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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

**Monday 17 October 2016**

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# House of Commons

*Monday 17 October 2016*

*The House met at half-past Two o'clock*

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### WORK AND PENSIONS

*The Secretary of State was asked—*

#### **Disabled People: Government Support**

1. **Kevin Hollinrake** (Thirsk and Malton) (Con): What steps his Department is taking to help disabled people to access Government support. [906577]

**The Secretary of State for Work and Pensions (Damian Green):** On the day that the country is celebrating our Paralympic athletes, I am sure the whole House will want to join me in thanking them for a summer of thrilling and inspirational sport.

It is right that we continually review the way support is offered to and accessed by disabled people. That is why I was pleased to announce an end to stressful and bureaucratic employment and support allowance reassessments for people with the most severe lifetime conditions. We are also transforming the way disabled people access support through our new digital Access to Work platform and providing help to budding disabled entrepreneurs to set up their own business.

**Kevin Hollinrake:** I am holding a round-table event on 31 October for those with disabilities, parents and employers, to try to remove the barriers to employment. Does the Secretary of State agree that for some the barriers are simply too high? Will he welcome the positive response from Disability Rights UK to his recent announcement that those with long-term and severe disabilities will not have to undergo regular repeat assessments of their condition?

**Damian Green:** I congratulate my hon. Friend on the round table. He is right that there are too many barriers to work for disabled people, and this Government are determined to do everything possible to break down those barriers. Like him, I was pleased that a number of disability groups welcomed the announcement that I made on 1 October. I was particularly pleased to see the chief executive of the MS Society, Michelle Mitchell, say that it was a victory for common sense. She went on to say:

“We are therefore delighted that the Government has listened to our concerns and have agreed to stop reassessments”.

I am pleased that the sector was so pleased with the announcement.

**Stephen Timms** (East Ham) (Lab): I, too, welcome the Secretary of State’s announcement. Which conditions will the exemption cover, and when does he expect the change to be introduced?

**Damian Green:** It is not so much the conditions as the individuals. We apply the exemption on an individual basis, as there are clearly conditions where at some stages people will be able to work and at other stages they will not be able to work, so the exemption covers conditions that can only deteriorate as well as conditions that may stay the same. On timing, we will be consulting on a wide range of measures in the work and health Green Paper, which my predecessor promised would be with us by the end of the year, and I am happy to repeat that promise today.

**Helen Whately** (Faversham and Mid Kent) (Con): I, too, welcome the announcement that people with severe lifelong conditions will no longer face repeated work capability assessments. My right hon. Friend has clearly recognised how stressful people find these assessments. Although mental health conditions can follow an unpredictable path, will he consider taking steps to reduce the stress and trauma experienced by people with long-term mental health conditions undergoing work capability assessments?

**Damian Green:** I am happy to try to reassure my hon. Friend about that because she is right. One of the things that has improved in the diagnosis field has been the number of people who have been correctly diagnosed with mental health conditions in recent years, and clearly this is a group who in some cases have particular difficulties in getting back to work. The stress and strain of constant reassessment may well contribute to that, so we are always looking at ways of improving the assessment that we do to make sure that they achieve what they are meant to achieve and do not just act as an increaser of strain on people.

**Kate Green** (Stretford and Urmston) (Lab): Constituents who have been refused employment and support allowance tell me that they are experiencing barriers being put in their way when they apply for mandatory reconsideration of the decision. They tell me that they are being told to put the application in writing and to give reasons in advance, and then if the request is rejected they are not given reasons for the refusal. Will the Secretary of State take a look at this situation because it does seem that there is a deliberate attempt on the part of at least some officials to thwart people in having their cases reconsidered?

**Damian Green:** I am not at all aware of officials actively acting to thwart mandatory reconsideration. As the hon. Lady will know, the Social Security Advisory Committee supported the mandatory reconsideration, but there are a number of recommendations on the table that we are looking at and that will improve the process. With all these processes, there is a need for continuous improvement, and that is what we will seek to do.

**Richard Benyon** (Newbury) (Con): My right hon. Friend’s announcement will be particularly welcome to a constituent of mine who is a long-term mental illness

sufferer. He has been sectioned four times and is still required to have the work capability assessment. I very much hope that the process to which my right hon. Friend referred will be a quick one and that people such as my constituent will soon be able to benefit from this announcement.

**Damian Green:** Yes, I quite take the point my hon. Friend has made—certainly as he describes the constituency case he has taken up. Someone like that should not be reassessed while we are establishing the details of the appropriate guidance so that the new system can be put into effect.

**Dr Eilidh Whiteford** (Banff and Buchan) (SNP): I am glad the Government have said they are going to end the needless and distressing practice of reassessing work capability people with lifelong, progressive and incurable conditions. I hope the Secretary of State now accepts that his predecessors got this very badly wrong over recent years. Will he now take steps to overhaul the work capability assessment to ensure that all ESA claimants, including those with invisible and fluctuating conditions, are treated with dignity and respect?

**Damian Green:** I am grateful for the support for my announcement from those Benches, even though I sense it came through slightly gritted teeth. As I have said to previous questioners, we are constantly looking at ways of improving the work capability assessment, and of course that work will carry on.

**Dr Whiteford:** I thought I was being quite restrained.

The other thing the Government have got badly wrong in recent times is the decision to cut financial support to ESA claimants in the work-related activity group—people assessed as currently unfit for work. At the time, that decision caused huge disquiet on both sides of the House, and deep anger and concern outside it. With those changes due to come into effect shortly, will the Secretary of State make representations to the Chancellor ahead of the autumn statement to reinstate that support, which sick and disabled people need so badly?

**Damian Green:** As I am sure the hon. Lady knows, no one who is already claiming ESA in that group will see a cash loss. What we are seeking to do is to make it as easy as possible for as many people as possible to get into work, because doing a job is, for most people, the best route out of poverty. The various changes announced by my predecessors were all aiming at that end, which is the best one for the vast majority of people receiving these benefits.

**Debbie Abrahams** (Oldham East and Saddleworth) (Lab): The Government's climbdown regarding their discredited work capability assessment is welcome, but given that 60% of people who appeal against their WCA decision are successful, that academics estimate that between 2010 and 2013 an additional 590 suicides were associated with WCA and that the Government's data show that the people who have been found fit for work are four times more likely to die than the general population, why will the Work and Pensions Secretary not scrap the WCA process immediately and completely?

**Damian Green:** Because the work capability assessment, which was, of course, introduced by a Labour Government, has been reviewed five times since 2010, and each time we have improved it. I am glad that the hon. Lady has welcomed the recent improvements that we have introduced. *[Interruption.]* I would be grateful if she waited for her next question before she asks it. One thing I would particularly take issue with her over is her implied link between suicides and the work capability assessment. I do think that that is an unhelpful use of what is always clearly a deeply tragic situation for political ends. I think she will have known that there is no direct evidence to support that, and I do not think it is a very constructive way to seek to improve the work capability assessment.

**Debbie Abrahams:** Just as a point of fact, these are academic estimates, and the Government's data show that people have died.

Unlike with the work capability assessment, the Government plan continually to assess all disabled people for the personal independence payment, regardless of their disability or condition, regardless of the fact that 59% of PIP appeals are successful and regardless of the wholly inappropriate process. After the outcry over proposed cuts to PIP in the Budget, and having had to abandon proposals to restrict access to PIP by changing eligibility to the daily living component, the Government are looking for alternative ways to make cuts to PIP—this time by changing the guidance and making it harder for disabled people successfully to appeal PIP decisions. Are the Government not ashamed that they are putting disabled people in such dire circumstances?

**Damian Green:** I am not at all ashamed of the introduction of PIP or the fact that many more people are eligible to receive PIP than were eligible to receive disability living allowance. It is a better benefit, and most of the disability support groups recognise that it is a better benefit, so I simply do not recognise the hon. Lady's characterisation of PIP.

#### Personal Independence Payment: Autism

2. **Ian C. Lucas** (Wrexham) (Lab): What assessment his Department has made of the effect of the introduction of personal independence payment on benefit claimants with autism. [906578]

**The Minister for Disabled People, Health and Work (Penny Mordaunt):** The personal independence payment assessment is designed with all health conditions and impairments in mind, including autism. About 38% of those with autism are currently receiving higher rates of PIP.

**Ian C. Lucas:** Autism is a complex medical condition, and there is a fundamental failure in the personal independence payment system in that assessments are being made by people who have no detailed knowledge of the medical condition involved. Will the new Secretary of State and the Minister assess whether it is possible to have real medics and people with professional medical opinions carrying out assessments, so that these people can be looked after?

**Penny Mordaunt:** I thank the hon. Gentleman for raising the important fact that the assessment and the person's experience of it are appropriate. He is quite wrong to say that these are not healthcare professionals. Both our assessment providers' training covers autism.

Capital and Atos give their health professionals specific information that has been developed by the National Autistic Society.

### Child Poverty

3. **Patricia Gibson** (North Ayrshire and Arran) (SNP): What steps his Department is taking to reduce child poverty. [906579]

11. **Lisa Nandy** (Wigan) (Lab): What steps he plans to take to reduce levels of child poverty. [906587]

**The Secretary of State for Work and Pensions (Damian Green):** Work is the best route out of poverty. There are 557,000 fewer children in workless households than in 2010. The Prime Minister is clear that tackling poverty and disadvantage, and delivering real social reform, is a priority for this Government. To that end, I will be returning to the House with a number of announcements over the coming months.

**Patricia Gibson:** The latest OECD figures show the that the risk of income poverty is growing for young people, and that was before the impact of the coming into force of benefit cuts hitting children. Will the Secretary of State accept the warnings from the Institute for Fiscal Studies that child poverty will increase by 50% in the next few years and abandon the cuts to universal credit, which will punish low-paid workers, especially single parents?

**Damian Green:** I simply point out to the hon. Lady that since 2010 there are 100,000 fewer children in poverty in this country, and, overall, 300,000 fewer people in poverty. I have already said that work is the best route out of poverty. I am sure that she, like me, will welcome the fact that we have far more people in work in this country than most other advanced countries. That is the best long-term way to ensure that children do not suffer poverty.

**Lisa Nandy:** I very much welcome the change of tone since the Secretary of State took up his new position, but what I would really like to see now is a change in policy. He should be ashamed that the IFS is predicting a staggering 50% increase in child poverty over the course of this Parliament under his Government, who are still committed to a policy where a living wage does not pay enough to live on and where tax and benefit changes will be directly responsible for that increase in child poverty. When will the 2.5 million children who currently go without enough food to eat—who go hungry in this country—see some real action from this Government?

**Damian Green:** I disagree with the hon. Lady on the points that she makes on income and on tax. On income, the introduction of the national living wage means that a full-time worker who was previously on the national minimum wage is now £900 a year better off, and many children will benefit from that. On tax, over the course of the previous Parliament, we took 4 million of the lowest paid out of income tax altogether. Those are practical measures that help people on low incomes and help children in low-income households.

**Ben Howlett** (Bath) (Con): As the Secretary of State will know from his recent visit to my constituency, earlier this year I worked with local Bath charity St John's Hospital to set up the Action Against Child Poverty group in Bath, bringing together over 50 charities and £100,000 of funding to tackle the issue of the one in five children who live in poverty in my constituency. Will he agree to meet Action Against Child Poverty in Bath, this time in London—don't worry!—to learn about the group's work and extend his congratulations on its work?

**Damian Green:** I am delighted to join my hon. Friend in congratulating the group in his constituency. It is exactly the sort of thing that one wants to hear that the third sector is doing, and I am happy to meet the group. I am grateful that he is depriving me of yet another trip to Bath. I am always happy to go there, but I quite like to spread myself around the country a bit.

**Mr Alan Mak** (Havant) (Con): Helping parents on jobseeker's allowance or income support to start their own business is one way of reducing child poverty. Will the Secretary of State support the new enterprise allowance, which helps unemployed people to start their own business and raise household incomes?

**Damian Green:** The new enterprise allowance is indeed an extremely helpful tool in our armoury of ways to help disabled people. We have seen 20,000 firms started up—20,000 disabled people helped—through the new enterprise allowance. I intend to continue and expand the scheme, which is so good for disabled people.

**Margaret Greenwood** (Wirral West) (Lab): The right hon. Member for Chingford and Woodford Green (Mr Duncan Smith) said in March 2014 that he believed the Government would eradicate child poverty by 2020, yet, as has already been mentioned, the Child Poverty Action Group highlighted last week that child poverty is set to rise by 50% by 2020. Does the Secretary of State agree with the former Secretary of State or with the Child Poverty Action Group, and are the Government still committed to eradicating child poverty by 2020?

**Damian Green:** The Government are certainly committed to reducing child poverty. The Child Poverty Action Group made a number of specific demands. One demand was to expand childcare support, which the Government have done, extending the 15-hour offer to the most disadvantaged two-year-olds. Universal credit now reimburses up to 85% of childcare costs, up from 70%. CPAG also demanded support to progress in low-paid work—it is absolutely right about that—and we are undertaking a number of trials to deliver evidence on in-work progression, which will be delivered by Jobcentre Plus, because I agree with CPAG that that is an extremely good step forward.

**Margaret Greenwood:** In 2011, the Government said that universal credit would lift 350,000 people out of poverty. By 2013, that had been downgraded to just 150,000. The Office for Budget Responsibility published its report on welfare trends last week and made it clear that the cuts going ahead under universal credit will mean that it will be less generous than tax credits. How many children, if any, do the Government expect universal credit to lift out of poverty?

**Damian Green:** Universal credit, which is now being paid to more than 300,000 people, has already shown that people will get into work and progress in work faster and that they are more likely to seek work. If the Opposition accept, as I think they do, that work is the best route out of poverty, they will welcome universal credit because, when it is paid to more parents it helps children in those families to be in households where there is work. That will be the best way to get them out of poverty.

#### State Pension Age: Women

4. **Carolyn Harris** (Swansea East) (Lab): Whether his Department plans to take steps to introduce transitional protection for women adversely affected by the acceleration of increases in the state pension age. [906580]

14. **Gill Furniss** (Sheffield, Brightside and Hillsborough) (Lab): Whether his Department plans to take steps to introduce transitional protection for women adversely affected by the acceleration of increases in the state pension age. [906590]

16. **Nic Dakin** (Scunthorpe) (Lab): Whether his Department plans to take steps to introduce transitional protection for women adversely affected by the acceleration of increases in the state pension age. [906592]

**The Parliamentary Under-Secretary of State for Pensions (Richard Harrington):** Transitional arrangements are already in place. We committed £1 billion to lessen the impact of the state pension age changes on those who were affected, so that no one would experience a change of more than 18 months. In fact, 81% of women's state pension ages will increase by no more than 12 months, compared with the previous timetable.

**Carolyn Harris:** Last week, I and more than 100 cross-party colleagues presented petitions in support of the Women Against State Pension Inequality campaign. Will the Minister acknowledge that those women have been subject to a grave injustice and that now is the time for the Government to introduce appropriate transitional payments for the women most affected by the pension changes?

**Richard Harrington:** I can only reiterate to the hon. Lady what has been said many times before. The Government made transitional arrangements that came to more than £1 billion. *[Interruption.]* She is chuntering at me from a sedentary position. I could not hear, but will try to imagine what she was saying. The Government have made the transitional arrangements, and no further moves will be made to assist those women, all of whom will benefit in time from the significant increase in the new state pension.

**Gill Furniss:** There are shocking reports of women affected by the changes introduced last April being left destitute. Many of them who have been on low pay all their lives where occupational pension schemes were not open to them have taken on caring responsibilities, saving this country lots of money. What immediate measures will the Government take to address this appalling situation and put these wrongs right?

**Richard Harrington:** Those women, or indeed those men, under the state pension age who are in the position of destitution the hon. Lady mentions are fully entitled to a comprehensive benefits system, of which I am sure she is aware.

**Nic Dakin:** I pay tribute to Rosemary Jordan and the north Lincolnshire WASPI group. The Minister is better than the answers he has just given. These women are being badly affected. The Prime Minister has given a commitment to this nation to look after those people who are just managing, and the women I have seen in my surgery are just managing as a result of these pension changes. The transitional arrangements that were made back in 2011 are not good enough. I urge the Minister to go back to the Department and improve the offer.

**Richard Harrington:** As the hon. Gentleman is aware, I have said many times, as have other Ministers, that the transitional arrangements have cost more than £1 billion and there are arrangements in place for those people in destitution. It becomes a question of the public money that is spent. At the moment, the new state pensions are costing £89 billion a year, plus pension credit and everything else, and there is no further money available.

**Alex Cunningham** (Stockton North) (Lab): I am very surprised that no Government Members want to ask questions about this topic. The Prime Minister celebrated her 60th birthday earlier this month, making her part of that sisterhood of 1950s-born women who have been so shabbily treated by her predecessor's Government. My hon. Friends the Members for Swansea East (Carolyn Harris) and for Scunthorpe (Nic Dakin) have already referred to the mass petitions organised by WASPI, and we have heard about the amazing change of mind of not one but two previous pensions Ministers, who have acknowledged that the whole thing was wrong and a bit of a mess. Unlike other members of the special sisterhood, the Prime Minister will probably not have to rely on the state pension, but will the Minister appeal to his boss to use the power she has and to compensate some of the most needy women in our society?

**Richard Harrington:** I find it strange that the hon. Gentleman and his party were in the House when the Pensions Act 2011 was passed, yet their 2015 manifesto made no mention whatsoever of negating it.

#### Personal Independence Payments: Applications

5. **Tom Pursglove** (Corby) (Con): What support is available for people who require assistance to complete personal independence payment application forms. [906581]

**The Parliamentary Under-Secretary of State for Welfare Delivery (Caroline Nokes):** Department for Work and Pensions visiting officers can assist people with the completion of their PIP forms in their own homes, as can family and friends. Claimants can also authorise another person or organisation to help them handle their PIP claim.

**Tom Pursglove:** I am grateful to the Minister for that answer, but completing the forms can be a particularly difficult experience for those with mental health conditions.

I was pleased to hear what the Secretary of State said earlier about reassessments, but what specific help and support is provided to that particular group of applicants?

**Caroline Nokes:** We want to help people with the form as much as possible. That is why we give them up to a month to complete the return form, as well as additional time if they require it. We provide guidance online so that friends and family can look at it and go on to assist the person with the completion of the form. We also allow them to use their own words to describe their condition and to provide as much detail as they would like, or as much as their condition allows.

22. [906598] **Mrs Madeleine Moon** (Bridgend) (Lab): As chair of the all-party parliamentary groups on Parkinson's and on motor neurone disease, I met the Minister's predecessor, the hon. Member for North Swindon (Justin Tomlinson), many times. The problems of people with motor neurone disease and Parkinson's are such that, often, by the time the form is in, their condition has progressed excessively. Will the Minister meet me and the charities associated with those conditions to discuss the issue?

**Caroline Nokes:** There are opportunities in the Green Paper for exactly that sort of information to be fed back, and my hon. Friend the Minister for Disabled People, Health and Work will be delighted to provide as much support as is needed.

**Bill Esterson** (Sefton Central) (Lab): My constituent John Mullen had been working abroad for two years when he fell ill earlier this year with relapsing-remitting multiple sclerosis. When he came back to this country, he was told that he would not qualify for personal independence payments until January 2018. Given what the Secretary of State has said about relaxing the cuts in welfare payments, will the Minister look at his case personally and make sure that my constituent has the money that he needs right now?

**Caroline Nokes:** As the hon. Gentleman knows, we cannot intervene in individual cases, but if he sends the detail of the specific problem with regard to those who have lived abroad and moved back, my hon. Friend the Minister for Disabled People, Health and Work will be delighted to look at it.

#### **Benefit Eligibility Assessment: People with Disabilities**

7. **Huw Merriman** (Bexhill and Battle) (Con): What steps his Department is taking to improve the benefit eligibility assessment process for people with disabilities. [906583]

**The Minister for Disabled People, Health and Work (Penny Mordaunt):** The Department is committed to improving continuously assessments for all our benefits, and we have responded to a range of recommendations from a number of independent reviews. As part of our continuous review of the work capability assessment, we will be consulting on further possible improvements in the forthcoming Green Paper.

**Huw Merriman:** I welcome the Government's recent announcement. May I ask the Department to consider creating an individual health statement for each disability claimant to give every local and national agency that is

responsible for paying benefits access to the relevant information, so that we can end the practice of repetitive form-filling and evidence gathering? That would reduce individual stress on the vulnerable and reduce bureaucracy in our essential public services.

**Penny Mordaunt:** That is a sensible suggestion, and I thank my hon. Friend for making it. If we can use all the data that Government hold—for example, care plans or evidence for someone's war pension—better to reduce stress and bureaucracy for individuals and arrive more quickly at a good result on the assessment, we should do so.

**Ms Karen Buck** (Westminster North) (Lab): How confident is the Minister of the robustness of emergency payments for disabled people who lose their ESA or PIP? What would she say to my constituent who suffers from chronic lymphoedema? He wrote to me two weeks ago, having lost his benefit:

"I can't seem to concentrate on what I should do. I have no money at all. My electricity and my gas have run out. As for food I don't know what to do."

How can we have a system in which people are left in such a predicament?

**Penny Mordaunt:** I am sorry to hear of the circumstances of the hon. Lady's constituent. Enormous numbers of decisions are made on ESA, PIP and on all sorts of other benefits. In some cases, the wrong decision is taken and it is overturned on appeal. We need to concentrate on ensuring that we arrive at the right decision in the first place. That has been our focus over the last few weeks, and we are doing a lot of work to ensure that medical and other evidence is submitted earlier in the process so that such circumstances do not arise. I would be very happy to look at the situation of the hon. Lady's constituent.

#### **Personal Independence Payments: Assessments**

8. **Martyn Day** (Linlithgow and East Falkirk) (SNP): What steps his Department is taking to ensure that personal independence payment assessments are undertaken fairly and appropriately. [906584]

10. **John Nicolson** (East Dunbartonshire) (SNP): What steps his Department is taking to ensure that personal independence payment assessments are undertaken fairly and appropriately. [906586]

21. **Christina Rees** (Neath) (Lab/Co-op): What steps his Department is taking to ensure that personal independence payment assessments are undertaken fairly. [906597]

**The Minister for Disabled People, Health and Work (Penny Mordaunt):** Our policy is developed by utilising service user panels. Provision is strictly monitored and measured by independent audit, and the provider is held to account through the contract that we have with them.

**Martyn Day:** For the fourth year in a row, the Infrastructure and Projects Authority has said that the roll-out of the personal independence payment project is "in doubt with major risks...apparent in a number of key areas."

