation fund, which I urge hon. Members to look at carefully. Pause breaks the cycle for the many young mothers who have repeated pregnancies only to have the child removed from their care, which we need to stop in future.

5.52 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

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