What action is the Minister taking to address the urgent problems with the PIP assessment, which is causing further hardship to disabled people trying to access vital support?

**Penny Mordaunt:** I start by pointing out that PIP is a vast improvement on what went before. It is a more targeted benefit and it takes into account a whole raft of other conditions, such as mental health and sensory conditions, not just physical disability. It is a vast step forward in that respect. We cannot rest on our laurels, however. We must continually improve, and there is a robust improvement process, based on user and claimant feedback, which looks at the assessment and also at record keeping and a raft of other areas.

**John Nicolson:** Let us examine that claim. My constituent Leila Kennedy lives with dwarfism, and her Motability car was removed from her after a PIP assessment. She had to use public transport, which she was unable to do, and she lost her job as a result. Does the Minister really think that Government policy is delivering compassionate outcomes in such cases?

**Penny Mordaunt:** I hope that the hon. Gentleman will write to me with further details of that case. Under PIP, more people are entitled to use the Motability scheme, but clearly we want to make sure that any decision taken on a PIP assessment is the right one. A key part of that, as we know from looking at cases that have been overturned on appeal, is getting the evidence submitted earlier in the process.

**Christina Rees:** Reports suggest that Capita rewards its assessors on the basis of how many assessments they complete every month, which leads to rushed assessments where applicants are not given enough time to describe how their condition affects them daily. What is the Minister doing to ensure that applicants are given enough time and that such a reward system is not operating?

**Penny Mordaunt:** I thank the hon. Lady for her question because it gets to the heart of what I have just described. If we do not have a good-quality assessment and good quality in all the evidence needed early in the process, we will end up causing distress to an individual who has to go to mandatory reconsideration or an appeal. We are doing work in the Department to address this, including giving a bit more flexibility for certain cases at that early stage, with the hope that the evidence we need will then be submitted at that stage. That is recent work, and we are rolling it out at the moment.

**Justin Tomlinson** (North Swindon) (Con): For those with a mental health condition, the PIP assessment has transformed opportunities. Under disability living allowance, only 22% accessed the highest rate of benefit; yet under PIP, the figure is 68%. With more people with mental health conditions being identified, what more can be done to signpost them to the wider support of the NHS, charities and the Government's pilots?

**Penny Mordaunt:** I thank my hon. Friend for the work he did at the Department on these issues. He is absolutely right that mental health now has the priority it needs, and that PIP is delivering for such people. I would give him one example, which is the work we are

doing to build on the excellent work that he did with the Disability Confident scheme. We have further beefed up the scheme, which will give employers a general grounding in these matters, and act as a platform for organisations such as Mind and others that can offer bespoke advice.

**Mr Peter Bone** (Wellingborough) (Con): Most Members in this House will have someone come along to their advice surgery every week with a problem about PIP. The area that worries me most is Motability, because people come to my surgery who are clearly going to win at the tribunal stage, but their Motability is removed right at the beginning of the process. Can we not look at a change of policy, whereby the Motability stays until all the appeal processes have been concluded, which would be a great help to many people?

**Penny Mordaunt:** I thank my hon. Friend for that question. Historically, we have not paid benefit during an appeal. The key to cracking this is to ensure that the assessment is done correctly. I would point out to him that the mandatory reconsideration process would be over before the person had to return the vehicle.

#### Disabled People: Recruitment and Retention

9. **Graham Evans** (Weaver Vale) (Con): What steps the Government are taking to increase awareness among employers of the value of recruiting and retaining disabled people. [906585]

**The Minister for Disabled People, Health and Work** (**Penny Mordaunt**): Building on the work of my predecessor, we have introduced a new Disability Confident scheme to identify the value that disabled people bring to businesses and to give employers the tools and techniques they need to recruit, retain and develop them. The new scheme went live in July, and it will be formally launched soon. I must thank my hon. Friend for being an early adopter.

**Graham Evans:** I thank my hon. Friend for that answer, and I pay tribute to her predecessor. Earlier this year, I held my fifth annual jobs and apprenticeship fair at Mid Cheshire College in Weaver Vale. In July, I undertook my first Disability Confident fair, where I signed up 19 Cheshire businesses to become Disability Confident employers. Will my hon. Friend tell the House what steps the Government are taking to encourage more small and medium-sized enterprises to take up this very important role?

**Penny Mordaunt:** In addition to the Disability Confident scheme, we are trialling the small employer offer, which will provide some additional support to those who may have less capacity within their own organisation. We are also working closely with the Health and Safety Executive, with its reach to SMEs, to target our services better.

**Steve McCabe** (Birmingham, Selly Oak) (Lab): Recent analysis suggests that as well as an employment gap, there is a wage gap of about 13% between disabled workers and their non-disabled counterparts. What is the Minister going to do to raise employers' awareness of this abuse?

**Penny Mordaunt:** I thank the hon. Gentleman for raising that important point. We quite often talk about getting people into work, but we clearly also want them to have a career: we want them to develop, reach their full potential and pursue all their talents. The Green Paper, which we will publish shortly, will look at some of these issues, but the beefed-up Disability Confident scheme will also be very effective in doing that.

18. [906594] **Mrs Maria Miller** (Basingstoke) (Con): Scope's research shows that 85% of disabled people feel that employers' attitudes to employing them have not improved during the past four years. Should not more employers follow the lead of employers such as Waitrose, John Lewis, Morrisons and Marks & Spencer in my constituency and put practical support in place to help disabled people, particularly when they are applying for jobs in the first place?

**Penny Mordaunt:** I agree with my right hon. Friend. We need to do more to ensure that the support we offer is understood by employers. Disability Confident will help with that. We also need to raise employers' awareness of what they are missing: huge talent and huge insight in their workforce. We will shortly bring forward schemes which will do just that.

**Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): The Minister may be aware there is a massive pool of talent among people who suffer from neurolinguistic difficulties and challenges, and autism and dyslexia. What more can the Government do to show that, if we recognise their challenges, these young and old people make very good employees?

**Penny Mordaunt:** Absolutely; part of the solution is ensuring that our own staff are fully aware and able to encourage employers to take on these people. There are many other things we can do to highlight the positive contribution they have made. We are doing a huge amount of work with Hidden Impairment, including training our staff and our ongoing communication with employers.

### Financial Literacy

12. **Suella Fernandes** (Fareham) (Con): What steps he is taking to increase financial literacy and money management skills among people in receipt of benefits who are in debt. [906588]

**The Minister for Employment (Damian Hinds):** We are committed to battling financial exclusion. Under universal credit, through universal support, we are working with partners to help claimants manage their finances and avoid debt.

**Suella Fernandes:** Sixteen million adults have less than £100 in savings, with younger adults, larger families and single parents most at risk of struggling with their personal finances. The all-party group on financial education for young people, which I chair, has, supported by Young Enterprise, concluded that people need better money management skills in life. What steps is my hon. Friend taking to increase financial education and money management skills for young people and those in receipt of benefits?

**Damian Hinds:** I commend my hon. Friend for her work with the all-party group, which has been particularly effective. In jobcentres, the first work search interview provides the opportunity to identify barriers, including financial capability. Under universal credit, personal budgeting support can be offered in partnership with jobcentres, local authorities and other local service providers.

**Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): I thank the hon. Member for Fareham (Suella Fernandes) for asking that very important question. The new Money and Mental Health Policy Institute, of which I am a member, highlighted that it is so much harder to recover from mental illness if one is in debt. Adults with mental health conditions are three times more likely to be in debt than adults without mental health conditions. What specifically is the Minister doing to ensure that people with a mental condition who are in receipt of benefits and in debt are supported appropriately?

**Damian Hinds:** The most important thing we do is work in partnership at a local level with mental health organisations such as Mind to increase understanding of jobcentre operations on these issues, as well as to extend help to individual claimants. It is very important to understand the full range of barriers and challenges that somebody may face.

### Supported Housing

13. **Vicky Foxcroft** (Lewisham, Deptford) (Lab): What plans his Department has to help ensure long-term, sustainable and predictable funding for the supported housing sector. [906589]

19. **Jess Phillips** (Birmingham, Yardley) (Lab): What progress his Department is making on its proposal for a new supported accommodation funding model. [906595]

25. **Mr Virendra Sharma** (Ealing, Southall) (Lab): What plans his Department has to help ensure long-term, sustainable and predictable funding for the supported housing sector. [906601]

**The Parliamentary Under-Secretary of State for Welfare Delivery (Caroline Nokes):** The Secretary of State announced in a written ministerial statement on 15 September 2016 that we will be deferring the application of local housing allowance rates for supported housing until 2019-20. At that point, we will bring in a new funding model.

**Vicky Foxcroft:** In Lewisham, funding for supported accommodation has fallen by more than half since 2010. My constituent Winston Morris suffers from multiple sclerosis and is wholly reliant on his wheelchair. He was made homeless and had to move into his sister's living room, where he sleeps, eats, uses the commode and bathes. More than a year later, he is still there. Despite being on the housing waiting list, there is no clear timeframe for when he will be rehoused. This is completely unacceptable. Will the Minister meet me to discuss his case to prevent other vulnerable people from falling into similar situations?

**Caroline Nokes:** Local authorities are absolutely best placed to make decisions on supporting vulnerable people in their own areas and commissioning supported services

that are needed locally, which is why I would be very happy to meet the hon. Lady to discuss the specific issues she raises. It is important that we work to establish the best funding model for supported housing.

**Jess Phillips:** First, I very much welcome the Government's announcement to exempt specialist providers such as women's refuges from changes to housing benefit. I know that the Government have a plan to help refuges and women's refuges remain sustainable in the future, so I would like to hear what they plan to do for all other sorts of supported living accommodation for elderly people, people with learning difficulties and some of our ex-servicemen and women who, as I heard on the radio today, are having their services shut.

**Caroline Nokes:** I commend the hon. Lady for the sterling work she has done on refuges. What we know is that there is a massive variety of types of providers of supported housing, and it is critical that in the consultation process we find a solution that works for all of them.

**Mr Sharma:** How many supported housing starts have been stalled by the Secretary of State's decision to delay a framework for supported housing?

**Caroline Nokes:** What is critical is that we get the solution right, which is why we are bringing forward the consultation and why we deferred the local housing allowance cap for supported housing until 2019-20.

#### **Pensions: Long-serving Employees**

15. **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): What steps the Government are taking to help protect the pensions of long-serving employees. [906591]

**The Parliamentary Under-Secretary of State for Pensions (Richard Harrington):** We have a well-established regime of checks and balances in place, for example the Pension Protection Fund and the Pensions Regulator. The Government keep this framework for pensions under constant review, and amend it when evidence demonstrates that such change is needed.

**Stephen Metcalfe:** As I have stated previously, one of the welcome provisions in the Pensions Act 2014 was the raising of the Pension Protection Fund cap. Will my hon. Friend update the House on when that clause might be implemented, because two years on it has still not been put in place and pensioners in my constituency are suffering the consequences?

**Richard Harrington:** Let me first acknowledge the work that my hon. Friend has done to ensure that the long service cap was established. Pensions legislation is, as he knows, a very complex and technical area, and it is important that the secondary legislation for the cap operates as it was intended in all circumstances. This process can take time. However, I can assure him that this has been a priority for me from my first day in office. As I recently announced, I intend the long service cap for the PPF to come into force in April 2017.

**Kelvin Hopkins** (Luton North) (Lab): My own personal occupational pension scheme has just been reduced. It is not a problem for me personally with my generous parliamentary salary, but it is symptomatic of the problems facing occupational pension schemes and pensioners. Is not the real long-term solution to establish a compulsory universal state earnings-related scheme for all, with defined contributions and defined benefits?

**Richard Harrington:** As the hon. Gentleman knows, this was looked into by the Turner review and by many people and institutions since. Automatic enrolment is in place, which is a great step forward. Millions of people have now enrolled. I hope that, as time evolves, this will become the main form of pension for people other than the new state pension.

#### **Benefit Appeals**

17. **Mr Philip Hollobone** (Kettering) (Con): What proportion of (a) personal independence payment and (b) employment support allowance applications are awarded on appeal to a tribunal. [906593]

**The Minister for Disabled People, Health and Work (Penny Mordaunt):** For PIP, it is 3%; and for ESA, it is 14%.

**Mr Hollobone:** What main reasons has the Minister identified for why valid claims are ending up in the tribunal, and what changes to procedures can she suggest so that the Department awards these valid applications either in the first place or on reconsideration?

**Penny Mordaunt:** As I stated previously, we have been doing some work in this area. One of the key things that will help is ensuring that we have more flexibility early on in the process so that where cases are complex, the evidence is submitted. There is also huge scope for using the information that the Government, and different parts of the Government, have to cut down on the bureaucracy altogether. The Green Paper will look at all these issues.

**Alison Thewliss** (Glasgow Central) (SNP): My constituent receives ESA and has been seeking a review of her action plan by Ingeus, but neither Ingeus nor the DWP will take responsibility for reviewing it, despite the Secretary of State having a statutory obligation to do so. Will the Secretary of State investigate my constituent's case?

**Penny Mordaunt:** I am sorry to hear that. If the hon. Lady writes to me, I shall look into it further.

#### **Topical Questions**

T1. [906602] **John Nicolson** (East Dunbartonshire) (SNP): If he will make a statement on his departmental responsibilities.

**The Secretary of State for Work and Pensions (Damian Green):** I am pleased to update the House on our continued efforts to support disabled people to access essential services and support more easily. Last month we launched a new digital service for Access to Work, so people can now apply online, making the application

process quicker, more convenient and more efficient. Statistics published today show that already around 500 people a week are now making claims online, on average taking less than 20 minutes to complete a claim—a huge improvement from the delays and difficulties many experienced with the old system.

**John Nicolson:** I am glad that the Secretary of State feels so complacent. Only weeks ago the House was assured that tax credit cases would be expedited as a matter of urgency, but claimants are still waiting for weeks without their cases being resolved. The Secretary of State's Department is responsible for dealing with child poverty. Will he tell us what he will do to push the system forward and make it work?

**Damian Green:** I am happy to assure the hon. Gentleman that I absolutely take the point that the system is not perfect, and, one suspects, will never be perfect, but, as I have said, we are taking steps to improve it in every area. The hon. Gentleman mentioned child poverty. As I have said before, there are many thousand fewer children in poverty than there were in 2010. Overall, there are 300,000 fewer people in poverty than there were then, and there are 100,000 fewer working-age adults in poverty. I hope the whole House agrees that work is the best route out of poverty, and that using the benefits system to try to help people into work is the best thing that we can do for them in the long term.

T3. [906604] **Mrs Anne-Marie Trevelyan** (Berwick-upon-Tweed) (Con): Will my hon. Friend join me in celebrating the extremely low rate of jobseeker's allowance claimants in my constituency, which is currently half the rate in the north-east region as a whole? It is due to drop even further with the imminent arrival of a new Premier Inn hotel in Berwick, which will go some way towards countering the otherwise largely seasonal nature of tourism employment locally.

**The Minister for Employment (Damian Hinds):** I welcome both those pieces of news, and the employment that will be brought to my hon. Friend's constituency. What she has said about the opening of the hotel reflects a national trend. We know from surveys that the demand for staff in the hospitality industry continues to be strong, and it is one of the factors that are helping us to achieve a record level of employment.

**Alex Cunningham** (Stockton North) (Lab): According to the International Monetary Fund, a series of forecasts has shown that the vote to leave the European Union will lead to low global growth and rock-bottom interest rates for years to come, and that as a result, despite the saving of trillions of pounds, workers who are due to retire in the next few years will not even have their basic needs met. Today, as the deputy Governor of the Bank of England defends the Bank's approach to the economy to Members of Parliament and outlines his concerns about pensions, will the Secretary of State tell us what the Government are going to do to shore up the pensions of people who have done the right thing and earned their retirement?

**Damian Green:** The best thing that the Government can do—and, of course, it is what we are doing and will continue to do—is ensure that our underlying economy is strong and continues to create jobs as it has over the

past six years, because, as we know, that is the best way to preserve and enhance both the state and the private pensions systems in the future.

T5. [906606] **Mrs Cheryl Gillan** (Chesham and Amersham) (Con): Given that only 15% of people with autism are in full-time employment, I was pleased earlier this year to join the Department's Paul Maynard taskforce, which made 14 recommendations for improving access to apprenticeships for people with learning disabilities, including autism. What progress has been made with the implementation of those recommendations?

**The Minister for Disabled People, Health and Work (Penny Mordaunt):** I pay tribute to the taskforce, and also to my right hon. Friend's work with the all-party parliamentary group on autism. We have introduced a number of measures. We have a contract with Autism Alliance UK, and I am grateful to the alliance for training more than 1,000 of our own staff. We will introduce further measures, and the Green Paper will focus strongly on autism, outlining not just our ambitions but what we intend to do now.

**Mr Speaker:** I call Mr Virendra Sharma.

Where is the fellow? He was here a moment ago, and now he has beetled out of the Chamber. All this beetling out of the Chamber is a very unhealthy phenomenon when an hon. Member has a question on the Order Paper. Members should look at the Order Paper a bit more carefully. I call Caroline Flint.

**Caroline Flint** (Don Valley) (Lab): It has been brought to the attention of the Public Accounts Committee that universal credit is paid per calendar month, which, as has been pointed out by the Union of Shop, Distributive and Allied Workers, affects those receiving four-weekly pay very badly. I know that, since our evidence inquiry, the Minister's officials have met representatives of the union to discuss their concerns. May I ask the appropriate Minister to follow the matter up? It is an anomaly that affects a great many retail workers who are ending up without their universal credit being paid.

**Damian Hinds:** The right hon. Lady identifies the issue around four-weekly versus two-weekly versus monthly cycles of pay. As she mentions, it came up at the Select Committee. I know that Lord Freud is considering what the implications are and is continuing his discussions.

T8. [906609] **Jo Churchill** (Bury St Edmunds) (Con): I am sure that my hon. Friend will join me in welcoming the news that there are now more women in work, including in my constituency, than ever before. Furthermore, does he agree that this Government's childcare offer, which ensures that universal credit covers 85% of childcare costs for claimants, is critical in helping families and in helping mothers back into work?

**Damian Hinds:** Indeed, I welcome the news of the record levels of female employment. My hon. Friend is right that enhancements in childcare are an important part of this. Within that, the extension in universal credit support from 70% to 85% of costs is important, coupled with the fact that it applies at lower levels of hours, which will enable some mums to get back into the workplace sooner than might otherwise be the case.

T6. [906607] **Justin Madders** (Ellesmere Port and Neston) (Lab): Last week, my constituent, Mrs Roberts, told me that, during the course of migrating her disability living allowance claim to the personal independence payment, she was asked to read out her bank details over the phone. That presented a problem to her because she is blind. For other Government services, she is able to use an adapted computer. Will the Secretary of State agree to review urgently that element of the PIP process so that reasonable adjustments can be made for all those with visual impairments?

**Damian Green:** I am grateful to the hon. Gentleman for highlighting that case. Reading out bank details over the phone is bad enough and, clearly, if his constituent is blind there are additional problems. If he will write to me, I will ensure that we look at that matter carefully.

**Andrew Selous** (South West Bedfordshire) (Con): I hope that Ministers were as concerned as I was that not one of the offenders leaving prison earlier this month who were mentioned in the chief inspector of probation report found work? Will Ministers commit to raise that issue with all employers they meet, not least in the public sector, where our record is still not good enough, so that we can all be safer?

**Damian Hinds:** My hon. Friend is right to identify the importance of helping ex-offenders into work. We know that, if they get into work, they are much less likely to reoffend. The See Potential campaign is important in that regard. Many employers have signed up to that and I commend them for doing so. I and the Under-Secretary of State for Justice, my hon. Friend the Member for East Surrey (Mr Gyimah), the Minister with responsibility for prisons, are in regular contact about how we can further improve our offer for ex-offenders and we will continue to work on that.

T7. [906608] **Corri Wilson** (Ayr, Carrick and Cumnock) (SNP): Given the complaints about the conduct of assessors during the PIP assessment process, a failing in the absence of a recording and recordings made on mobile phones, tablets and computers not being accepted, what action is the Minister taking to ensure that recordings are taken as a matter of course and that claimants are not required to provide their own specialist equipment?

**Penny Mordaunt:** As I mentioned earlier, we have identified a number of things through the PIP continual improvement process. Some recurring trends have been down to straightforward things—for example, the failure of computer systems to integrate. However, we have the standards to which she has alluded. Where that is not happening, I would be grateful if hon. Members would let me know. We have a rigorous process to look at and to audit where these things are and where they are not taking place.

**Philip Davies** (Shipley) (Con): Disability Confident is an excellent initiative, but there are still far too few disabled people in employment, particularly those with learning disabilities. Can the Minister look at what we might do to give financial incentives to employers to take on people with disabilities, because it seems that getting people to give someone a go is the best way to show that any doubts they have about employing people with a disability are unfounded?

**Penny Mordaunt:** This is a very important issue. The Green Paper will look at it, but outside that, if we are really serious about closing the disability employment gap, we have to look at job creation and create opportunities for everyone, including those who may have particular needs, to do meaningful activity, to work and to have flexibility. Therefore, we are looking at those things.

T9. [906610] **Wes Streeting** (Ilford North) (Lab): Given that delays in assessment have left my constituents waiting—in the case of Sandra Maley, more than two years—for their employment and support allowance payments, will the Secretary of State make a commitment to backdate payments to the point of application, so that my constituents suffering real hardship get the financial support to which they are entitled?

**Damian Green:** I am grateful to the hon. Gentleman for bringing up that individual case. Obviously, if he wants to send details, I will look at them. Clearly, each case has to be assessed on its merits, so I cannot give any blanket commitments at the Dispatch Box, but I will certainly look at the individual case.

**Mr David Nuttall** (Bury North) (Con): Does my hon. Friend agree that with more powers over health and social care being devolved to local government, it makes sense to at least consider transferring the administration and responsibility for attendance allowance to them too?

**Penny Mordaunt:** This was part of the consultation on business rate retention and is being considered at the moment.

T10. [906611] **Bridget Phillipson** (Houghton and Sunderland South) (Lab): As the Secretary of State will know, the north-east still has the highest unemployment rate in the UK, with far too many people desperate to find secure work. Is this what the Government mean by a northern powerhouse, or have Ministers abandoned the idea altogether?

**Damian Green:** Ministers have absolutely not abandoned the idea of the northern powerhouse, as I am sure the hon. Lady knows, but we are also equally determined that the benefits of the high employment, low unemployment regime we have established over recent years are spread to all regions of the country, including her own. We will continue the very successful work that we have done in that field over the past six years during the course of this Parliament.

**Justin Tomlinson** (North Swindon) (Con): I know the Minister is passionate about sports opportunities for disabled people, especially with today's homecoming parade for our Paralympian champions. However, Mencap today highlighted that only nine out of 252 Paralympic events are open to those with a learning disability. Will the Minister meet Mencap urgently to look at how this can be addressed?

**Penny Mordaunt:** It is absolutely vital that we ensure that, whether in school or later in life, people with disabilities can participate in sporting activities. That is good not just for physical health, but for mental wellbeing. I would be very happy to meet Mencap.

**Emma Reynolds** (Wolverhampton North East) (Lab): Youth unemployment in Wolverhampton remains stubbornly high despite recent progress. City of Wolverhampton Council is running an excellent project to help young people back into work, which is part-funded by the European Union. The Secretary of State and I campaigned to remain in the EU. Can he guarantee that such projects will be funded by the Government once we leave?

**Damian Hinds:** As the hon. Lady knows, a statement has been made about the European social fund and what happens to projects at different stages. I commend what is happening in her constituency and welcome the fact that in Wolverhampton North East youth unemployment has fallen by 54% since 2010.

**Mr Peter Bone** (Wellingborough) (Con): I do not know whether it is just in my area, but at every weekly surgery I will have one person who has been refused PIP who is clearly entitled to it. I had a lady this week with multiple sclerosis; she is clearly entitled to it and will get it when she goes to the independent tribunal, but why do such people have to wait until then? Surely this can be corrected at an earlier stage.

**Penny Mordaunt:** We now have mandatory reconsideration, but I understand my hon. Friend's frustration. The key to this is to ensure that we get the decision right in the first instance. We are looking very closely at those cases that have gone to appeal and been overturned to see why the right decision was not taken earlier in the process. I have mentioned some of the things we are going to do and the Green Paper will have more, but I absolutely hear my hon. Friend.

**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): Dozens of Women Against State Pension Inequality petitions with thousands of signatures have been presented already across the UK, with more on the Order Paper today and tomorrow. The Secretary of State needs to accept that these women are not going anywhere and a solution is needed. Does the Minister agree that if there is no money for pensions, there is no money for weapons of mass destruction?

**The Parliamentary Under-Secretary of State for Pensions (Richard Harrington):** The Government have already made a concession to the WASPI women. The state

pension is very much part of public expenditure and always will be, and it is absolutely not the case that defence expenditure and that on the state pension can be compared.

**Shabana Mahmood** (Birmingham, Ladywood) (Lab): The most recent Her Majesty's Revenue and Customs figures show that my constituency now has the highest level of child poverty in the country, and we know that two thirds of children living in poverty live in working households. For my constituents this is not a country that works for everyone. Will the Secretary of State now agree that he must come to this House and reverse the cuts to universal credit so that my constituents and others are supported, rather than penalised for this Government's choices?

**Damian Green:** I hope the hon. Lady will recognise that the figures I have quoted on a number of occasions show that child poverty and the number of children living in workless households has fallen. Clearly, there will be different percentages in different constituencies around the country, but we will continue on a path that gets more people into work and means that fewer children are in workless households, so that the prosperity can be spread across all parts of this country.

**Ian Blackford** (Ross, Skye and Lochaber) (SNP): The Minister will be aware that independent research commissioned by the Scottish National party has found that the Government's figures on a solution for the WASPI women were wrong. Instead of £30 billion, mitigation could cost much less, at £8 billion. Given that there is a surplus in the national insurance fund, why does he not do the right thing and ensure that those women get mitigation?

**Damian Green:** Since September, the Scottish Government have had the power to pay benefits in many new areas; they can create new benefits and top up reserved benefits. The days when this Chamber was just a relaxing place where SNP Members could come to whinge are over. They now control a Government who have the power to do something about this and put their money where their mouth is.

**Several hon. Members rose—**

**Mr Speaker:** Order. I am sorry, but we must now move on.

## Independent Inquiry into Child Sexual Abuse

3.35 pm

**Lisa Nandy** (Wigan) (Lab) (*Urgent Question*): To ask the Home Secretary to make a statement on the remit, organisation, budget and staffing of the independent inquiry into child sexual abuse.

**The Secretary of State for the Home Department (Amber Rudd)**: I would like to make a statement on the independent inquiry into child sexual abuse. I know that the whole House will agree with me when I say that the work of the inquiry is absolutely vital. Victims and survivors must have justice, and we must learn the lessons of the past. The inquiry's remit is to examine whether institutions in England and Wales have failed to protect children from sexual abuse. It is an independent body, established under the Inquiries Act 2005. The Home Office is the sponsor Department, and I am responsible for the terms of reference, appointing the chair and panel members, and providing funding. Last year, the inquiry had a budget of £17.9 million and underspent by over £3 million. The appointment of staff and the day-to-day running are matters for the chair.

I appointed Professor Alexis Jay as chair of the inquiry on 11 August, following the unexpected resignation of Dame Lowell Goddard on 4 August, and I am aware of questions around the reasons for that resignation. Let me spell out the facts. On 29 July, the secretary to the inquiry met my permanent secretary and reported concerns about the professionalism and competence of the chair. My permanent secretary encouraged the inquiry to raise those matters with the chair. He reported this meeting to me the same day. My permanent secretary also met members of the inquiry panel on 4 August. Later that day, Dame Lowell tendered her resignation to me, which I accepted. Less than a week elapsed between concerns being raised with the Home Office and Dame Lowell's resignation. My permanent secretary's approach was entirely appropriate for an independent body.

The second issue relates to my evidence to the Home Affairs Committee. I was asked why Dame Lowell had gone. Dame Lowell had not spoken to me about her reasons, so I relied on the letter that she had sent to the Committee. In her letter, she said that she was lonely and felt that she could not deliver, and that that was why she had stepped down. Dame Lowell has strongly refuted the allegations about her. The only way we could understand properly why she resigned would be to hear from Dame Lowell herself. To echo any further allegations, which are now likely to be the subject of legal dispute, would have been entirely inappropriate. We now owe it to the victims and survivors to get behind the inquiry in its endeavour. My own commitment to the inquiry's work is undiminished, and I invite the House to offer its support in the same way.

**Mr Speaker**: I have no wish to be disobliging to the Home Secretary, but for the record, and for the propriety of these proceedings, I should just mention that in no meaningful sense of the term was she making a statement to the House, which is a matter of conscious and

deliberate choice by the Government. The right hon. Lady was responding—she has done so timeously—to an urgent question, which I have granted. In other words, the Home Secretary is here because she has been asked to be here, not because she asked to be here. That is quite an important distinction, which we ought to respect in the language that we use.

**Lisa Nandy**: The Home Secretary is right to say that the inquiry is of profound significance not only to survivors, but the whole country. She is right to remind us that it is independent, but these events and the problems that have beset it since it started also raise fundamental questions of accountability.

The Home Secretary referred to the evidence that she gave to the Home Affairs Committee on 7 September, in which she said that “all the information” she had was that Justice Goddard had quit because she was a “long way from home” and “too lonely”. The Home Secretary said that she was relying on a letter. Why did she not ask Justice Goddard why she had quit the inquiry? We have since learned that senior officials in the Department were aware on 29 July—before the resignation—of concerns about Justice Goddard's conduct. It is also alleged that Liz Sanderson, an adviser to the Home Secretary's predecessor, who is now Prime Minister, and Mark Sedwill, the permanent secretary, knew about the concerns long before then. Will the Home Secretary clarify whether that is the case?

On what date did the Home Office become aware of the problems? On which exact date during the 16 months that the chair was in post did the Home Secretary or her predecessor become aware of the problems? Who made them aware of those problems? Given that 38 Home Office staff are seconded to the inquiry, how could the Home Secretary have been unaware of the concerns as late as 7 September? Can she tell us why, given that the Home Office knew of serious questions about the behaviour and leadership of the inquiry, she went on to authorise a pay-off to Justice Goddard worth £80,000?

Will the Home Secretary confirm that she is the only person who can terminate the chair's contract and that misconduct is grounds for dismissal under that contract? If so, why was that not acted upon? Has she or the Prime Minister intervened to request that Justice Goddard appears before the Home Affairs Committee? If not, will they do so urgently? Can she explain the circumstances surrounding the departure of the lead counsel, Ben Emmerson, QC? Has any compensation been paid to him or the four other senior lawyers who have quit the inquiry? Will the Home Secretary assure survivors about how the inquiry will proceed?

Finally, this inquiry was established to shine a spotlight on institutions characterised by a culture of secrecy, denial and cover-up in which child abusers were able to operate in plain sight without challenge or consequence. It is a tragedy that the inquiry has been dogged by allegations of a similar nature, with which child abuse victims will be far too familiar. If the inquiry is to proceed with confidence, the questions must be answered.

**Mr Speaker**: It is very cheeky for an hon. Member to use the word “finally” in what I might call the Hughes sense—a reference to the former Member for Bermondsey and Old Southwark, who was wont to follow that word with several further sentences.

**Amber Rudd:** I will endeavour to answer the hon. Lady's questions as fully as possible. She initially asked about my comments to the Home Affairs Committee on why Dame Lowell Goddard had left, so I want to quote from Dame Lowell's letter, in which she says:

"It was never easy operating in an environment in which I had no familiar networks and there were times when it seemed a very lonely mission."

It was with reference to that note that I gave my answer to the Committee.

The hon. Lady had several queries about staffing. The independence of the inquiry can be maintained only by it being absolutely clear that such matters are for the chair. It is not for the Home Office to control staffing; it is for the chair to appoint members of staff, and the chair has the operational independence to do so.

The hon. Lady also inquired about whether I had asked Dame Lowell Goddard to appear before the Home Affairs Committee. I have indeed passed on that specific request.

My Department has followed the correct formal procedure at all times and will continue to do so in order to ensure that there is true accountability regarding transparency, which is so important. The fact that the inquiry is independent is absolutely essential to garnering the support that is needed from the expert panel, which is part of the inquiry, and from victims and survivors.

**Tim Loughton** (East Worthing and Shoreham) (Con): May I support the Home Secretary in emphasising the importance of this inquiry carrying on its important work? Will she also acknowledge that Alexis Jay and other panel members, as well as her own permanent secretary, will be appearing before the Home Affairs Committee tomorrow? Does the Home Secretary agree that it would be very helpful if Lowell Goddard agreed to appear in person in front of us? Finally, while respecting the independence of such an inquiry, there is a duty for the Home Secretary and the Home Affairs Committee, as a scrutinising body, to make sure that it is fit for purpose and is spending public money wisely. Does she agree that it is not sufficient for a chairman to be entirely self-regulating if things are going wrong, as she appears to be suggesting?

**Amber Rudd:** I thank my hon. Friend for that question. He is right to say that we need to point out that the permanent secretary is appearing before the Home Affairs Committee tomorrow, as is the new chair, Alexis Jay. I am sure she will get the confidence she deserves from the Select Committee and from other parties who have listened to her.

My hon. Friend is right that the operational independence of the chair is also dependent on support from the expert panel, and when my permanent secretary was approached by the secretary of the independent inquiry about concerns on 29 July, he rightly referred the secretary to ask the expert panel to take this up with the chair. The relationship between the chair and the expert panel is central to this, and so in that way the chair would not be able to act independently, because she needs the support of the expert panel.

**Ms Diane Abbott** (Hackney North and Stoke Newington) (Lab): The Government are now on their fourth chair of the inquiry into child sexual abuse. No inquiry in

modern times has been mired in such chaos. At the very least, this suggests a certain incompetence, both in setting the terms and in selecting the personnel to lead the inquiry. This is bad for policy and for the Home Office but, above all, it is a terrible situation for the survivors of child sexual abuse, who have put so much hope and trust in the successful conclusion of this inquiry.

The latest scandal is the departure of Dame Justice Lowell Goddard, amid allegations of high-handedness and racist remarks. The Home Secretary said—this has been repeated—when she appeared before the Home Affairs Committee on 7 September that "all the information" she had was that Lowell Goddard had quit because she was

"a long way from home"

and "too lonely". She says that she was reliant on Justice Goddard's letter, but why did she not ask—why did she not get a formal response from her as to why she was going? In the absence of any attempt to get formal information, other than the letter, the Home Secretary finds herself in a position where she will have to defend herself against accusations of misleading the Committee. It is clear from the statements of the victims and their families that they believe there will be no change to the remit of the inquiry and no reduction in its scope. Who, on behalf of the inquiry and the Home Office, has communicated that to them? Was this Home Office policy at the time? Has it changed, and why has it changed? Will any attempts be made to scale back the inquiry? Does the Secretary of State agree that if that were to happen—scaling back an inquiry on which so many hopes rest among individuals who have spent a lifetime in pain and misery because of early abuse—it would be to make the survivors pay for the Government's failure in managing this inquiry?

**Amber Rudd:** The hon. Lady confuses a number of items in her questions, and I respectfully say to her that questions to me about scaling back the inquiry reveal that she has failed to understand that this inquiry is independent. I urge her to look at the terms of reference, which were set out last year to Parliament, as they are very clear about independence. To maintain the confidence of the survivors and victims, it is essential that that independence is maintained and is seen to be maintained. There is no question of the Home Office scaling back an inquiry; this is for the chair of the inquiry, Alexis Jay, who has such a strong reputation in this area, including for her work on the Rotherham inquiry. I urge the hon. Lady to acquaint herself a little more with what this independence means, and I hope that that will mean that she will have more confidence in the process.

**Mrs Cheryl Gillan** (Chesham and Amersham) (Con): Having worked for many years with my constituent Tom Perry, who works with Mandate Now and the Survivors Trust, which seek to require all staff working in regulated activities to report concerns about a child's welfare to the local authority, I know how important this inquiry is. Does the Home Secretary agree that the inquiry is indeed a vital tool for uncovering where children and young people have been failed by Government and institutions in the past, and will she undertake again to look at mandatory reporting?

**Amber Rudd:** My right hon. Friend raises a personal case, and it is important for us all to bear such cases in mind when we think about the scale of this inquiry and people bringing forward criticisms. There are always these independent stories that remind us how important it is to get truth and justice for these people, and to learn from those stories so that we can ensure that institutions make improvements. Of course I will look at what she has suggested.

**Stuart C. McDonald** (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): Every MP in the Chamber is anxious for the inquiry to succeed, but before we can draw a line under recent difficult problems and move on, we need honesty and transparency from the Home Office. When the Home Secretary appeared before the Home Affairs Committee in September alongside the permanent secretary, she left Members with the impression that Justice Goddard resigned because, in short, she was “lonely”. There was no mention of concerns about conduct then or, indeed, in her subsequent letter to the acting Chair of the Committee. For clarity’s sake, did she know before giving evidence that day, or before writing the letter, about the concerns that had been raised? Will she confirm that only she could remove the inquiry chair from office and that the limited grounds for doing so included misconduct? Is that not why all these questions about the state of her knowledge are so important?

Will the Home Secretary confirm that the secretary to the inquiry, to whom she has already referred, is a lifelong Home Office staffer and that that secretary regularly meets the permanent secretary to provide progress updates? Is she categorically stating that these issues were not raised before July? If they were not raised before July, why on earth were they not raised before then? When did the permanent secretary or the special advisers first make either the current or previous Home Secretary aware?

When the Home Secretary gave evidence to the Home Affairs Committee, was she being economical about what she knew, or had she been badly briefed by the permanent secretary—it has to be one or the other? Finally, does she accept that, by sticking its head in the sand, the Home Office hierarchy allowed the inquiry to descend into a state of paralysis, which we must never see again?

**Mr Speaker:** Order. I fear it is rather discourteous for the hon. Gentleman to suggest or imply that the Home Secretary might be “economical” with what she knew. That comes fairly close to crossing the line. Given that he has a prepared text, and therefore had full knowledge of what he was going to say, may I suggest that, for the future, he ought to phrase things rather differently?

**Amber Rudd:** I can reassure the hon. Gentleman that there is no “paralysis”—he particularly used that word. The inquiry is at full tilt and working at full speed under Alexis Jay, and it will continue to do so.

The hon. Gentleman asks about the dates. I believe that I set them out very clearly in my response to the urgent question: I knew about this on 29 July, and that was one week before Dame Lowell Goddard resigned. I point out that the allegations to which he refers are absolutely denied by Dame Justice Goddard, so it would

not be appropriate for me to refer to them or to speculate on them while there may indeed be legal action following them.

**Seema Kennedy** (South Ribble) (Con): Many of our constituents have suffered child sexual abuse and live every day with its consequences. Will the Home Secretary confirm to the House that this inquiry will be a No. 1 personal priority for her?

**Amber Rudd:** I can confirm that this is a priority for us. It is a priority for this Government and Members across the House. As my hon. Friend says, we all know of constituents who have suffered and who are, quite rightly, expecting action.

**Mr David Winnick** (Walsall North) (Lab): Is the Home Secretary aware that there is bound to be disappointment? When she appeared before the Select Committee at its hearing on 7 September and replied to questions about why Justice Goddard had resigned, she did not give further information that was relevant to the resignation or that involved any possible legal action. On the wider issue, will the Home Secretary accept that there is now a lack of confidence—there is no other way to put it—that the inquiry will carry out the very crucial task of looking into the sexual exploitation of children? There is also no indication whatsoever of a timescale; the inquiry could go on for many years. It would be an absolute farce if such an important inquiry ended in the way that many of us fear.

**Amber Rudd:** I urge the hon. Gentleman to give his support to the inquiry. Let us all try to find a way of being confident about it. Alexis Jay, the chair, has said that she hopes to conclude the inquiry by the end of 2020, but it is perhaps for us in the House and for the Home Affairs Committee to give her assistance. I am not suggesting anything but the most thorough of scrutiny, but it may be that we need to give as much assistance as we can to make sure that the new chair can do a thorough and successful job going forward.

**Lucy Allan** (Telford) (Con): I very much welcome the appointment of Professor Jay to take the inquiry forward. Can the Home Secretary confirm that victims of child sexual exploitation in my constituency will be able to engage with the inquiry and share their experiences?

**Amber Rudd:** My hon. Friend is right. Alexis Jay has the experience to be able to lead the inquiry and under the truth project, one of the strands within the inquiry, we are encouraging people to come forward and speak to the inquiry about their experience.

**Yvette Cooper** (Normanton, Pontefract and Castleford) (Lab): The Home Secretary is right to talk about the independence of the inquiry. We all want Professor Jay to be able to make a success of such an important inquiry now, but there is continued concern because this is the fourth chair and the second legal team, and because of the lack of transparency about the problems that there seems to have been from both the inquiry and the Home Office. Is the Home Secretary satisfied that the transparency arrangements for the inquiry are strong enough and that there will now be enough accountability for the progress of the inquiry?

**Amber Rudd:** The right hon. Lady has come to the crux of the matter—have we got the right balance of independence and transparency? I recognise that that is something that I need to reassure people about and hopefully demonstrate. One of the reasons for being here today is to make that point. I will watch carefully to make sure that we continue to get the right balance, providing the independence that is necessary while being as transparent as possible.

**Craig Williams** (Cardiff North) (Con): I think it is worth reiterating the importance of independence, and I hope my right hon. Friend agrees with me. I hope she will reinforce to the House that protecting the strictly independent nature of the inquiry is incredibly important. Will she continue to give that reassurance?

**Amber Rudd:** My hon. Friend is right. Ensuring that people have confidence in the inquiry is also about maintaining its independence.

**Mr Alistair Carmichael** (Orkney and Shetland) (LD): Instead of making this all about lawyers, judges and even Ministers, may we bring the focus back to where it really belongs—on the needs, wishes and interests of the victims? Will the Home Secretary give us an assurance that as the inquiry goes forward, any request for access from victims' representatives to her or to the inquiry will be met, that the victims' voice will be heard in Government, and that any victim who is pursuing justice by another route will not find that route prejudiced by any shortcomings in the inquiry?

**Amber Rudd:** I thank the right hon. Gentleman for making that important point. The inquiry is, of course, about the victims and survivors. When I wanted to make inquiries about appointing a new chair, I did, of course, consult the victims and survivors consultative panel to ensure that it was supportive, which indeed it was. The right hon. Gentleman is right—we must make sure that the victims and survivors are always at the centre of our words and our deeds.

**Edward Argar** (Charnwood) (Con): As well as it being vital that this important inquiry is strictly independent, as hon. Members have emphasised, does my right hon. Friend agree that it is vital that we let it do its work and await its report, rather than anyone seeking in any way to pre-empt its findings?

**Amber Rudd:** My hon. Friend is right. We are caught between our impatience to find out more and the need to keep the inquiry independent. We are hoping for an interim statement on the inquiry for the current financial year—the end of March next year—and I hope that that will shed some light on progress to date.

**Paul Flynn** (Newport West) (Lab): The Saville report took 12 years and spent £190 million to report on a single incident that took place over two hours. This inquiry has been given the mission impossible to report on hundreds of thousands of incidents that took place over many decades. Is it not time for the House to confess that this was a political escape hole to recover from an embarrassing situation, and to make it clear that the matter is, of course, of vital importance, but

that the committee must be allowed to reshape the report and its inquiries so that they can be reported within our lifetimes?

**Amber Rudd:** I do not share the hon. Gentleman's view about this being a political inquiry of any sort. I think it is essential, important and valued by everybody—in this House certainly, and in the nation generally. We have a Select Committee that will continue to make its inquiries. As I said earlier, Alexis Jay has indicated that she hopes to conclude the inquiry by the end of 2020.

**Byron Davies** (Gower) (Con): Given that we are where we are now with the resignation of Dame Justice Goddard, does my right hon. Friend agree with Professor Jay when she says that the inquiry is “open for business”? Does she agree that it can now go forward with its vital work with confidence to demonstrate its accountability?

**Amber Rudd:** Yes, my hon. Friend is absolutely right. We may have discussions, urgent questions and statements on issues of staffing, but the fact is the inquiry is going ahead, it is taking evidence and the chair is working hard to make sure she delivers as soon as possible.

**John Mann** (Bassetlaw) (Lab): It is not taking evidence from everyone yet. I am the appointed representative of some of the survivors from my constituency, and my office is assisting others with statements, and none of that has gone forward yet. Is there not a danger that this is going to become another lawyers bun fest, with judges and barristers resigning, and with large numbers of lawyers not just queueing up, but at the front of the queue, to make large amounts of money not only representing people to the inquiry, but, simultaneously, taking legal civil action against the authorities? What are the Government going to do to ensure that the survivors are at the heart of this rather than the lawyers?

**Amber Rudd:** We always make sure that survivors are at the heart of this. There is, nevertheless, a legal role to be played, and there are expenses associated with an inquiry, but there is no blank cheque. One role with which the Home Office does have constant engagement is making sure that the budgets are carefully set and challenged each year so that the proper costs are associated with this.

**Mr Peter Bone** (Wellingborough) (Con): I am sure the inquiry is moving forward in the right way, but I hope we are not being deflected from dealing with child abuse that is going on at the moment, especially of children who are trafficked into this country. One thing we could do urgently is move the protection of children who are trafficked from local government to national Government and the Home Office. If the Home Secretary would be willing to look into that, it would improve things enormously.

**Amber Rudd:** I know of my hon. Friend's action and strong reputation on the issue of trafficking, and I would of course be delighted to speak to him on any matter in this area on which he has advice to give. I would like to reassure him, though, that a key element of this inquiry is about learning from the past to improve institutions going forward.

**Mr David Hanson** (Delyn) (Lab): Will the Home Secretary accept that there are some serious questions to be asked about the due diligence that was undertaken in the appointment of Justice Goddard in the first place? Has she had an opportunity to discuss with her predecessor what steps she took to ensure Justice Goddard was up for the job? Can she confirm for me exactly what date she expects the interim report, exactly what date she expects the final report and what the total cost of the inquiry will be?

**Amber Rudd:** We have asked for the interim report by the end of this financial year, so we would expect it in March or April next year. I have already indicated that we hope that the final report will be completed by the end of 2020, but I cannot be prescriptive about that; that is for the chair to decide, but that is the indication she has given.

**Mr Philip Hollobone** (Kettering) (Con): Can the Home Secretary reassure my constituents that the work of this important inquiry was not stopped each time a chairman stood down? Can she reassure the House that there is a robust system of deputy chairs in place?

**Amber Rudd:** Considerable work has already been done over the past 16 months. The new chair is aware of the need to get confidence back and to pick up activity with all due urgency. I assure my hon. Friend that she is taking that obligation, with the momentum that she has now picked up, very seriously.

**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): When I asked the former Prime Minister an oral question about the loss of survivor testimonies that were submitted through the inquiry website, he said that he would write to me. What he meant was that he would print a press release from the inquiry website and forward it on. This patronising and irresponsible approach has been the only consistent theme of the inquiry. Is it not time that this Government started listening to the legitimate concerns of survivors and experts, and acknowledged that unless something changes, it is simply being set up to fail?

**Amber Rudd:** I respectfully ask the hon. Lady perhaps to engage with the inquiry in a slightly more positive manner. This Government set it up, and we are absolutely serious about wanting to assist survivors and victims, and wanting to make the changes to institutions that are necessary as we move forward.

**John Mann:** Parliament set it up.

**Amber Rudd:** The hon. Gentleman is absolutely right, but I like to think that this Government had some part in making sure that that took place.

If the hon. Lady would like to write to me about the particular instance to which she is referring, I would of course be happy to respond, and she can rest assured that I will do so.

**Several hon. Members** *rose*—

**Mr Speaker:** Order. Unless I am much mistaken, the hon. Member for Lewes (Maria Caulfield), who is a most assiduous attender at our proceedings, was not

here at the start of these exchanges in the Chamber. *[Interruption.]* If she was, that is fine. I had been advised that she was not, but her word is good enough. If she says she was, that is good enough for me. Was she here at the start of the exchanges on this matter?

**Maria Caulfield** (Lewes) (Con) *indicated assent.*

**Mr Speaker:** Very good.

**Maria Caulfield:** Do Professor Jay and the panel have the resources they need to complete this inquiry, and if not, what extra help can be given to them?

**Amber Rudd:** My hon. Friend raises an important point. These inquiries are not always popular because they can be costly, but the Home Office has a management technique to make sure that we always look carefully at the costs that might be involved. I assure her that we will always make sure that they are sufficiently funded to do the job well.

**Lilian Greenwood** (Nottingham South) (Lab): As part of its work, the inquiry was due to look into the sexual abuse of children in the care of Nottingham City Council and Nottinghamshire County Council as one of its first-phase investigations. As the Secretary of State knows, survivors in my constituency have already waited not just years but decades for their voice to be heard. What assurances can she give to my constituents, who are desperate to secure a measure of justice, about the timeframe for those investigations?

**Amber Rudd:** I completely understand the need for the hon. Lady's constituents to have a better view on the potential timing of the progress of this inquiry. We now have a chair who has said that she is going to move with momentum and pace, so I would expect them to hear from her soon. I am sorry to have to repeat this, but it is for the inquiry to decide how to proceed. I urge the hon. Lady to engage with the chair in order to get an answer.

**Jo Churchill** (Bury St Edmunds) (Con): Following the question by my hon. Friend the Member for Wellingborough (Mr Bone), with the movement of people and the vulnerability of children a matter of concern to all of us in this House, what steps are the Government taking with other nations to tackle the global challenge of child sexual abuse in order to learn from that and better inform the inquiry?

**Amber Rudd:** Internationally, we are viewed as being ahead of other countries in trying to address this. We have a number of initiatives online to make sure that we share good practice and engage with other countries. The Modern Slavery Act 2015 is one way of making sure that less abuse takes place. Again, we are an international leader in that area.

**Chris Bryant** (Rhondda) (Lab): I have known far too many people in my life who have been abused. A colleague at theological college used to cry herself to sleep every single night because of the abuse she had suffered as a child. A young member of the congregation where I was a curate self-harmed for months on end because of the abuse that she had suffered from one of her teachers. Another ordinand was abused by the Bishop

of Gloucester—a man in power and authority, and spiritual authority, over him. For all those people, and doubtless for all the others we all know, the thing that matters more than anything else is getting to the truth, so that what they know in their heart is known by everybody else to have been the truth. I say very gently to the Home Secretary that if at any point she has a choice between letting everything out into the open and keeping some things back, she should always go for the former, not the latter.

**Amber Rudd:** I completely agree with the hon. Gentleman. It is incumbent on those of us who have anything to do with an inquiry about transparency and abuse to ensure that we are as transparent, accountable and frank with people as possible. I reassure him that I will always do that, but I would like to turn the emphasis back to the inquiry and the new chair so that we can make the progress that is so essential to his and all our constituents.

**Stephen Pound** (Ealing North) (Lab): David Cameron was very fond of quoting Justice Brandeis's dictum that sunlight is the best disinfectant. In the spirit of the comment of my hon. Friend the Member for Rhondda (Chris Bryant), does the Home Secretary agree that we need to get all the facts out in the open now? Will she allow, and in fact even encourage, former panel members to share their fears and concerns in public so that we can start with a completely clean sheet?

**Amber Rudd:** I would like to reassure the hon. Gentleman that the new chair takes that approach in terms of full transparency, but I do not want to mislead him by saying that the Home Office can do too much on that. We can be frank and open about every stage that we have been involved in, but it is for the inquiry to answer some of the detailed questions. I remind the House that Alexis Jay will be in front of the Home Affairs Committee tomorrow and hopefully will be able to answer some of the hon. Gentleman's questions.

**Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): Diolch yn fawr iawn, Mr Speaker. When the Macur report was presented earlier this year, it contained hundreds of redactions, apparently to avoid prejudicing court actions, much to the dismay of victims in north Wales. What can the Home Secretary do to ensure that the report of the independent inquiry into child sexual abuse will have a minimal amount of redactions to help victims to obtain justice in the courts?

**Amber Rudd:** I can honestly say that I share the hon. Gentleman's view that an inquiry of this nature and seriousness should have the minimum amount of redactions. What the Government and the country expect is a full, open inquiry that will allow our constituents and people in our country who have been abused to have the truth and justice opportunity that they are seeking, and then for us and the institutions involved to learn so that such abuse does not happen again.

## Community Pharmacies

4.12 pm

**Michael Dugher** (Barnsley East) (Lab) (*Urgent Question*): To ask the Secretary of State for Health if he will make a statement on the budget for community pharmacies in 2016-17 and 2017-18.

**The Parliamentary Under-Secretary of State for Health (David Mowat):** Members will have seen media coverage over the weekend about our consultation on the community pharmacy contractual framework. I shall set out the current position, the process going forward and how the final decision will be announced to the House.

In December 2015—10 months ago—the Government set out a range of proposals for reforming the community pharmacy sector. Our intent was to promote the movement of the sector towards a future based on value-added services, together with much stronger links to the general practitioner sector.

We proposed ways in which to make a reduction to the £2.8 billion currently paid to the sector. Part of the rationale was the increase of 40% in the budget and an increase of 18% in the number of establishments in the past decade or so. Each establishment now receives an average £220,000 of margin over and above the cost of drugs disbursed. Many of the establishments are in clusters.

The 2015 spending review reaffirmed the need for the privately owned community pharmacy sector to make a contribution to the publicly owned NHS efficiency savings that we need to deliver. We are confident that the changes proposed will not jeopardise the quality of services required or patient access to them, but some services will be delivered differently, which is why we have set aside £112 million to recruit a further 1,500 pharmacy professionals to be employed directly by the NHS in GP practices.

The Government have consulted on the reforms since December 2015. On 13 October this year, the Pharmaceutical Services Negotiating Committee rejected our proposed package and sent a list of remaining concerns. We are now in the process of considering its final response, and expect to be in a position to make an announcement to the House shortly.

**Michael Dugher:** Thank you, Mr Speaker, for granting this urgent question. Community pharmacies play a vital role in frontline healthcare. Nearly 12,000 communities in England provide free advice to patients, and more than 1 billion items were dispensed in the community last year—an increase of 50% on 2005. Reports in recent days, however, make it clear that the Government are determined to press ahead with massive cuts to community pharmacies in this and the next financial year.

Serious questions remain about the impact of those cuts. When will Ministers finally publish an impact assessment of the proposed plans? How many pharmacies will close? Which regions will lose the most? Will they be in clusters or not? What will be the rate of loss in urban, as opposed to rural, areas? Will the Minister confirm that only about one in 10 community pharmacies will be helped by the pharmacy access scheme?

[Michael Dugher]

Community pharmacies and the cuts to them are a complete false economy for the NHS. They can only add further pressures to our already overstretched A&E units and GP surgeries. What is the Minister's assessment of the downstream costs to other parts of the NHS as a result of cuts to the community pharmacy budget, especially given the evidence from Pharmacy Voice that one in four people who would usually visit a pharmacy for advice would instead make a GP appointment if their local pharmacy was closed? In areas of higher deprivation, such as those in my constituency, the numbers are much higher.

We have seen massive opposition to these cuts, not just from pharmacies and voices on both sides of the House, but from the 2.2 million people who have signed the biggest petition in healthcare history. To conclude, Ministers have, to be frank, been all over the place. We have had mixed messages and false hope. The Government announced a pause to the cuts. Is not there now a compelling case for that pause to be made permanent?

**David Mowat:** The hon. Gentleman has not had any mixed messages from me. A pause was announced because the original consultation gave the intent to go ahead with this on 1 October. Given the change of Government and of Prime Minister, and given the new Chancellor and new Ministers, we took the opportunity to look at it again, to make sure that we get it right for patients, the NHS and the pharmacy sector itself, and that is what we intend to do.

The hon. Gentleman asked several questions, but first he said that the pharmacy sector is vital, and we agree with him. In some instances, however, there are as many as a dozen pharmacies within half a mile of each other. That is not an isolated occurrence. Each of those pharmacies receives £25,000 per annum, and it is our job to consider whether that money could be better spent in other parts of the NHS.

I am not in a position today to announce the final format or shape of the GP access scheme.

**Michael Dugher:** It is in the newspapers.

**David Mowat:** That is speculation. We continue to look at the most recent communication that we have received from the negotiating body of the PSNC. I remind the House that 60% to 65% of these pharmacies are owned by public companies or private equity. The fact of the matter is that the Government have a responsibility to make sure that that money is spent effectively, and that is what we are going to do.

Finally, the hon. Gentleman said that GP access needs to remain good. I confirm and repeat the point that I made earlier: 1,500 additional pharmacists will be recruited into the GP sector by 2020. That is a massive investment, and it will make a big difference.

**Anna Soubry (Broxtowe) (Con):** I should declare that Boots has its headquarters partly in my constituency and partly in Nottingham South. May I gently say to the Minister that there is great concern about the proposals? If there was ever a time to argue to increase the role of pharmacies, it is now. They perform a hugely powerful job in making sure that people do not, to be frank,

bother their GPs and A&E with matters that are best dealt with by pharmacies because they are of a minor nature. The Minister makes a good point about clustering, but he has to get this right, because, if he damages pharmacies, there will be fewer of them, not just in poorer areas, but in remote rural areas. I urge the Government to take a hard good look at the issue, to make sure that this is the right approach as the pressures on the NHS increase.

**David Mowat:** I agree with my right hon. Friend. Boots makes a big contribution. It owns 1,724 pharmacies and is the biggest of the big four, which between them own 40% of all pharmacies. The Government's position is that community pharmacists make a big contribution, but I repeat that the number of locations has increased by nearly 20% over the past decade, and each one gets £25,000 per annum just for being open and for being a pharmacy. One consequence is that we have seen a great deal of clustering, and 40% of pharmacies are within half a mile of three others. It is right that the Government look at that and make a judgment.

**Jonathan Ashworth (Leicester South) (Lab):** I congratulate my hon. Friend the Member for Barnsley East (Michael Dugher) on securing this urgent question and on his exceptional campaigning on the issue. He is, no doubt, as disappointed as I am by some of the Minister's replies.

Ministers appear to be intent on pushing ahead with the cuts that have been outlined, under which thousands of community pharmacies could close and patients could lose out on essential medical services. The Pharmaceutical Services Negotiating Committee has described the Government's proposals as "founded on ignorance" and warned that they will do "great damage". The National Pharmacy Association says that the proposal is a "dangerous experiment" that

"shows a complete disregard for the well-being of patients."

Is that not an absolute indictment of the Government's handling of this matter? The Minister has said that he will make an announcement shortly. Given the concern among Members from across the House, including Conservative Members, can he be more specific and tell us when he will give us a final decision? Will he also be negotiating a solution with the Pharmaceutical Services Negotiating Committee? As the Minister knows, his predecessor talked of the potential for up to 3,000 pharmacies to close. Is that correct, in the Minister's judgment? If not, can he tell us how many pharmacies he thinks will close, and how many of those will be in deprived areas?

Has the Minister had a chance to study the PwC report that describes the cash savings that community pharmacies bring to the NHS? What will be the financial impact on the NHS of more patients presenting themselves at A&E departments and GP surgeries because pharmacies have closed?

Is not the real reason why Ministers are pressing ahead with these cuts the complete mismanagement of NHS finances? Hospitals ended last year £2.45 billion in the red. We have had continual warnings from experts in the NHS, and over the weekend we learned from the Prime Minister that there is no more money for the NHS. The Secretary of State and the Prime Minister would be wrong to continue to ignore the advice of

experts and pretend that everything is going to be okay. Unless the Government get a grip of the funding crisis facing the NHS, I fear that these cuts are just the start and that there is worse to come.

**David Mowat:** The Government spend more than the OECD average on the NHS. We spend more than the commitments made by the Labour party before the last election. That does not mean that we do not have a duty to spend that money as effectively as we can, however, and that is exactly what we intend to do. The money that may be saved by the measures we are consulting on will not go to the Treasury; it will be recycled back into NHS England. That is what NHS England wants to happen.

The hon. Gentleman mentions the excellent PwC report, which reaffirmed the value of community pharmacists to this country. PwC did not consider whether that same value could be still provided after some savings to the network. That is what we are looking at, and it is reasonable and responsible for the Government to do so. To say that that is not the case is simply incorrect.

The hon. Gentleman mentioned that the previous Minister talked about 3,000 pharmacies closing. We do not believe that the number will be anything like that big. In some areas, there are 10 or 11 pharmacies within half a mile of each other. [HON. MEMBERS: "Where?"] Leicester, Birmingham—we can talk more about this. It is quite possible that at the end of the review, some of those pharmacies will merge. If that happens, it will not mean that provision has been reduced. We do not believe that patient provision will suffer at all from the changes that we are considering.

**Rebecca Pow** (Taunton Deane) (Con): Community pharmacies play a very important role locally. Many of them have taken on useful services, such as eye tests and hearing tests, which definitely help to reduce the workload of GPs and of the NHS. Does my hon. Friend agree that we need a community pharmacy service that is better integrated with primary care and public health in line with NHS England's five-year forward view?

**David Mowat:** It will not surprise the House to learn that I agree. Last Thursday night, I announced to over 1,000 pharmacists at their annual dinner that we are moving ahead with an urgent access scheme. From the beginning of December, all 111 calls for repeat prescriptions will go directly to pharmacists, not to the out-of-hours GP service. That is a tangible difference. We will do just the same with a minor ailments scheme, which will be commissioned right across the country so that, by April 2018, pharmacists will be paid—over and above any money that comes out of this settlement—for minor ailments work on things such as earache and so on. Those are exactly the sort of sensible steps that need to be taken to integrate pharmacy more closely into GP practice, and that is what we are doing.

**Dr Philippa Whitford** (Central Ayrshire) (SNP): In Scotland, we already have a national minor ailments scheme within our community pharmacies, and it has had a huge impact. The Scottish Pharmacy Board estimated at the beginning of the project that 10% of those making GP visits and 5% of those making A&E visits could be seen in community pharmacies, so our investment has been in completely the opposite direction—in that of developing and strengthening such pharmacies.

On top of minor ailments, one of the big areas that has made a difference is in chronic disease management. For people on repeat prescriptions, the pharmacist requests their next prescription and has it ready, while for housebound people, they deliver it, as they do with blister packs.

The concern about these changes is that pharmacists are afraid it will be a case of cutting and then seeing who survives. If it is felt that there are too many pharmacies in one place, reducing their number needs to be done in a planned way, otherwise rural and deprived areas will end up without one. The Government should be making sure that community pharmacy is a real part of the NHS, not slashing it.

**David Mowat:** The hon. Lady made several points. On her last point, the access scheme on which we are currently consulting will protect pharmacies in rural and deprived areas. That is precisely the point of the scheme.

The hon. Lady's first point was that Scotland has moved ahead on minor ailments, and we agree. I am on the record as saying that the pharmacy first scheme in Scotland is a good model. We want the profession to move away from just dispensing towards more value-added activities, such as services. That is precisely why we are putting into effect the minor ailments scheme that has been piloted. It will be implemented right across the UK—right across England, I should say—from April 2018.

**Kit Malthouse** (North West Hampshire) (Con): In the lee of Watership down in my constituency, the village of Kingsclere was so alarmed by the Government's plans that it raised a petition, possibly for the first time in its history, in support of its precious local pharmacy. Will the Minister confirm that, notwithstanding the consultation, the idea of protecting the dwindling number of rural pharmacies will come out at the end of the consultation as part of the access scheme?

**David Mowat:** Yes, I will confirm that. I am not in a position to announce today precisely how the access scheme will work, but I agree with my hon. Friend that a central part of it will be to make sure that everybody has a baseline distance to travel to get to a pharmacy and that everybody in the country will be able to access pharmacies within a reasonable time.

**Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): NHS England's five-year forward view stresses how important prevention is. Community pharmacies, which are anchored in the communities they serve, are vital in keeping people out of their GP surgeries and out of accident and emergency. The Minister talks about distance. What will the distance be? If I reflect on my own constituency, where the millionth signature of the petition was signed, my constituents really value each and every one of our community pharmacies. How many will he be cutting and how far does he expect people to travel to access one?

**David Mowat:** The hon. Lady mentions the five year forward view. If she reads the "General Practice Forward View", she will see that central to it is the recruitment of 2,000 pharmacists into GP practices across the country by 2020. That is how we will embrace the pharmacy

[David Mowat]

profession and link it much more closely to GPs. I am not in a position, because we have not yet announced it, to discuss in detail today the final form of the access scheme and how it will work. Let us be very clear, however, that we do not expect people to have appreciably more of a journey to any pharmacy. We are talking about tens of metres, if any. The fact is that we will protect the pharmacies that need to be protected, so that everybody in the country has access within a reasonable time.

**Alex Chalk** (Cheltenham) (Con): Where sensible savings can be made, it is absolutely right that they should be explored, particularly if they are ploughed back into the health service. However, at a time when people in Cheltenham are turning increasingly to expert pharmacists for minor ailment support, can the Minister assure me that no changes will take place that undermine the welcome trend of going to pharmacies and not GPs?

**David Mowat:** As I said, that is our intention. Our belief is that the package in its entirety, which we will announce shortly, will actually enhance the role of pharmacies in providing services.

**Emma Reynolds** (Wolverhampton North East) (Lab): How many community pharmacies will close as a result of these cuts?

**David Mowat:** We do not believe that any community pharmacies will necessarily close as a result of these cuts. That will depend on a number of factors. [Interruption.] I will answer the question, which is fair. It depends on the margin they make from their pharmacy activities and on the additional margin they make from their retail activities. Given that 65% of all pharmacies are owned by public companies or private equity, it depends on the position those organisations take to their businesses. That is very hard to predict.

**Tom Pursglove** (Corby) (Con): Will the Minister say a little more about how he sees these plans tying in with the agenda to better integrate health services? In Weldon in my constituency, GP and pharmacy services work very well together for local patients under the leadership of Dr Sumira. What best practice is out there, and what attention is the Government giving to it?

**David Mowat:** As I said, we are recruiting an additional 2,000 pharmacists into general practice by 2020. We will also link community pharmacists into the NHS 111 system in a way that has never been done in England, so that repeat prescriptions will go direct to pharmacists and not to out-of-hours GPs. By 2018, pharmacists will receive additional payment for looking after minor ailments.

**Kevin Barron** (Rother Valley) (Lab): I declare an interest as the chair of the all-party pharmacy group. In February this year, the Minister's predecessor, the right hon. Member for North East Bedfordshire (Alistair Burt), said there would be an impact assessment. In answer to a parliamentary question I tabled last week and the Minister answered, you also said that an impact assessment will be published, so that it would inform

the final decision. Can the Minister tell us when that will be published? Will it be shared with representatives of community pharmacists?

**Mr Speaker:** I did not say anything about any impact assessment, but the Minister might have done for all I know. I have a feeling we are about to learn about it.

**David Mowat:** As my predecessor said, an impact assessment is being produced, and when these proposals are published in their entirety, that will be published at the same time.

**Jason McCartney** (Colne Valley) (Con): On Thursday, my local clinical commissioning group will announce whether it is going to press ahead with plans to downgrade A&E at the Huddersfield royal infirmary. Can the Minister not see that when our A&Es are under so much pressure, we need community pharmacies and GP surgeries to see patients on the front line? I appreciate what he says about clustering, but having seen the last bank branches close in my rural communities, I am sorry but I just do not have confidence in it.

**David Mowat:** All I can do is repeat the point that I made earlier. The Government completely agree that we need community pharmacies. The Government completely agree that they have a vital role to play in keeping patients away from GPs and, potentially, from A&E as well. That, however, is not the same as saying that the 11,800 pharmacies that we have at the moment are precisely the right number, or that the clustering is at precisely the right number as well. It is right for the Government to review this and to establish whether or not the £25,000 of NHS money that every pharmacy receives every year is money well spent.

**Sue Hayman** (Workington) (Lab): As we have heard, pharmacies have the potential to help the NHS become more efficient and community based. Community pharmacies are an integral part of the integrated care communities that the Success regime in Cumbria is promoting in order to take the pressure off our overstretched GPs and A&Es. We are really struggling to recruit doctors in Cumbria, so any loss of community pharmacies is a serious loss to our community. Can the Minister assure me that these wider health challenges are being taken into account?

**David Mowat:** Yes, I can assure the hon. Lady that we fully understand the issues in places such as Cumbria. To an extent, the access scheme is designed to make sure that large rural communities are properly protected. I can only repeat that we value the services that pharmacies provide and that we do not believe that there will be a substantial detriment to them as a result of a bit less clustering.

**Mr David Nuttall** (Bury North) (Con): Given that as part of the Greater Manchester devolution deal, the Greater Manchester health and social care partnership has taken control of the £6 billion a year health budget, will Greater Manchester be treated differently? If not, is there not a case for the area to be allowed to determine for itself how best to make use of community pharmacies?

**David Mowat:** It is my belief that the devolution deal does not include pharmacists, so the responsibility for that sector remains in the Department of Health. The proposals that we shall shortly outline will therefore include proposals for pharmacies that will apply equally to Greater Manchester.

**Tom Brake** (Carshalton and Wallington) (LD): The Minister may not know how many pharmacies are going to close, but Reena Barai, an award-winning community pharmacy in my constituency, estimates that one out of four pharmacies in the London borough of Sutton, which is 11 pharmacies in total, will be closed. These will predominantly be the independents—not Boots or Superdrug. Why does the Minister think that, for years, successive Governments have encouraged people to visit their pharmacies for certain conditions or tests, instead of GP surgeries and A&E? Was it not because it was better for their health and cheaper?

**David Mowat:** I can only repeat that we value and can see the value in community pharmacies. We do not believe that any reductions will be skewed towards the independent sector; nor do we believe that the sector's position overrides our duty to look at clustering and to make sure that the money we spend in this sector—£2.8 billion—is spent most effectively and cannot be spent better on other parts of the NHS.

**Mr Philip Hollobone** (Kettering) (Con): As far as residents in the Kettering constituency are concerned, community pharmacies are a good thing. They relieve the pressure on the overburdened A&E at Kettering general hospital, and they are the only place to go when people cannot get an appointment at their local GP surgery. Can we please make more use of the community pharmacies that we have? If the Minister is right, and he suspects that not many community pharmacies will close, let me tell him in all candour that the process he is going through is completely cack-handed, because it is spreading fear among the community pharmacy community up and down the country?

**David Mowat:** The current process began in December last year, and will be brought to an end shortly. I do not know about the specifics of the pharmacy scene in Kettering, but I repeat that we regard pharmacies as vitally important to the NHS. One of the proposals that we shall announce shortly is a proposal for an integration fund of £300 million, which will be used entirely to provide services and pay for pharmacies to provide them. It will be informed by the review that is being conducted by Richard Murray of the King's Fund, and Kettering will benefit from those services in just the same way as other parts of the country.

**Keith Vaz** (Leicester East) (Lab): May I enthusiastically endorse the comments made by the hon. Member for Kettering (Mr Hollobone)? Community pharmacies are an underused resource. We currently spend £10 billion a year on diabetes treatment, 80% of which is spent on treating avoidable complications. Instead of cutting pharmacies, why do we not get them to do more to help with diabetes prevention, and to identify the 1 million people who have diabetes and do not know about it?

**David Mowat:** We intend to do more to help pharmacists to help with diabetes prevention. Diabetes is one of several long-term conditions that the Murray review is examining. There are ways in which pharmacies can be used to avoid repeat or ad hoc GP appointments, which is precisely what we want to happen, but that is not the same as not keeping under review the amount of money that we pay pharmacists for dispensing, and ensuring that we are getting a good deal.

The right hon. Gentleman said that he agreed with the hon. Member for Kettering (Mr Hollobone). The density of the United Kingdom's pharmacy network is approximately double the density of networks in Holland, Sweden and Denmark. No one thinks that it should fall to the same level as theirs, but there are opportunities for us to review clustering and ensure that the NHS is receiving value for money, and that is our duty.

**Mr Peter Bone** (Wellingborough) (Con): I congratulate the hon. Member for Barnsley East (Michael Dugher) on his urgent question, although I am slightly sorry for the excellent Minister, who is having to deal with the question before the Government are prepared to make an announcement. I agree with my hon. Friend the Member for Kettering (Mr Hollobone) that community pharmacies are very important in Northamptonshire, given that the rest of the national health service in our area is under such pressure. If the amount saved is really going to be so small, I urge the Minister to say, "Actually, let's drop this. It is just not worth the battle."

**David Mowat:** I can only repeat that we value the contribution that community pharmacies make, and that the savings that we shall propose shortly are needed for other parts of the NHS. We believe that provision will not be affected, and that other parts of the package, including the integration fund and the hiring of an additional 2,000 pharmacists for the GP sector, will make this sector work better than it does at present.

**Paula Sherriff** (Dewsbury) (Lab): Does the Minister agree that should one in four community pharmacies close, the effect on the elderly, the vulnerable, the poor and those with long-term conditions could be very serious indeed, and potentially catastrophic?

**David Mowat:** We do not believe that the proposals that we will be announcing shortly will do anything to the detriment of any of those patient groups.

**Graham Jones** (Hyndburn) (Lab): Community pharmacies play a vital role in primary care, and there is a very important relationship between them and our constituents and their patients and customers. My constituency contains a healthy living pharmacy that provides added value. Is not the Minister's reductionist proposal about price rather than quality, and should we not be looking at the quality of pharmacy provision? Healthy living pharmacies in Hyndburn, and in Lancashire generally, provide an exceptional service, and should not be under the dark cloud that is hanging over them as a result of the Minister's proposal.

**David Mowat:** The hon. Gentleman has made a good point. A large part of the value added from pharmacies is related to quality, and we need to reward the pharmacies that are trying harder than others to provide it. The hon.

[David Mowat]

Gentleman mentioned healthy living pharmacies, and there are many examples. Part of our package will address the quality issue, which is one of the issues that the Pharmaceutical Services Negotiating Committee asked us to consider.

**Bill Esterson** (Sefton Central) (Lab): If the Minister wants to make the savings that he has talked about, he should work with the pharmacists and listen to what they have to say, because they have the ideas about how to make those savings. In my constituency, they talk to me about the potential for reducing repeat prescriptions, among other ideas. If he does that, he will play a role in looking after the heart of our community, which is what pharmacists are, and the heart of our NHS, which is also what they are. They also play an incredibly important role in every community in providing much needed footfall for other local businesses.

**David Mowat:** We have been talking to the Pharmaceutical Services Negotiating Committee for 10 months. We have tried to incorporate, in the proposals that we are going to make, some of the points it has put to us. I can only again tell hon. Members, as I have already said to many others, that we value the contribution that the pharmacy sector can make. We wish to see that move over and above what it is now, in terms of dispensing, into more value-added services dealing with minor ailments, repeat prescriptions and long-term conditions. We want to do all those things, and we will.

**Nic Dakin** (Scunthorpe) (Lab): The Minister should tread with great care. I have visited many community pharmacies in my constituency, and in each and every one I saw lots of value-added activity—preparing medicine trays, delivering medicines or whatever—and a keenness to be involved in wider activities. There is a real danger that the Minister, in seeking savings, will cost the health service and communities more.

**David Mowat:** That would be a danger, had we not spent time over the past 10 months to try to get this right. We are confident and believe that we have done so.

**Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): May I give some advice to the Minister? If he wants reforms—I think that the feeling on both sides of the House is that we need a high-performing, innovative pharmacy sector, which is at the heart of every community, urban and rural—and if he wants to generate enthusiasm in the workforce, he should not demoralise them at the very beginning. His predecessor was the person who said, “Let us cut 2,000 pharmacies.” That is the truth. The Minister should not just reach out to pharmacies at posh dinners—he should come to Huddersfield, which is more exciting than Kettering, and talk to our pharmacies.

**David Mowat:** The hon. Gentleman makes a good point: I should not just reach out to pharmacists at posh dinners. In the past three weeks, I have visited a number of pharmacists. I have even opened a new pharmacy. I bow to no one in my view of the value that they can add, but they agree, and I think most Members in the House agree, that the community pharmacy network must move from a model based on dispensing

to a model based more on services. We are going to help pharmacies to do that, and these proposals in the round will achieve that.

**Karin Smyth** (Bristol South) (Lab): As we have said, primary care is the cornerstone, indeed the foundation, of the NHS, and pharmacies represent a successful public-private model. This proposal does seem to be a totally counter-intuitive one. When I, on the Public Accounts Committee, questioned the chief executive of the NHS last month about the Department of Health accounts, he expressed surprise that there may be a reprieve for pharmacies, because the reality is that this is an in-year cut that is already happening; it is part of NHS England’s delivery of savings this year. Can the Minister clarify the reports over the weekend—what are the figures we are talking about? The reports were that the cuts would be £113 million in 2016-17 and £208 million in 2017-18. Are those the correct figures?

**David Mowat:** The figures to which the hon. Lady refers were announced in the consultation in December 2015. The only change since those figures were announced in that consultation in 2015 is that, because of the delay in looking at this again, the in-year saving this year is likely to be lower.

**Stephen Pound** (Ealing North) (Lab): Those of us who wish the Minister well would probably best describe his performance at the Dispatch Box this afternoon as “courageous”. I feel that he has been sold a hospital pass on this one. He is responsible for a policy that lurches from the inchoate to the indefensible; that talks on the one hand about recruiting thousands of pharmacists and on the other about closing thousands of pharmacies. I am sorry, but we cannot keep loading, even on to the willing shoulders of the community pharmacies, more and more responsibility while we are draining away the financial lifeblood. Would the Minister care to become the most popular Minister on the high streets of our nation by saying that he is going to have another look at this nonsense?

**David Mowat:** I am always keen to be popular, but I am also keen to do the right thing. Nobody is talking about thousands of pharmacies closing and I do not believe that will happen, but we have talked about hiring 2,000 more pharmacies in the GP sector. That is true, but that is not incoherent; that is the right thing to do.

I just say this to the House: we all need to distinguish at times between the pharmacy profession, which we need and will nurture and help to grow and that can produce all these added values, and those people who own the pharmacy shops, 65% of which are public companies and private equity. The House should just reflect on that.

**Toby Perkins** (Chesterfield) (Lab): It really is possible that the centre-ground in British politics is changing. Here we have a Conservative Minister coming to the Chamber to say, “I’m going to put hundreds of small firms out of business, but don’t worry; I’m going to get them all working for the Government.” It is absolutely bizarre, and the Minister is now trying to convince us by saying, “Don’t worry, they’re all hedge funds anyway.” We know it is not the Boots in the centre of Chesterfield that is going to be shutting; it is the community pharmacies

in each of our communities. So will the Minister at least give us the commitment that no community will be left without a pharmacy and that no doctors' surgery will be allowed to have a pharmacy close on its doorstep?

**David Mowat:** I will give the hon. Gentleman the commitment that no community will be left without a pharmacy.

**Kate Green (Stretford and Urmston) (Lab):** I cannot impress strongly enough on the Minister the danger of these proposals. In my constituency the pressures on primary care are such that GP surgeries cannot recruit GPs and many practices are now not meeting Care Quality Commission standards because they are in old premises that are unsuitable. The thought that on top of that we would reduce the possibility for people to attend their local community pharmacy for simple healthcare needs is frightening. When the Minister publishes the impact assessment, will it provide any sort of reassurance and clarity that those complex primary care factors have been properly taken into account?

**David Mowat:** We have talked all afternoon about the need to protect access to GPs, and I repeat the point I made earlier: our proposals in the round should increase the degree to which pharmacists are linked into GP practices. The hon. Lady says that many practices are getting poor-quality assessments, but the fact is that over 80% of them are getting good-quality assessments, and we need that to continue.

The proposals we are setting out in the round are expected to make pharmacy access better than it is now, and the orientation of the pharmacy profession towards services and away from just dispensing should happen more quickly.

## Points of Order

4.52 pm

**Paula Sherriff (Dewsbury) (Lab):** On a point of order, Mr Speaker. At last week's Prime Minister's questions I raised some serious concerns about the practices of Virgin Care, based on direct experience as a former employee after my NHS service was transferred. Virgin Care has since issued a statement to the media stating that it has no record of my raising such concerns at the time. I am glad it brought that up as its failure to keep accurate records is one of my concerns. However, it is clear that it is implying dishonesty on my part, and I hope you will be able to advise me, Mr Speaker, on setting the record straight in that regard, because I want to make it clear that I did raise concerns on many occasions, including directly with the chief executive of Virgin Care, Mr Bart Johnson, in person at a meeting in the autumn of 2012. This was therefore known at the highest level within the company before it issued its statement suggesting the opposite.

In short, when the company suggested that I was being dishonest, it was trying to obscure the truth. Mr Speaker, may I ask you what resort Members have when the rich and powerful seek to intimidate or smear as we seek to do our duty in this House, and could such actions infringe the privileges of this Chamber?

Finally, can we reiterate that even the richest individuals and the wealthiest corporations should always stick to the truth about this House and its Members, however inconvenient that truth may be to their private interests?

**Mr Speaker:** I am grateful to the hon. Lady for giving me notice of her point of order. Moreover, I understand her concern if the veracity of what she volunteered in good faith to the House has subsequently been called into question. Specifically, she asks me what recourse she has in these circumstances. In response, I make a number of points. First, if anybody was seeking to intimidate the hon. Lady as she goes about her parliamentary business, any such attempt has manifestly failed. Moreover, on the basis of my knowing her for the past 17 months, it seems entirely obvious that any such attempt would be doomed to fail. The sooner that point becomes clear to everyone outside the Chamber as well as within it, the better.

Secondly, I think that the hon. Lady has found her own salvation in that she has taken this opportunity to raise a point of order with me on the Floor of the Chamber in which she has registered her discontent as well as putting the record straight in terms that appear to brook no contradiction. If she thinks that any further clarification or airing of the issue is required, various parliamentary avenues are open to her, and I do not doubt that she will pursue them with that combination of forensic precision and terrier-like tenacity for which she has become renowned in all parts of the House.

**Mr Barry Sheerman (Huddersfield) (Lab/Co-op):** Let's get Richard Branson in here.

**Mr Speaker:** I am grateful to the hon. Member for Huddersfield (Mr Sheerman) for his sedentary contribution to our proceedings, helpful as it was.

**Ian Blackford** (Ross, Skye and Lochaber) (SNP): On a point of order, Mr Speaker. This afternoon when I raised the issue of mitigation for the WASPI women during Work and Pensions questions, the Secretary of State indicated that the Scottish Government could deal with the issue by making additional payments to the WASPI women in Scotland. Perhaps unbeknown to us on these Benches, the Government are going to introduce legislation to give enhanced powers to the Scottish Parliament over pensions, but we have not heard about it. I have checked the legislation, and section 28 of the Scotland Act 2016 precludes us from making payments on reserved matters and specifically excludes pensions. I am sure that the Secretary of State unwittingly alleged that the Scottish Parliament and the Scottish Government had competence in that area, but I seek your guidance, Mr Speaker, on what could be done to bring him back to the House or to correct the record in some way.

**Mr Speaker:** The hon. Gentleman is a dogged and assiduous Member of the House at all times, and I say to him that if the Secretary of State judges it necessary to return to the Chamber to clarify the position or seeks to insert a corrigendum in the *Official Report*, it is open to that Minister to do so. Whether that will happen remains to be seen. Meanwhile, the hon. Gentleman has put the record straight with crystal clarity, doubtless to his own satisfaction but perhaps more importantly to that of the constituents whom he seeks to represent.

**Jonathan Ashworth** (Leicester South) (Lab): On a point of order, Mr Speaker. You will have heard the Under-Secretary of State for Health, the hon. Member for Warrington South (David Mowat), saying a few moments ago that he hoped to make an announcement “shortly”. Can you use your good offices to ensure that when he has made his decision, he comes to the House to make a statement?

**Mr Speaker:** I thought that the hon. Gentleman was going to ask me that age-old question: “What does ‘shortly’ mean?” As we know, in Parliament the term “shortly” has a degree of elasticity associated with it. The Minister has heard the hon. Gentleman make his point. Before he became a Minister, he was an extremely active and effective parliamentarian who took pride in his responsibility to the House, and I am sure that he continues to do that. It is unimaginable that he would do anything other than come to the Chamber in those circumstances. In so far as the point needed to be underlined, however, it has been duly underlined by the notable campaigner from Leicester. I thank the Minister for his persistence and his courtesy in responding to the urgent question. I gently say to him that, now and again, he said that all he could do was to repeat his previous answer. He said it with great good humour and a degree of world-weary resignation. As I have often had reason to observe in the Chamber, repetition is not a novel phenomenon in the House of Commons. We will leave it there for now.

## Savings (Government Contributions) Bill

### Second Reading

4.59 pm

**The Financial Secretary to the Treasury (Jane Ellison):** I beg to move, That the Bill be now read a Second time.

Let me start by reminding the House why the measures contained in the Bill are so important. We want people in this country to have all the tools at their disposal to save money in a way that works for them. We want to make it easier for everyone to build up the savings that they need, to meet their ambitions and to feel secure in their personal finances. We have already set to work to make that the case, putting an end to 17 million people having to pay tax on the interest they receive on their savings and making the biggest ever increase to the individual savings account allowance—to £20,000 from April next year—but we want to do more. The Bill will introduce two new schemes—the lifetime ISA and Help to Save—that will support more people as they save up for the future and provide them with new options to do so.

The lifetime ISA will provide a new option for young people who are looking to save for the long term. We want to make sure that they have a choice in how they save. For some, the pensions system alone is the way forward and we have done a lot to improve it, such as through automatic enrolment and initiatives such as the pensions dashboard. In our consultation last year on pension tax relief, we heard that the pensions system on its own is too inflexible for young people, so the lifetime ISA complements that system while giving people a new option that has been designed with flexibility in mind.

The lifetime ISA is a way of saving up to £4,000 a year. Someone can open an account between the ages of 18 and 40 and carry on saving up to the age of 50. On top of any interest they receive on their savings, they will earn a 25% tax-free bonus from the Government that is paid straight into their account.

**Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): Is the Minister at all concerned that this lifetime ISA will introduce an added complexity to the savings market, in particular for young people? Choosing whether to go for a pension or a lifetime ISA could be one of the most important financial decisions in a person's life. Does she think that there is merit in increasing investment in independent advice and financial literacy so that young people are able to make informed financial decisions?

**Jane Ellison:** On the latter point, I will discuss advice a bit later on, but we are keen that people have access to good advice and good information. On the hon. Gentleman's first point, this is about complementary products. It is not an either/or choice. The feedback from last year's consultation was that many younger people did not want to make a binary choice between saving for later in life and saving for a house. This product is simple in its design but gives people that flexibility. As he says, it is important that people get advice, but the welcome that the proposal has received from consumer advocates indicates that people think that it is simple and flexible.

**Jonathan Edwards:** I am grateful to the Minister for giving way again. Their incomes mean that many young people are perhaps more hard-pressed than older

generations. They do not have the choice of investing in a pension and a lifetime ISA, so they will be deciding which one to go for. The Government need to address that worry with these proposals.

**Jane Ellison:** That interaction has been addressed in the Bill's impact assessment. There was some concern about the Help to Buy ISA and the interaction with automatic enrolment, but we have seen no evidence of it driving a higher opt-out rate. In fact, the opt-out rate for automatic enrolment is lower than forecast—even on the forecast that was revised down. I note the hon. Gentleman's concern but I think it has been addressed in the work that we have done.

What is attractive about the lifetime ISA is that people do not have to make an immediate decision about why they are saving this money, which goes back to the hon. Gentleman's point about people not having to make that decision at an early stage when they cannot see what is ahead.

**Ian Blackford** (Ross, Skye and Lochaber) (SNP): Anyone saving into an auto-enrolment pension will get tax relief up front, but anyone who invests in a lifetime ISA will be making that investment out of taxed income. Does the Minister see the unfairness in that?

**Jane Ellison:** Obviously, we have the Government bonus, which I mentioned, but I go back to the point about this not being an either/or choice; this is about people having potentially complementary products that are for different purposes. This product is not about replacing a pension; it is about giving people a complementary product to help them save for later in life, while keeping open the option of building up money to put towards a house. As we have seen, many hundreds of thousands of people have taken that opportunity with the previous ISA product.

The lifetime ISA can be used by people to get on to the property ladder for the first time and can be put towards a home worth less than £450,000. Through this Bill, from April next year a new, more flexible way to save will be available to people, as one of a number of options.

The Bill also introduces Help to Save, which is about finding a better way to support families who are just about managing but are struggling to build up their savings. All Members will be aware of the research carried out by a number of bodies, particularly the excellent Centre for Social Justice, which estimates that 3 million low-income households have no savings at all. That is not a nice position for anyone to be in: living without having any kind of financial safety net in place and knowing that if they lose their job, they have barely got enough money to pay next month's rent.

**Mr Gareth Thomas** (Harrow West) (Lab/Co-op): Will the Minister acknowledge the concern of some that the two-year qualifying period for Help to Save is lengthy for people on very low incomes? Will she also acknowledge the credit union movement's concern that as a result of the Government response to the consultation on Help to Save—this is how I understand it—it is going to be excluded from offering Help to Save products?

**Jane Ellison:** We have announced that we will be going with a single provider, National Savings & Investments, at the outset, but the primary legislation does not

preclude more people providing the product in future; it was essential that we got national coverage for offering this product, but, like all of us in this House, I have huge respect for the credit union movement and we certainly see a role for it going forward, not least in respect of advice and support, a point referred to a moment ago. Perhaps we will tease more of that out in this debate, but I hope that gives the hon. Gentleman some reassurance.

The two-year period comes from looking at the advice and research that has been done by groups that deal with people in this category, and trying to capture the moment at which a savings habit is ingrained. This does not mean people cannot take money out; there is no penalty for taking money out earlier if they want to access it, but the bonus comes at the two-year point, and I will come on to deal with that. This is based on research by groups and charities that work with people in the target market for the product, so there is a robust reasoning for that two-year period.

If someone is trying to put some of that hard-earned money aside in an effort to be more financially secure, we want them to have the full support of their Government as they do so. That is why, through this Bill, we want to introduce the new Help to Save accounts by no later than April 2018. They will be open to any adult who is getting working tax credits or universal credit and working enough to earn the equivalent of at least 16 hours' pay at the national living wage. That means about 3.5 million people are likely to be eligible.

As has been mentioned, people can save up to £50 a month for two years—we are talking about £1,200 in total—and the Government will give them a 50% bonus. If after those two years someone wants to do that again for the next two years, they will be able to do so. This way to save also offers complete flexibility. What people want to do with the money they have saved and with the Government bonus they have earned is completely up to them, and if they want to take their money out at any time, they can; there will not be any charge or penalty for doing so.

**Jonathan Edwards:** As usual, the House of Commons Library has produced a fantastic briefing on this Bill. In relation to this product, it mentions the conclusions of the Institute for Fiscal Studies, which says that only £70 million has been allocated by the Treasury to cover this new savings product in 2020-21, which is nowhere near enough to cover the Government contribution of 50% if everybody who is eligible takes up the product. Has the Treasury got its figures wrong?

**Jane Ellison:** We know that, historically—the hon. Gentleman is right on this—it has been difficult to target financial advice at some of those who are being targeted by this product. Indeed, not many financial products are being targeted at this particular group. However, I can reassure him that we will be doing everything we can—all hon. Members and credit unions have a role to play in this—to promote this product. If the take-up exceeds our expectations, we would be delighted, and we will certainly be working to that effect.

The scheme provides a real incentive for people on low incomes to keep saving what they can. That means that more and more families will have a rainy day fund, so that they can cope with unforeseen events that come their way. I am talking about the sort of events that

[Jane Ellison]

many of us as constituency Members recognise. They are the ones that drive people into our advice surgeries because something has happened. Research from the debt charity, StepChange, suggests that if families have £1,000 in the bank, they are almost half as likely to fall into problem debt, by which it means being in arrears with at least one bill or credit commitment. This is a savings vehicle that will really help people to build up a pot of money, which can be used for any purpose at all, but which is also there if needed for a rainy day.

In conclusion, this Bill is all about rewarding people who are trying to save for their future and providing them with new options to do so, and it encourages more people to follow their example. Whether we are talking about a young person who wants flexibility in how they save for their future, or someone on a low income who is trying hard to set aside a bit of money each month, we want to ensure that they have a helping hand along the way. Through these two new savings vehicles, that is exactly what the Government will provide. It therefore gives me great pleasure to commend this Bill to the House.

5.12 pm

**Rebecca Long Bailey** (Salford and Eccles) (Lab): It is a pleasure, as always, to debate opposite the Minister. I thank her for outlining the overarching principles of the Bill, which will introduce the new lifetime ISA and the Help to Save scheme. As we have heard, the lifetime ISA is a new savings product that will be available from April 2017 in which people under 40 may deposit up to £4,000 a year. The Government will then top up those savings by 25%. The savings accumulated in the LISA can be used as a deposit towards a first home, or can be accessed once a person is 60 to “complement”, to use the Government’s word, their retirement income. In the absence of using the product to save for a house deposit, it will be possible for a person to remove funds from the LISA before they are 60, but there will be a charge of 25%, effectively to remove the Government top-up from the funds withdrawn.

The Help to Save scheme will be available for people in receipt of either universal credit or working tax credit. If they receive working tax credit, they must have minimum weekly earnings equivalent to 16 hours at the so-called national living wage.

**Mr Gareth Thomas:** I was grateful to the Minister for her response to my question. Will my hon. Friend commit our Front-Bench team to probing the Government further on whether there should be a two-year qualifying period, or if the period should be reduced to 12 months? Similarly, will she commit our Front-Bench team to exploring in Committee whether credit unions can be allowed to take part alongside National Savings and Investments? NS&I already offers national coverage, so there is no reason why credit unions should be excluded.

**Rebecca Long Bailey:** My hon. Friend makes important points and we would support him in pushing the Government to respond to those questions. I will highlight some of the concerns of our Front-Bench team about the Help to Save scheme in particular. Credit unions are vital for the roll-out of any savings scheme that targets the most deprived communities.

**Lucy Frazer** (South East Cambridgeshire) (Con): The hon. Lady helpfully outlined the circumstances in which the lifetime ISA kicks in. Does she welcome that ISA to enable young people to save, given that half of present ISA holders are over 55?

**Rebecca Long Bailey:** I welcome the Government’s sentiment of encouraging people to save. If I may make a little progress, the hon. and learned Lady will get a fuller response in due course.

The Opposition have serious concerns about both policies under the Bill and a number of questions, with which I hope the Minister can assist. The Labour party warmly supports the Government’s principal aim of encouraging saving. Many working people in Britain are not saving enough or not saving at all, and that is storing up a multitude of problems not just for their personal finances, but for the public purse. The helpful House of Commons Library briefing states that 28% of people say that they have no savings at all and that 38% would struggle to pay an emergency expense of more than £500. In addition, the Joseph Rowntree Foundation surveys on poverty and social exclusion consistently find that between a quarter and a third of households say that they are unable to make regular savings. In the most recent survey, which was conducted in 2012, 32% of households gave that answer.

It is therefore right for the Government to examine methods and structures that will encourage saving, but I am sure that the Minister agrees that they must also address the root causes of this low saving trend. Will she examine carefully the reasons why many people do not save at all? Is it because they are splashing out on fancy cars and extravagant purchases, or is it because wages are too low and the cost of living is too high to get through the month for some people, never mind whether they have a bit of spare cash at the end of the month to put into a savings plan?

**Jo Churchill** (Bury St Edmunds) (Con): Does the hon. Lady agree—this is perhaps unlike some of the measures brought in by Chancellor Gordon Brown—that it is important to keep products as simple as possible? It is also hugely important that they are transferable—a Help to Buy ISA can be transferred into the lifetime ISA—and complementary.

**Rebecca Long Bailey:** Indeed. Products need to be explained as simply as possible and there needs to be a commitment from the Government that there will be an adequate advertising campaign to avoid any ambiguity about a product. I shall shortly come on to some of my concerns about the specific products to which the Bill refers.

It is important to examine the fact that those who live in more deprived areas or areas that do not have access to a healthy range of high street financial services are often more financially excluded, having limited access to reasonable lending facilities. This in turn leads many to rely on extremely high interest lending facilities such as payday lenders, which are often the only lending facility available. In many cases, that initiates a cycle of debt and sucks any possible savings surplus out of the monthly pay packet. It cannot be lost on the Minister that for some time now food banks have been reporting surges in the number of people in full-time employment

who are accessing them. This in itself may suggest that many people have no spare cash to live on day to day, let alone to save.

These problems bring me to the Opposition's main problem with the Help to Save scheme that the Bill introduces. We wholeheartedly support moves to encourage saving for a rainy day, but in many cases the idea that those on universal credit and working tax credit have a spare £50 at the end of the month is extremely optimistic. People can barely make ends meet, as the Government found out last year when there was a cross-party backlash after they tried to take thousands of pounds from the recipients of much-needed tax credits. The transition to universal credit will arguably leave people in an even worse position.

**Jane Ellison** *rose*—

**Rebecca Long Bailey:** I will pre-empt the Minister's reply that Help to Save is incredibly similar to the saving gateway scheme that was piloted by the previous Labour Government.

**Jane Ellison:** I do not wish to interrupt the hon. Lady, but it is important to make the point that this is about people saving up to £50. It must not be suggested that everyone must save £50. The figure is up to £50, and that can be a very small amount. I would just like to make that clear.

**Rebecca Long Bailey:** I thank the Minister for clarifying that point, but I think that some people would struggle to save even £5 a month, let alone £50.

Let me go back to the point I was trying to make about Labour's scheme. We did introduce a similar scheme, but it is important to note that we had not spent the previous six years eroding the disposable income of the people whom it targeted. Help to Save might well look good on paper in terms of helping those on low incomes to save, but I must warn the Minister that, given the long-term effect of Government cuts and wider austerity measures, it will not have the desired impact in many cases. The cuts the Government are making to universal credit alone will cost 2.5 million families up to £1,600 a year, according to the Institute for Fiscal Studies. Where will these families find even £1 a month, or up to £50 a month, to put into this savings scheme?

It appears that the Government are not expecting the measure to put rocket boosters, as it were, under savings by those on low incomes. Their costing for the policy is £70 million in 2020-21. Some 3.5 million people will be eligible for the scheme, so if my and the IFS's calculations are correct, that works out as a Government bonus of £20 per eligible individual in 2020-21.

I was very excited to read the Government's impact assessment in the past few hours. However, the Minister should note that it arrived at only 1 pm today, and while I am pleased that it arrived at all, she will appreciate that it is really not acceptable to provide such information at the 11th hour if the Government wish to be transparent and capable of being effectively held to account. None the less, I was interested to see that the Government's expected take-up rate was 500,000 people in the first two years. I will be grateful if she explains the rationale behind that figure. For example, are specific groups more likely to save than others?

**Lucy Frazer:** The hon. Lady refers to the impact assessment. After the sentence she referred to, it says:

"These estimates were informed by information from similar savings schemes and government savings pilots."

**Rebecca Long Bailey:** I thank the hon. and learned Lady for reading from the impact assessment, but I was asking whether specific groups are more likely to save than others, and I do not think the assessment provides that information.

Most importantly, however, how will the scheme help the remaining 3 million people who simply cannot afford to participate in it? I can sum up my concerns about this element of the Bill by reiterating comments made by our former shadow Work and Pensions Secretary, who stated that the scheme was

"like stealing someone's car and then offering them a lift to the bus stop."

**Kit Malthouse** (North West Hampshire) (Con): I have to confess that I am a little confused by the hon. Lady's arguments. Is she saying that because the scheme will not target all 3.5 million people who may be eligible, the Government should do nothing? Despite the fact that it might be a partial success or that a large number of people might take up the scheme, she seems to be saying that because not everybody will take it up, this is not worth doing.

**Rebecca Long Bailey:** No, that is not what I am saying at all. It is important that we address this issue, but we have to be clear about how we do so. Dealing with the root causes of poverty and people's inability to save is the first important thing that the Government need to look at, and then the second element they need to consider when rolling out the measures in the Bill is the specific groups they intend to target. If they do not target the 3.5 million people who are eligible to take part in the scheme, how will they help those who do not take part in it?

There is considerable unease about the lifetime ISA policy across the pensions industry, the trade union movement, the Office for Budget Responsibility and Select Committees of this House. The Opposition support the idea of incentivising people to save for the future, especially for retirement income, but we are concerned that the scheme could create a diversion from saving in traditional pension products, rather than being an add-on to one's main pension plan. Even a former Pensions Minister stated that the LISA "could even destroy pensions". The UK faces a pensions time bomb. Eleven million people are signed up to defined benefit schemes in 6,000 pension funds in the UK, but PricewaterhouseCoopers recently produced data showing that the collective deficit in those 6,000 schemes had risen by £100 billion in just one month so that it stood at £710 billion at the end of August. Earlier this year, the OECD reported that we were facing a "global pension crisis" in which a person buying an annuity today who had saved 10% of their wages into a pension for 40 years could expect just over half the earnings of someone who had saved the same amount but retired 15 years ago.

This situation is very worrying, especially when the state pension in its current form certainly cannot be relied on to plug the gap. Last week, the OBR published a report concluding that recent pensions and savings measures

[Rebecca Long Bailey]

introduced or announced by the Government would create a £5 billion a year black hole in the public finances. The report states:

“The net effect on the public finances is positive in the early years, peaking at £2.3 billion in 2018-19 before turning negative from 2021-22—the year after our March 2016 forecast horizon... But the small net gain to the public finances from these measures over the medium-term is reversed in the long term as the net cost continues to rise, reaching £5 billion by 2034-35. Expressed as a share of GDP—a more relevant metric when considering fiscal sustainability—the net cost builds up until it reaches a steady state toward the end of the period of just over 0.1 per cent of GDP. If that steady-state effect was to continue to the end of our usual long-term projection horizon of 50 years, that seemingly small cost would add 3.7 per cent of GDP to public sector net debt.”

The report also said that these measures

“shifted incentives in a way that makes pensions saving less attractive—particularly for higher earners—and non-pension savings more attractive—often in ways that can most readily be taken up by the same higher earners.”

That is a pretty worrying assessment of the Government’s pensions and savings policy, in which the LISA will play a large part.

I am also worried about the level of assessment that the Government have carried out about the impact that the LISA could have on pension savings, and, more specifically, their auto-enrolment scheme. The Work and Pensions Committee has outlined its concerns about the threat to automatic enrolment in workplace pensions, the roll-out of which is having a great deal of success. The Committee was particularly worried about the risk of people opting out of a workplace pension in order to save in a LISA, thinking that it will be more of a beneficial pension savings product when it is not. The Committee highlighted extreme ambiguity about whether the LISA is intended to be a pension replacement.

As the House will recall, the previous Chancellor stated in his Budget speech that the LISA was for

“those under 40, many of whom have not had such a good deal from the pension system”.—[*Official Report*, 16 March 2016; Vol. 607, c. 966.]

That was something of an indication that this was a new-generation pensions product. On the other hand, the Department for Work and Pensions has stated that the LISA is

“not a part of the pension system but an additional flexible savings product”.

I am pleased that the Minister has, once and for all, clarified this point and stated that it is a complementary product. None the less, many witnesses who gave evidence to the Select Committee said that all indications so far suggested that the LISA was being interpreted as a pension product, including those from the Centre for Policy Studies, which actually developed the LISA and stated that many employees not already in a pension scheme would have to decide whether to save through a LISA or enrol in the pension scheme. Royal London stated that many people could in fact opt out of workplace pensions.

Will the Minister therefore confirm whether she has made any assessment of the impact of the LISA on automatic enrolment into workplace pensions? Will she confirm what safeguards will be put in place to ensure that people do not opt out of auto-enrolment? Will the Government mount a detailed advertising campaign,

as suggested by the Select Committee, to ensure that people do not wrongly view the LISA as their main pension product? The Pensions Regulator has argued that by 2017, when the LISA is available, thousands of small and micro-businesses will not have rolled out auto-enrolment. Have the Government considered timing the LISA roll-out to coincide with the full completion of auto-enrolment to avoid the risks I have outlined?

It is acknowledged that LISAs will be successful among those who have savings elsewhere. There might simply be a case of them transferring those savings into LISAs, but will the Government provide the distributional analysis of the income groups who will specifically benefit the most? Will they confirm what impact the scheme will have on women and minority groups, especially, and therefore provide a much more detailed impact assessment, as the Work and Pensions Committee suggested? Will the Minister confirm what the Government will do to assess those groups that are not currently saving or unable to save, and what will they do to ensure that these people will be able to avail themselves of the scheme? The Select Committee has suggested that those who might benefit most from the scheme could be those who can afford to contribute to a pension scheme and deposit additional savings in a LISA to complement their retirement savings—higher earners, in other words. In these difficult economic times, Opposition Members question whether the scheme is an effective use of up to £2 billion of public funds.

Another concern is not simply that people will use the LISA as an alternative pension product, but that there will be nothing to stop them from taking the money early for other purposes, aside from as a deposit for a house. The Bill enforces a 25% charge for the early withdrawal of funds, which effectively removes the Government bonus, but people will not lose anything from their savings. That will therefore not be a significant deterrent from removing money early, so there is a significant risk for those who use the product as their sole pension income.

LISA funds may be used towards a deposit for a first home. That is not a bad thing, but the Government are failing to address the wider problems that are causing the housing crisis. There is no point having a deposit if there are no houses to buy. We need a significant private and social house building programme supported by the Government, not populist policy making. It is a shame that fewer new homes were built during the previous Parliament than under any peacetime Government since the 1920s. Labour has committed to build more than 1 million new homes over the next Parliament, and that is the level of intervention that is required of any Government who truly want to ensure that everyone can live in a decent and secure home.

**Mr Gareth Thomas:** Before my hon. Friend concludes her speech, may I suggest one further area on which Labour Front Benchers could press the Government in Committee? The Bill does not include a requirement that any employer should offer payroll deduction services, but that could help all savers, especially those on low and middle incomes. In that way, people could, if they wanted, have money deducted from their pay at source by their employer. Ideally that would go into a credit union, but it could go into any other source of savings. I suspect that that would create a significant boost to savings in this country.

**Rebecca Long Bailey:** My hon. Friend makes a very important point that Labour Front Benchers are considering in detail.

The Opposition have serious concerns about the policies in the Bill, as I have outlined, and I hope that the Minister will respond to my various queries. However, as I have confirmed, we support the overarching aim of encouraging people to save at a time when they are not doing so. There is significant room for improvement in the Bill, so we will try to amend and improve it as it makes its way through Parliament in the coming weeks to try to alleviate some of our stakeholders' concerns about the possible effect of the lifetime ISA and the Help to Save scheme.

5.34 pm

**Robert Jenrick (Newark) (Con):** It is a pleasure to speak briefly on Second Reading and to support two schemes that are an excellent part of what should be a wider strategy to tackle a fundamental and chronic lack of saving in all age groups and all income levels in our country. I want to say a few words about the schemes themselves and then about the scale of the problem and what more the Government might like to do in the years to come to address a chronic issue that should trouble us all, particularly the Treasury.

The problem is greater than many of us like to imagine; the state of saving in this country is worse than we like to kid ourselves. I remember going to visit my grandparents when I was a child and seeing on their mantelpiece a jam jar in which they used to put sixpences to save up for things such as a holiday to Blackpool and for rainy days, should things have got worse. Back then, I think they were the only people on their street who did that and who could afford the coach to Blackpool once a year. I think that my grandmother would put half a crown in a box just below the sofa, to save up for something or other every year, such as a new chair or stool for the house.

That seems like another country and another age—something that could never happen nowadays, when we are all so much richer and have so much greater access to spending. Of course, the statistics—we have heard some of them already—show that that is not the case at all.

Those experiences come from a time before the rise of hire purchase, credit cards, overdrafts and mortgages, all of which, although they have brought with them problems and difficulties that we have to cope with, have created a safety net of sorts against the real fragility that previous generations used to feel, going back as long as anyone can remember. The historian in me thinks of medieval, Georgian and Victorian times, when people used to feel that they were living fragile lives because they could fall from what were then called respectable lives into abject poverty purely as a result of ill fate, including illness, losing a job and having an unscrupulous landlord.

We like to think that those things could not happen today, but, of course, they can, and the statistics that we have heard from both Front Benchers show that very clearly. A quarter of households have less than £1,100 in their total financial assets, and debts of more than £3,500. One in 10 of us has available savings—rainy day money in the jam jar on the mantelpiece—of less than £100. That means less than £100 if someone happens to lose

their job, if their company goes bust or if they were in the private rented sector and had an unscrupulous landlord. That should make us all very worried indeed.

Even beyond the poorest in society—those who should be very concerned about short-term saving—there is a crisis in long-term saving, and it looks more and more like an impending disaster for the country. We are all—rich and poor, young and old alike—simply not saving anything like enough.

The latest Deloitte survey shows that, by 2050, the retirement savings gap—the difference between what people will save and what they need to save, if they want to have a reasonable standard of life in retirement—will be £350 billion, which is an increase of £32 billion from five years ago, despite the many measures introduced by the previous Administration and the coalition. On average, each of us has to put away an extra £10,000 every year to avoid what we could think of as a miserable old age. Even people on middle and higher earnings—including all of us in this Chamber—would probably struggle to do that, if we want to pay our mortgages, bring up our children and enjoy a reasonable standard of living in the interim years.

One reason for that, among others, is that we are living much longer. Not only will future Governments struggle to maintain current levels of state pension payment, but we are spending longer in retirement and the cost of retirement income has risen. The latest BlackRock survey calculated that for a 70-year-old male to buy £1 of retirement income via an annuity would have cost £6 in 1970, but today it would cost £12. The cost of retiring is rising dramatically. We all know this, but it is worth underlining that we need a fundamental change in our cultural attitudes towards money and saving.

**George Kerevan (East Lothian) (SNP):** Many of us in the Scottish National party would agree with everything that the hon. Gentleman has said so far. However, the argument against the lifetime ISA is that far from encouraging extra saving, it diverts existing savings from pensions into housing and stokes up the housing market. It does not actually resolve the problem that he has described so eloquently.

**Robert Jenrick:** I am interested in the point that the hon. Gentleman makes, and I will say more about the lifetime ISA in a moment. The point of it is that many of us in our 20s and 30s—I am just about in that category—are more preoccupied with getting on the housing ladder than we are with looking out for our retirement, and that is a major worry for the Government and for future Governments. The lifetime ISA is flexible, however, because it enables people to spend money in the early years to try to get on the housing ladder, and later to convert the product into something else with a view to retirement. The hon. Gentleman raises a major problem, and we need to look at many solutions; this, I am afraid, is only one.

There needs to be a fundamental change in all our attitudes. We should not purely seek instant gratification; we, as individuals, and the Government must promote ways in which to defer gratification through saving, in contrast to our present, quite corrosive, consumer attitude.

I warmly welcome the lifetime ISA. It is an extremely popular product and there has been a lot of interest in it. I do not represent a particularly wealthy constituency—

[Robert Jenrick]

the average wage is just below the national average—but many of my constituents have said to me that they would like to take up the lifetime ISA. Clearly, offering a 25% top-up as well as the usual tax advantages of an ISA gives us all a strong incentive to save. ISAs are popular, as we know from the millions of people who have taken them up over the years. Contrary to some of the comments that we have heard today and comments in the press, ISAs are simple. We all understand them, and they are part of our saving culture.

I welcomed the news in April that the limit would be raised on the standard ISA from £15,000 to £20,000 a year. That might sound like a great deal of money to many people, but as the problem of insufficient saving affects all income levels, it is an important measure. This is an exciting development for those of us—particularly the younger generation—who will not benefit from generous final salary pension schemes. Although the scheme is not intended to take over from pensions, it creates more flexibility in the sector. Under the previous Chancellor, we saw that across a whole range of issues to do with pensions, flexibility is key.

The lifetime ISA will help younger people to save for a deposit, which is, as we all know, the primary preoccupation of every young person with more than a basic level of income. If this vehicle allows us to help any of them to get on to the housing ladder and then to convert to a product that will help them to save for the rest of their working lives, it will be very useful.

Help to Save explicitly does the same job for those on very low incomes. I appreciate that there are many people, including many in my own constituency, for whom saving seems like another country; it is extremely difficult for them to do. But the alternative is to do nothing and to accept that we live in a country where people cannot save in that jam jar, and where the Government cannot create mechanisms to incentivise them to do so and top up what they have saved. The 50% contribution rate is clearly a great incentive, which we should all appreciate and welcome.

Rather as the IFS has said, it would be helpful for the Government to do more work on understanding which groups are the most critical in terms of saving, and to develop more products that specifically target the core group that we are most worried about—the people who have only £100 or £1000 in the bank as a rainy day fund. That is a very worrying state of affairs.

What else should I raise? One area we should look at is savings interest tax. I am in favour of simple and bold tax reforms that will not complicate the already far too complicated tax code even further, but send everyone in society the extremely clear message that the Government believe we need to save more and will back that up with action. I would strongly welcome a further move to take more people out of paying savings interest tax. The announcement in April, creating a £1,000 threshold for those on the basic rate and a £500 threshold for higher rate taxpayers—was excellent, and we should look at more changes, not least because current levels of interest rates are so pitifully low that the Government are receiving very little, and rapidly declining, tax revenues from savings income. In 2013-14, the income to the Treasury was £2.8 billion, but it is estimated to be £1.1 billion this year and to continue to decline further. Those are

obviously large sums, but what would create a greater incentive and give a stronger signal than to say that we will no longer charge tax on savings interest?

My last point is simply to reiterate the one made in debates in recent weeks, which is that interest rates are too low in this country. That has had a very corrosive impact on pensioners and anyone trying to save in this country, on the gap between the rich and the poor, and on the wider economy. I, like many others, was delighted to hear the Prime Minister imply in her speech in Birmingham that she would like to take action on this matter.

**Mr Gareth Thomas:** The hon. Gentleman is making a very powerful application to serve on the Public Bill Committee. Given his point about low interest rates, does he not share the concern of many outside the House—indeed, it is a concern of mine—about the fact that the qualifying period to get the Government's bonus payment under the Help to Save scheme is two years, rather than just 12 months? Would not a shorter period be a further and more sensible incentive to get people saving more quickly?

**Robert Jenrick:** I listened to the hon. Gentleman's intervention earlier, and I would be interested to hear the Minister's views on that. We want to create as many incentives as possible for everybody—from the rich to the poor, from the young to the old—to save because, as I hope I have made the principal point of my remarks, this country is facing a crisis and we all need to take responsibility for it.

On interest rates, the Bank of England now needs to take action. I did not believe there was any real cause to lower interest rates earlier this summer. It misread the initial signals after the referendum and acted too soon. We have already seen that the consequences of the referendum, at least in the short term, will not be as severe as it imagined. I hope the Bank of England—of course, it is independent—does not reduce interest rates further, and that we can now move away from the policy of quantitative easing as soon as possible for many reasons, but particularly for the sake of pensioners and savers.

I want the Government to create a long-term strategy on saving that tries to change the culture in this country towards looking to the future and putting money aside. The Government need to back that in many ways, some of which will involve extremely difficult decisions. One of those decisions will, of course, be to continue to raise the state pension age to protect the triple lock, which I would like to happen as soon as possible. The two schemes we are considering today are excellent. I fully support them, and I hope that they will be the first of many from the new Administration.

5.48 pm

**Ian Blackford** (Ross, Skye and Lochaber) (SNP): It is a pleasure to follow the hon. Member for Newark (Robert Jenrick). I was interested that he closed by talking about a long-term savings plan for the Government. I suppose the long-term economic plan has crashed and burned, so they need another anachronism that they can use for the future.

SNP Members welcome any reasonable proposals that encourage savings—we will work, where we can, with the UK Government to seek to encourage pension

savings—but we very much see the Bill as a missed opportunity for us all to champion what we should be focusing on, which is strengthening pensions savings. Instead we have another wheeze that emanated from the laboratory of ideas of the previous Chancellor, the right hon. Member for Tatton (Mr Osborne), and his advisers, who had form on constantly tinkering with the savings landscape. The right hon. Gentleman may have gone from the Front Bench, but his memory lingers on with this Bill.

Let us recall what the former Chancellor said in his Budget speech this year:

“too many young people in their 20s and 30s have no pension and few savings. Ask them and they will tell you why. It is because they find pensions too complicated and inflexible, and most young people face an agonising choice of either saving to buy a home or saving for their retirement.”—[*Official Report*, 16 March 2016; Vol. 607, c. 966.]

The problem was that that assertion was not backed up by evidence, and it was half-baked. Young people under the age of 30 have the lowest level of opt-out rates of all those who have been automatically enrolled into workplace pensions. Department for Work and Pensions research found that for under-30s the opt-out rate is 8%, compared with 9% for 30 to 49-year-olds and 50% for those aged 50 and over. One would have thought that the Chancellor and the Minister had looked at the DWP evidence and recognised that the assertion behind the justification for these measures is quite simply wrong. The fundamental principle, that young people are not saving for a pension when presented with a solution for pension saving such as auto-enrolment, is wrong. After much effort, automatic enrolment has been successful in encouraging young people to save. We must not undermine those efforts by inadvertently encouraging people to opt out and confusing consumers with new, competing products. As has been stated by the likes of Zurich Insurance:

“There is a real danger that the LISA could significantly derail auto-enrolment and reverse the progress made in encouraging people to save for later life.”

I agree with that. Why would we want to undermine pension savings?

Of course we know that the Treasury has flown kites on moving from the existing arrangements for pensions—exempt, exempt, tax—to considering tax, exempt, exempt. That would have a drastic impact on incentivising pension savings, but clearly from the Government’s point of view it would mean higher tax receipts today rather than pensions being taxed on exit. This is a wheeze from the previous Chancellor to deliver higher taxation income today, rather than taxing consumption in the future—a modern day reverse Robin Hood.

Is it not the case that when this idea was kicked into the long grass along came the Chancellor with proposals to achieve the same ends through the backdoor? Is this the first step to moving towards tax, exempt, exempt? If it is, the Government should come clean. If they do so, we on the Scottish National party Benches will vigorously oppose it, because it would amount to an attack on pension savings. We should recall, after all, that it was Gordon Brown, when he was Chancellor, who raided pension schemes with his dividend tax changes—an attack that seriously undermined defined benefit pension schemes in particular.

**David Morris** (Morecambe and Lunesdale) (Con): Does the hon. Gentleman not agree that what Gordon Brown did when he was Prime Minister—taxing pension schemes—was catastrophic? I know that, because I had a pension scheme and stopped paying into it.

**Ian Blackford**: I absolutely agree with the hon. Gentleman that that was the beginning of the end for defined benefit pension schemes in this country. At the time, just about every company in the FTSE 100 had a defined benefit pension scheme. There are hardly any today. My criticism of what the Government are doing with the Bill is that they are once again undermining pension saving. I will come on to the facts of the matter. We cannot get away from this: anybody saving into a pension does so out of pre-tax income. Anybody investing in the LISA will be doing so out of taxed income. That is unfair and unjust. As I mentioned earlier, this is more about a wheeze for the Government to generate taxation income. It is wrong and they should not be doing it without proper incentives for the young people they are targeting.

We would resist any further attempts to undermine pension saving and, specifically, to change the tax status of pension savings. That would be little more than an underhand way of driving up tax receipts—sweet talking workers to invest after-tax income in LISAs when their interests are best served by investing in pensions. We have considerable challenges in ensuring that we take appropriate action and provide the right kind of leadership to encourage pension savings above all else. That is not happening under this Conservative Government. Pension savings are the most tax-efficient arrangement for savers and that is what we ought to prioritise

We also need to revisit the issue of pension tax relief to make it fairer to pension savers. Many commentators and providers, such as Zurich, have suggested that a flat rate of pension tax relief could increase saving among low earners. While ensuring pensions remain an attractive investment for higher earners, it would be inherently fairer. Coupled with auto-enrolment, it would give a powerful boost to the pensions of millions of workers and help the vast majority of people to save more for retirement. It would also end the complexity of the current regime and set tax relief at a sustainable level for the longer term. That kind of approach rather flies in the face of what the Minister has signed off in the impact assessment, which states:

“The government could have done nothing more, relying on existing tax incentives to promote saving among younger people and working families on low income. However, this would have failed to provide the necessary level of support for those who are unable to use existing support to plan and save for their future.”

This is bunkum. Tax relief can be addressed, as I have said, but we must also take into account the fact that a review of auto-enrolment is due in 2017. We can strengthen auto-enrolment to deliver inclusion and encourage pension saving. We want to work with the Government to strengthen auto-enrolment and pension savings, which are the most efficient way for young people to save.

Just today, as we debate the Bill, the *Financial Times* has published an article highlighting new analysis on pension savings conducted by Aon. The analysis concluded that UK pension savings have a massive deficit of £11 billion a year. A poll of 2,000 pension savers indicates that only 16% of workers are saving enough to

[*Ian Blackford*]

maintain their standard of living when they stop work. Why on earth do we want to take attention away, through the Bill the Government are bringing forward, from pension savings? Why are we not focusing on what we should be doing: fixing the problems in the pension industry? That is the priority of those of us on the SNP Benches.

The Aon analysis suggests that members of defined contribution schemes on average need to pay an extra £1,400 a year to achieve a decent retirement income. That is what we should be addressing in this Chamber here tonight. My message to the Government is this: let us all work together to tackle the under-investment in pension savings, to deal with the many challenges we face, and to enhance the attractions of pension savings. That is the priority. Today, too many people are excluded from workplace pensions.

I commend the introduction of auto-enrolment, but recognise that more needs to be done to enhance auto-enrolment and seek to offer affordable solutions to the low-paid, women and the self-employed who, to use the Prime Minister's term, have been left behind. We need to tackle the issue of those who are currently excluded, such as the 20% of workers who earn less than £10,000 a year. We need to make sure we have an inclusive approach to pension savings that works for all workers.

The average value of conventional ISAs held by those aged between 25 and 34 is £5,186. The annual allowance for the lifetime ISA as proposed is £4,000, so from experience of ISAs this question needs to be addressed: who exactly will benefit? It looks like yet another policy to benefit the rich who can afford to save at such a level and therefore get the full benefits of the Government bonus. So much for the sermon from the Prime Minister about delivering policies for those left behind. It looks to us more like the same old policies for the benefit of the wealthy. When we look at the news today we see that the UK is looking to spend billions of pounds for the City to access the single market—and we should not be surprised. It is yet another case of the poor subsidising the rich.

We need to address the unintended consequences of quantitative easing, which has driven down yields, moderating expectations of future growth for pension funds and substantially increasing the deficit for many defined pension schemes, as the hon. Member for Salford and Eccles (Rebecca Long Bailey) mentioned. If we add to that the decline in annuity rates, which is cutting expectations of pensioner income, it means that savers have to increase their contributions to defined contribution schemes. This makes for a challenging environment for pension savers, which needs to be addressed.

On 11 July, the former Secretary of State for Work and Pensions, the right hon. Member for Preseli Pembrokeshire (Stephen Crabb), said that

“there is a very real systemic issue with DB pension schemes that we need to look at, and my Department will be discussing it further in the months ahead.”—[*Official Report*, 11 July 2016; Vol. 613, c. 10.]

Since that statement, there has been silence from the Government. Where is the response to the fundamental challenges for today's pensions and, as some might argue, the crisis in both defined benefit and defined contribution schemes?

We know of the significant factors affecting the BHS and British Steel schemes, and we know that hundreds of other schemes are facing significant deficits. Rather than seeing the Government face up to these challenges and the threat to the many beneficiaries of the schemes, we see a missed opportunity to tackle what ought to be the priorities. When will the Government respond in detail to what the former Secretary of State for Work and Pensions admitted, which we all know to be the case? I give the Minister the opportunity to intervene and tell us what the Government have done since the announcement of the previous Secretary of State. Where is the Government's response? What do they have to say about the deficit on defined pension schemes? I see Government Members on the Front Bench looking down, but we need answers. What we get from this Government is no action.

**Jane Ellison:** I draw the House's attention to the fact that we had DWP questions earlier today, and I am sure the hon. Gentleman took the opportunity to put his question then.

**Ian Blackford:** That was a politic answer. I cannot help but remark that I asked the Secretary of State for Work and Pensions a question earlier today, which was enlightening in itself. I asked a question about the WASPI women. I raised a specific point, saying that the SNP had put proposals in front of this Government as we were asked to do. We said that we could deal with the WASPI issue by spending £8 million, which, by the way, the Government could afford to spend because there is a surplus of nearly £30 billion sitting in the national insurance fund. What was the answer we got from the Secretary of State? It was to get the Scottish Government to do that. What he failed to realise is that this House has not given the Scottish Parliament the responsibility for pensions. Why not do that now, then? The Scottish Parliament and the Scottish Government would certainly take responsibility for pensions and for pensioners, which this Government are walking away from.

Nothing is being done by this Government. They are like rabbits caught in headlights. That is exactly what we got when the Financial Secretary intervened just now. This is a Government who have no answers to the real issues and the real problems that affect us in the pension landscape. They have been caught doing nothing in the face of systemic risk, which the Government themselves recognise. The Financial Secretary turned around and said, “It is not for me, but for the Department for Work and Pensions”. Well, I am sorry, but she is a Minister of the Government, and this is a Government responsibility. She should be coming to this place with answers.

We also need to recognise that although this Bill will help some savers, it does little to help those who cannot afford to save for later life. Of course, we have had the benefit of the Work and Pensions Select Committee holding an inquiry into the effect of the lifetime ISA on auto-enrolment. Evidence from the Association of British Insurers stated:

“Presented as a choice, no employee will be better off saving into a Lifetime ISA than they would under automatic enrolment. This is due to the loss of employer contributions.”

A recent Standard Life analysis shows that the typical gain from tax breaks and minimum employer top-ups to a qualifying workplace pension for a basic rate taxpayer is between 70% and 85%, compared with the

return of 25% from a LISA. That is the con that this Government are trying to inflict on the people of this country. The long-term cost of forgoing annual employer contributions worth 3% of salary by saving into a LISA instead of a workplace pension would be substantial. For a basic rate taxpayer, the impact would be savings of roughly one third less by the age of 60. For example, an employee earning £25,000 per annum and saving 4% of their income each year would see a difference in excess of £53,000. After 42 years, someone saving through a pension scheme would have a pot worth £166,289.99 at a growth rate of 3%. Under a LISA at the same growth rate the value would be £112,646.75. Is the Minister going to defend this?

**Dr Eilidh Whiteford** (Banff and Buchan) (SNP): My hon. Friend is making a really important point about the advantages of pension saving over the new LISA, but does he share my concern that the real beneficiary of the LISA will not be people on low and middle incomes, but exceptionally rich people looking for a tax-efficient way to save very large amounts in a year?

**Ian Blackford**: My hon. Friend is spot on. Those who are already investing large amounts into pension schemes and perhaps approaching the cap will be turning around and saying, “Thank you very much.” This is not a policy for low and middle-income workers; this is a policy for the rich. It is the same old thing from this Tory Government who learn nothing. No wonder they are so out of touch in Scotland and no wonder that they have only one Member of Parliament in Scotland when they do not do the right thing for the pensioners in our country.

There are clear risks for young people in taking the wrong decisions if they do not get appropriate advice—something that is lacking from these proposals. Will the Government make it clear that young people will be advised of the likely outcomes of opting for a LISA over pension savings? If not, why not?

The SNP is supportive of any initiative that promotes savings for later life, but the LISA is simply a gimmick that benefits only those who can afford to save to the levels demanded by the Government to get the bonus. Help to Save is another example. We agree that working to encourage savings is welcome, but in this case again, the UK Government have only scratched the surface rather than really targeting those who are struggling to plan for emergencies or later life. Individuals eligible for Help to Save have only limited resources for saving by definition, and they will now have more difficult choices to make between medium-term savings and longer-term aspirations.

The very fact that the Government expect the policy to cost only £70 million in 2020-21 implies that the Government top-up will, on average, be only £20 per eligible individual in that year. Yes, £20—that is what this Government are proposing in this Bill. The Institute for Fiscal Studies has taken the view that Help to Save is poorly targeted, and it questioned the purpose of the scheme, stating:

“There is also a deeper and critical question about which groups are really ‘under-saving’. The key justification for giving a household extra money only if it places funds in a savings account, rather than giving it extra money regardless and letting the household decide what to do with it, is that we have reason to believe that the household is saving less than is ‘appropriate’ given its circumstances.”

The charity StepChange found through its work with poorer families and those with existing problem debt that four in 10 people struggling to save experience an income shock, such as a broken boiler or car repairs, at least every six months; that 60% of those facing an income shock turned to borrowing; and that a third of them cut back on essentials such as food to cover the costs. It found that half a million families could avoid problem debt if they had £1,000 of savings.

Responding to the Government’s consultation on Help to Save, the charity had three concerns: the proposed two-year period over which a Help to Save account will run may disincentivise applicants, and the Government should think “very carefully” about the way in which the scheme is advertised, in order to minimise a potential problem caused by the perception of a rigid two-year account length; the Treasury should amend the eligibility criteria so that those aged under 25 who work at least 30 hours a week can apply for a Help to Save account; and the Treasury should look closely at the debt-collection and insolvency implications of the scheme, and the Government should protect money in Help to Save accounts from third-party debt orders or insolvency proceedings. The charity concluded:

“At the very least any bonus accrued should be protected.”

Once again, we have seen a missed opportunity to tackle the pension saving deficit head on. While helping some, the Bill does little for those who cannot afford to save for later life. The Government must be much more ambitious if they are to deliver real dignity in retirement. We do not intend to oppose the Bill tonight, for which I am sure the House will be grateful, but we will seek to deal with the missed opportunities and to strengthen the Bill in Committee.

6.10 pm

**Kit Malthouse** (North West Hampshire) (Con): I hesitate to detain the House by repeating much of what was said by my hon. Friend the Member for Newark (Robert Jenrick) in his thoughtful speech, but I particularly wanted to speak in support of the Help to Save scheme, which seems to be the Cinderella scheme in today’s debate.

Rare is the politician who understands the difference between profit and loss and the balance sheet. That is normally left to dull accountants like me. We spend a great deal of time in the House talking about people’s differential profit-and-loss accounts—the difference in earnings, and whether some members of society earn far too much in comparison with others—and we do a fair amount in trying to close that gap. However, we often fail to recognise that the solution to those inequalities in society, and the solution to the problem of poverty more generally, are first multi-generational and secondly as much about the balance sheet—the asset share that those people may have for the future—as about how much they happen to earn at the moment. Anything that enables people with low incomes, who may be on benefits or the like but who are certainly at the bottom of the socio-economic ladder, to start to get the idea of saving and, in particular, investing the money saved in assets can only be applauded.

One of our problems in this country is that the collective balance sheet—the assets held both privately and publicly—is concentrated in far too few hands.

[*Kit Malthouse*]

Over the last 20 or so years there has been a diminution in the number of people who own shares or, indeed, have any asset base, even ownership of their houses. We need to reverse that, but sadly it has been far too low on Ministers' agendas. A good example is the sell-off of the Post Office. The retail tranche of sales—the shares that were to be sold to members of the public in small lots—was scaled back, while the tranche that was being sold to large institutions such as Goldman Sachs was inflated. It seemed insane that a Liberal Democrat Secretary of State, in particular, would do that. There was a lost opportunity to spread what was known back in the 1980s, in the heyday of a certain politician, as the “ownership society”. The former Member of Parliament for Richmond, Yorks, William Hague, said that we should be a share-owning, property-owning society, and should roll back the frontiers of the state to enable that to happen.

I am keen for Help to Save to be promoted, because it allows people with very low incomes, or no incomes at all, to start thinking about their own asset bases and start saving for the future. However, I should like the Minister to consider a couple of issues. First, I do not understand why there is a cap on the amount that can be contributed. If someone earning a very low wage is able to contribute £20 a week or £20 a month year in, year out, why should we seek to limit that? Why should we not allow such people to build up a fund which they could use in the future, possibly passing it on to their children, who might then decide to do the same? Secondly, £50 seems a rather small amount to me, particularly for someone who is starting to build up an amount and getting into the spirit of saving. Thirdly, especially in the current interest-rate environment, requiring people to hold their savings in cash strikes me as self-defeating. Allowing them to go to their banks and buy, for instance, shares in Marks & Spencer or Royal Bank of Scotland—when, hopefully, they become available—would give them the idea that they could benefit from the country's asset base.

It is worth noting that, when it comes to the lump sums that people want to accumulate over their lives, their aspirations are often quite modest. Many years ago a great friend of mine who works in television was devising a new quiz show, and wanted to establish what prize money he should offer so that he could deal with the show's finances. A survey was conducted, and people in the United Kingdom were asked what amount constituted “change your life money”. In this age of the lottery, my friend thought that the answer would be hundreds of thousands of pounds, but in fact it was just over £6,000. That is what the vast bulk of British people thought was “change your life money” which would give them the chance to start to build for the future.

**Suella Fernandes** (Fareham) (Con): The Money Advice Service recently found that 21 million families had less than £500 in savings. What does my hon. Friend think about the lack of financial literacy and money management skills among people who do not have the techniques and the basic understanding that would enable them to manage their personal finances?

**Kit Malthouse:** My hon. Friend has touched on an interesting issue. What she has said reflects one of the observations made by the hon. Member for Ross, Skye and

Lochaber (Ian Blackford). Over the past three or four decades people have, perhaps, been infantilised in respect of the financial choices that they make, and politicians in the House of Commons may have sought to make their choices for them. Personally, I would like the opportunity to decide between a lifetime ISA, a pension and a normal ISA, for instance, but then I am a chartered accountant of moderate skill—deeply moderate; I resigned on the day I qualified for exactly that reason—but I recognise that plenty of people feel confused and are unable to do so. We have taken the power away from them over the years, and we must start to reverse that. We must either put choice back into their hands, or educate them so that they can make those choices in the future. The financial world is becoming ever more complicated, and if people are to do well out of it—particularly those on lower incomes—they will need to have that kind of knowledge.

Another reason why people should take an interest in acquiring assets rather than the mere ins and outs of their monthly incomes is the fact that a number have missed out, recently in particular, on what could have been a big upswing in their wealth. Brexit has seen a massive rise in the stock market, and anyone who has had stocks and shares over the last couple of months will have done extremely well. Similarly, the housing market has risen prodigiously over the last three or four years.

**Ian Blackford:** Does the hon. Gentleman not realise that there has been a massive 16% decline in the value of sterling over the last couple of months? Moreover, the fact that the market has risen as much as it has is due, quite simply, to the overseas earnings of United Kingdom companies. It is not that the world thinks the United Kingdom has become a more investable case; indeed, some would argue that it has become a basket case.

**Kit Malthouse:** I entirely agree that overseas earnings are rising. That is why the stock market has increased so significantly, and I think that is a good thing. I am proud to say that I voted “out”. I am not sure what the hon. Gentleman thinks should be the level of the pound, but I think it should be at a level that increases our overseas earnings, means that people will re-shore manufacturing—because it is now more expensive for goods to be made overseas—and helps our exporters. I cannot see that that is anything other than beneficial for a country that is carrying a massive current account deficit.

The point that I am trying to make, however, is that 40 or perhaps 30 years ago many more people were investing in the stock market by buying shares in British Gas and all the privatised industries, and those people would have been benefiting from the present upswing. I am proud to ask my postman how his shares are doing every time I see him, and I should like to be able to say the same to most people on low incomes.

**Ian Blackford:** Perhaps the hon. Gentleman should ask his postman how much his holiday will cost him next year. There is a real problem for the United Kingdom, which is that inflation is now going to increase. We have already seen the impact of the likes of Unilever seeking to pass on 10% price increases. At a time when wage growth in the United Kingdom is limited, we have choked off next year's consumption. That is the effect of Brexit. This is not about wealth; it is about an economy that has been damaged by the Brexiters.

**Kit Malthouse:** The hon. Gentleman will not be surprised to know that I disagree with him. I hesitate to get into a bit of economic argy-bargy in this debate—I was hoping to keep my comments short—but inflation is currently running at 0.6%, and as a result we have extremely low interest rates. The Bank of England's target is 2%. I am pleased that the low pound may help it to get to that level because there is no doubt that low inflation, or a deflationary environment in real terms, is extremely damaging to the economy. The hon. Gentleman will be pleased to hear that the effect he desires of the drop in the pound has happened: my wife and I decided just this week that this February half-term we would go to Scotland on holiday rather than overseas. We would like to explore the glorious land of his birth. I hope that more and more British consumers will do the same. We may even see the rejuvenation of the tourism industry in lovely places such as Blackpool.

**Mr Gareth Thomas:** The hon. Gentleman has set out three concerns, if I remember rightly, about Help to Save. I wonder whether he shares my view and that of the hon. Member for Newark (Robert Jenrick) that the Government need to do more to explain why they think there should be a two-year qualifying period for the Government bonus for Help to Save, as opposed to just 12 months.

**Kit Malthouse:** I completely agree with the hon. Gentleman. The Government should look at exactly that. The barriers to saving that are in the way of people on low incomes should be removed as much as possible. I like his suggestion that people should be able opt to save out of their payroll—that employers should make the deduction. I like anything that makes it painless. The Government opt for PAYE because it takes our taxes away from us painlessly; we do not actually have to give them over. Doing the same with savings would be a good idea.

Throughout my life, my granny, until she sadly died when she was 94, put £5 every month in a post office savings account for me. She gave the savings to me on my 21st birthday. I have always been grateful for that money. I still have it sitting in that savings account. I hope and believe that I will be able to pass it on to my three children as a sign of what can be done by putting £5 away every month—a sign of the change that is possible from the first generation, from the back streets of Harrogate, to me now as a Member of Parliament.

6.21 pm

**Mr Gareth Thomas (Harrow West) (Lab/Co-op):** It is a pleasure—on this occasion anyway—to follow the hon. Member for North West Hampshire (Kit Malthouse). I rise in particular to support the remarks of my hon. Friend the Member for Salford and Eccles (Rebecca Long Bailey) and to dwell on a number of the points that I have made in interventions.

The hon. Member for Ross, Skye and Lochaber (Ian Blackford), who speaks for the Scottish National party, the hon. Member for Newark (Robert Jenrick) and my hon. Friend, in particular, addressed the scale of the savings crisis. In their own different ways, they underlined the need to do a lot more to encourage those on low and modest incomes to save. It is in that spirit that I gently

underline, in this, I hope, more substantive contribution, the need for the Government to look afresh at their decision on Help to Save.

The Government have decided that they will make their bonus payment after two years, as opposed to 12 months. The hon. Member for Newark talked about the person who has only £100 in their bank account and dwelt on the difficulties they have saving. Two years is a long time. I think of a constituent of mine who does the right thing and is working. She is a teaching assistant and therefore on a low income. She has faced, given the scale of the housing crisis, to which my hon. Friend the Member for Salford and Eccles rightly alluded, significant increases in rent, and she struggles to manage her income and to pay all her bills. She is surely exactly the sort of person we would want to benefit from a scheme such as Help to Save, but I suspect that, if she thought that she was not going to get any benefit from her savings for two years, the struggle to make ends meet in the intervening period would be a significant disincentive to her setting even small amounts of money aside in a savings account. I share the concern of others that the scheme will benefit only those on in-work benefits. Again, I encourage the Government to be a little more imaginative on the scheme.

I understand and see the logic of the Government's need to have a Help to Save implementer with national coverage. Clearly, the Government have failed to persuade traditional banks or big financial players to offer the scheme, so I can see the attraction of NS&I. What I fail to understand is why credit unions cannot be allowed to offer the service to communities in their areas alongside NS&I. I hope that the Government will reconsider that point.

I have the great privilege of chairing the all-party group on mutuals. I commend the contribution of the Building Societies Association which, in its comments on the lifetime ISA and its briefing for the debate, shares the concern that others have expressed about the risk of the lifetime ISA conflating savings for a house deposit and savings for retirement in one product. Again, there are concerns that the scale of withdrawal charges will be punitive. I hope that the Minister will pick up those two points.

I welcome the support of the hon. Member for North West Hampshire for the idea of making payroll deduction a statutory right. He is right to say that the Government have a statutory right to take tax through PAYE, so why should they not also support a statutory right to allow people, with their employers, to save through a credit union, a standard mutual or a mainstream bank product?

Giving people the right to payroll deduction would be of huge long-term benefit. Many of the credit unions that are highly successful underline regularly how important the facility of payroll deduction is to their ability to offer financial services, particularly in the savings context, to their members. For a while, one issue prevented an armed forces credit union from being established. When one considers that before credit unions came along often the only products that were available for those serving in our armed forces on comparatively low incomes were those offered by legal loan sharks—the payday lenders charging huge sums of interest—one understands the scale of the benefit that credit unions are beginning to offer to armed forces personnel.

[*Mr Gareth Thomas*]

The Financial Secretary to the Treasury has a reputation as a shrewd and effective operator around Whitehall. Now that she is in the Treasury, she has even more power at her disposal. Many parts of government, whether Whitehall directly, agencies outside Whitehall, the NHS, individual academies, academy chains or indeed some parts of local government, still do not offer payroll deduction services for credit unions that want to serve their employees. One thing the Minister could do if she is not immediately persuaded—I hope she will be by the time the Bill completes its passage—would be to use the weight of the Treasury to encourage all Whitehall Departments to check that every bit of government for which they are responsible allows payroll deduction and lets credit unions offer savings and other financial services to their employees. If the police can offer payroll deduction services—many police officers and other police staff are signed up to credit unions—and if our armed forces can do it, why cannot all of government offer this service? I therefore hope the Minister will not only lead a drive on allowing payroll deduction, but will be willing to contemplate amending the Bill to make payroll deduction a statutory right.

It is worth reflecting briefly on the appetite across the House for more diverse financial markets. Arguably, one of the reasons why organisations within the financial services community can sometimes make high charges for their services is that there is not enough competition. Encouraging more savings through building societies, and in particular trying to build up the credit union sector, is surely something that every Treasury Bill, and indeed every Government Bill, should have at the back of its mind. Might there be an opportunity to encourage more tax incentives for savers? The armed forces credit union has been established. Why should there not be tax incentives to encourage more of our soldiers, sailors and air force personnel to sign up and support that credit union, and benefit from its services?

**Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): I thank my fellow Co-operative MP for giving way and apologise for not being able to be in the Chamber to hear the whole debate—I was at another debate in Westminster Hall. I wholeheartedly agree with my hon. Friend's remarks and pay tribute to his work on the armed forces credit union. I will certainly support the amendment that he suggests tabling. Does he agree that we should also look at countries such as Canada and Germany, where there is diversity in savings, and where much stronger credit unions are available to a much wider group of the population?

**Mr Thomas:** My hon. Friend makes an important point. Many financial services markets around the world are far more diverse than the UK's, and therefore far more competitive. We need to build up our building societies and other mutuals such as credit unions, and further tax incentives that encourage saving and taking up other financial services through mutuals can only be a good thing.

I have no intention of voting against the Bill, but I share the concerns of my hon. Friend the Member for Salford and Eccles. I hope that both Front-Bench teams will reflect on my suggested amendments and that we will see progress on the concerns that they address during the Bill's passage.

6.33 pm

**Richard Graham** (Gloucester) (Con): I congratulate the hon. Member for Harrow West (Mr Thomas) on his comments, particularly those about the Help to Save product the Government are introducing. He talked about the Government looking at the role of credit unions and whether it would be possible to use payroll. It would be helpful if the Ministers, whom I welcome to the Chamber, commented on those matters, as well as some of the IFS criticisms and the very helpful Library briefing.

I want to focus on the Government's lifetime ISA. We should not question its intentions. Its simple aim is to increase savings among the young and to help more people on to the housing ladder, and surely none of us can have any objection to that in principle. The difficulty is that we do not, of course, start with a blank sheet of paper, and adding yet more products to the already complicated savings landscape risks bringing unintended consequences. I want to focus on that risk.

As the Library briefing rather coyly puts it, over the past 25 years, a string of largely tax-based savings incentive schemes has been brought in under different Governments. Some Members will remember the stakeholder scheme, yet not many will perhaps now remember personal equity plans, tax-exempt special savings accounts, child trust funds—they ceased not that long ago—or indeed the saving gateway, which was never rolled out nationally. When we consider the lifetime ISA and what it is proposed that it will achieve, we must also bear in mind what other savings products exist.

Under the general heading of “savings” I include pensions; they are simply a particular form of savings designed primarily to provide people with adequate income in retirement. Of course as we live ever longer, the value of having those savings, lasting well beyond an age to which people were expected to live not long ago, becomes more important. The Government have a crucial role to play as the body that will prop up all or any of us when we run out of savings. I want to focus on a couple of things within the product range of savings and the potential unintended consequences of this Bill.

The LISA was introduced in this year's Budget after the Chancellor said that it was clear there was no consensus on the future development of pensions. But in a sense he revealed his own hand by increasing the ISA limit and proposing the introduction of the lifetime ISA. This showed the Treasury's direction of travel very clearly. It is no surprise that the Centre for Policy Studies has welcomed this ISA since, it says, it is similar to a proposal made in the past. Indeed, Michael Johnson at the CPS has been advocating the end of pensions for a long time. I have described him as the Guy Fawkes of the pensions industry—he would love to blow the whole thing up tomorrow if he could. The lifetime ISA was just one of his steps towards that goal, with a workplace ISA coming in next.

That is where some of the problems start. The Chancellor's main underlying argument for introducing the LISA was that younger people did not understand pensions—that they were far too complicated and were not popular and therefore we needed to use the well-known brand of the ISA. I have clashed many times with the hon. Member for Ross, Skye and Lochaber (Ian Blackford)—mostly happily—on pensions issues.

His contributions are normally way over the top, as, unsurprisingly, they were again this evening. However, he was right to use the quotation in the Association of British Insurers briefing, demonstrating that, interestingly, the opt-out rates in auto-enrolment among the under-30s have been the lowest of all age groups. That arguably suggests that younger people do not necessarily find pensions complicated when they are provided with a solution in the workplace into which they, their employer and the Government can all contribute and the paperwork is easy. So pensions do not have to be any more complex than any other form of savings, but what makes the whole sector more complicated is the constant temptation of successive Chancellors to act as product designer for the industry and introduce yet more different products.

**Kit Malthouse:** I am a little puzzled by my hon. Friend's use of the statistic that the under-30s have the lowest opt-out rate. The under-30s will of course become the over-30s and the over-40s, and they might well opt out at that point. Their continuing to opt in at this early stage, when they might not have quite so much pressure on their wage packet, is not necessarily indicative of what they will do in the future.

**Richard Graham:** My hon. Friend makes a perfectly reasonable point, but he should bear in mind the fact that opt-out rates were expected to be 25% and are averaging 9% so far. The Government's expectations about opt-out rates have therefore, happily, been proved wrong. He is right to say that the under-30s will become the over-30s, but we should all be trying to encourage those people to stay in and build up their savings through the pensions scheme, rather than introducing a competitive product that could, for various marketing reasons, seem more attractive and therefore divert people of all ages from the good and noble cause, which I think he supports, of building up more savings for their retirement.

**Ian Blackford:** Does the hon. Gentleman agree that auto-enrolment has been an enormous success, and that one reason for that success has been the relatively low opt-out rates? Does he also agree, however, that there is more to be done to ensure that we include low-paid workers, particularly women and the self-employed? That should be the focus, but the tragedy of the Bill is that it deflects attention from what we should be doing—namely, incentivising pension saving.

**Richard Graham:** That is an interesting point. The hon. Gentleman is absolutely right to say that auto-enrolment is not good for the self-employed, and there are other aspects of it, including women's savings, that could be improved. Yes, there has been success, but my "yes" is a cautious one. After all, auto-enrolment has not been going for very long. The real test will be over the next couple of years when up to 4 million people could come into the scheme, taking it from roughly 6.9 million savers at the moment to more than 10 million fairly soon. We will have to see whether they come in with the same enthusiasm as did those who work for larger employers. My point is that introducing the lifetime ISA at this stage, before we know how smaller employers and their employees are going to react, risks undermining the success of auto-enrolment so far.

In 2005, the Pensions Commission described pensions, and the tax relief on pensions, as "poorly understood, unevenly distributed, and the cost is significant."

It was absolutely right. The cost to the Treasury is £34 billion a year, and it receives back some £13 billion in tax on pensions, so there is a huge cost involved. I am pretty sure that that is why the Treasury is rightly trying to shape a savings policy that is both good for individuals and not so expensive for taxpayers or for the Treasury as the intermediary. I would like to see a much more co-ordinated effort by the Treasury and the Department for Work and Pensions to look closely at the existing range of savings offerings, pensions included, to see how they can be rationalised in order to come up with a simpler, less expensive method of encouraging people to save.

It is interesting that the online information sheet on the lifetime ISA does not mention the fact that contributions come from someone's salary after they have paid tax. It also strongly urges people to "use it to save for retirement".

That is exactly what we would expect people to do with a pensions product, so the concept that the lifetime ISA is not competitive with auto-enrolment and other pensions offerings is slightly disingenuous. Others have made the point that it is competitive with auto-enrolment and therefore offers significant potential for many of our constituents. Let me quote briefly from one or two of those who have highlighted this issue.

The Pensions and Lifetime Savings Association, which used to be called the National Association of Pension Funds, illustrates my point that all pensions are now, rightly, considered to be savings products. It comments:

"We look forward to working with the Government to help make sure that the Lifetime ISA does help younger people build up their savings."

It goes on to say that it is important to ensure that

"the regulation on charges and governance of the Lifetime ISA are comparable to those for pensions, which have been reviewed to make sure they offer savers good value".

That refers to the cap on charges and the increased governance. The association is implicitly recognising that this product will be considered by consumers as an alternative to saving. Indeed, former pensions Minister Steve Webb says:

"There is a real danger that the new product will mean that many young people will not start saving for their retirement until their thirties"

because that option is available to them through the lifetime ISA.

It is also interesting that the Association of British Insurers, Zurich and Hargreaves Lansdown have all expressed concern. One of the points raised by the Institute for Fiscal Studies is exactly the same point that I made in an article earlier today in which I referred to the lack of clarity over the extent to which there will be new savings, as against the shifting of existing funds by people who have already saved in ISAs. We must recognise the fact that 21 million people have invested in ISAs. That is not a small body of people. It is not a narrow cohort consisting exclusively of the very rich, for example. If savings are recycled and 80% of the people who put money into a cash ISA in 2014-15 recycle their money into a lifetime ISA to get the 25% Government bonus, that would not necessarily demonstrate a success for the Government in terms of bringing in new savers and people who would not otherwise have the chance of getting on to the housing ladder. Rather, it would demonstrate

[Richard Graham]

that people who already have savings are being given an opportunity to increase the return on those savings, and that higher-rate earners will have an opportunity to provide lifetime ISAs for their children or grandchildren.

It would help if the Minister clarified what impact assessment the Treasury has carried out. How much money does it expect to come in from new savers? How much does it expect to be recycled from existing ISA-holders? Who will be the beneficiaries of the lifetime ISA? My concern is that the main beneficiaries of the vast weight of the £850 million that this will cost the Treasury and therefore the taxpayer will be people who already earn quite a lot, or their children, and that the benefits will not reach the many, even though that is the intention behind the Bill.

I have tried to address some of the issues and unintended consequences that could arise from the Bill. Hargreaves Lansdown has written a useful paper on simplifying ISAs and pensions, in which it proposes a number of changes to ISAs. It is worth flagging them up today. It proposes: consolidating six different types of ISA into one; limiting the cost to the Exchequer of the Government top-up to the lifetime ISA; simplifying ISA decision making for investors; reducing the administrative burden for the industry; retaining the help-to-buy element of the lifetime ISA in one simple ISA product; and eliminating the risk that the ISA will undermine pension saving. It goes on to make a similar number of recommendations on pensions as well. The last point about eliminating the risk that the LISA will undermine pension saving is the one to which I keep returning because it is possible to do these things in a different way.

The Pensions Policy Institute found that Canada, Australia, New Zealand, US and Singapore—all countries that broadly follow Anglo-Saxon approaches to finance and investment—allow early access from the same product used for pension saving. That is critical because it means that people do not have to choose between a LISA or auto-enrolment and that they can decide whether they want to save to get on to the housing ladder or to save for their retirement through the same product. It would be a major achievement of this Government and Treasury and DWP Ministers if they could work together to rationalise the structure of pensions and savings so that individual consumers can access the same product for different reasons without having to subscribe separately. That would eliminate the main concern of many about the unintended consequence of the LISA directly and negatively impacting auto-enrolment. That is why I will certainly not be voting against the Government but will abstain from voting on the Bill this evening.

6.51 pm

**David Morris** (Morecambe and Lunesdale) (Con): It is a pleasure to follow my hon. Friend the Member for Gloucester (Richard Graham). I am sure the Bill covers the self-employed, but that has not been brought up today. When I was self-employed 20 years ago, the then Government made a change to taxation which basically meant that a substantial amount of every pound that I put into my pension pot was taken out in cash, so I stopped paying into a private pension. The policy in front of us today proposes a break in that sort of behaviour, particularly for the self-employed. The self-employed have always been worried about the

harmonisation of national insurance contributions. When I was the Prime Minister's ambassador for the self-employed, I worked closely with my right hon. Friends the Members for Bromsgrove (Sajid Javid) and for Chingford and Woodford Green (Mr Duncan Smith) on trying to harmonise national insurance contributions so that self-employed people would eventually have the same state pension.

However, I want to talk about the lifetime ISA proposal, because it should not be confused with an extra pension top-up, about which every speaker in the debate before me has talked. It should instead be seen as a savings guarantee for the future. It was a tidy move by the Treasury and the Department for Work and Pensions in reaching the point of harmonising NICs. This proposal takes us a little further into the realms of the self-employed being able to look after themselves in future.

I do not want the LISA to be confused with a pension supplement. It is not that. It is something that helps to save for the future. To put it in perspective, we hear a lot of doom and gloom, but let us look where we were seven years ago. The then Prime Minister, the former Member for Kirkcaldy and Cowdenbeath, used to say quite often that he had put an end to boom and bust, but we then went bust in the biggest possible way. Near enough 10 years down the line from that, we have to address how we are going to save for our future. As someone who took the decision 15 or 20 years not to pay into a pension plan, I wholeheartedly welcome what the Government are doing.

I want to provide some perspective. Unemployment is dropping in my constituency—so much so that a Labour councillor was boasting about his business and saying that he cannot get enough employees to fill the positions. The workplace pension has its place, but the LISA has a separate place. I hope that it will carry on and enable people to save for their old age.

**Dr Lisa Cameron** (East Kilbride, Strathaven and Lesmahagow) (SNP): I do not want to start by correcting the hon. Gentleman, but I am pleased to have a savings account named after me, and the LISA is most definitely a “Lee-sa” and not a “Lye-sa”. Does he agree that financial education in schools is the crux of the matter? Children must learn how to budget in order to learn how to save and have a secure relationship with their finances.

**David Morris:** That is part and parcel of the mix. However, this Bill is about where we are going in the future. I take on board what the hon. Lady says and I am sure that everyone else in the Chamber and in the country more widely will have done, too.

Thank you for allocating this time to me, Madam Deputy Speaker. I wholeheartedly endorse what the Government are doing.

6.55 pm

**Peter Dowd** (Bootle) (Lab): We have had a number of contributions. The hon. Member for Newark (Robert Jenrick) told us about his grandparents getting to Blackpool courtesy of a jam-jar savings policy, which I thought was novel. The hon. Member for Ross, Skye and Lochaber (Ian Blackford) summed up the Government's proposals as a missed opportunity, as undermining pension savings and as not tackling the real issue. The hon. Member for North West Hampshire (Kit Malthouse), who does not

appear to be here, spoke of the diminution in the number of people with an asset base and said that, in his modest opinion, we should try to push on and get people to have a bigger asset base.

In an excellent contribution, my hon. Friend the Member for Harrow West (Mr Thomas) underlined the need for the Government to look afresh at the timescales in the Help to Save scheme and asked the Government to be more imaginative and reinforce the need to permit credit unions to participate in the scheme and the statutory right of payroll deductions of savings. The hon. Member for Gloucester (Richard Graham) gave us an enlightening exposition of his concerns that the proposal might be moving towards the death of the pension as we know it. I am not quite sure whether that was what he said, but that was the impression I got.

**Richard Graham:** Just to clarify, I said that the proposal risks undermining saving through a pension scheme and we do not want to do that.

**Peter Dowd:** I understand that clarification and I will touch on that topic in my speech.

Finally, the hon. Member for Morecambe and Lunesdale (David Morris), who supports the Government's proposals, spoke about his experiences as a self-employed person and said that the proposal is not a supplementary pension but a means of saving.

Labour welcomes the sentiments expressed today on both sides of the House about the need to address savings overall. In general, anything that allows more people to save for the future is to be welcomed. Helping younger people and those on low incomes to save is a particularly legitimate and worthy objective, and the Government are right to consider policies to incentivise it. The majority of people on low incomes or in precarious work—categories sadly growing in Conservative Britain—are far from being in a position to save. Six years of Tory failures and austerity has led to many not knowing from where the next pound will come week in, week out. The Government's clueless approach to exiting Europe simply compounds the problem on a macroeconomic level.

How is it possible for people to save when it is hardly possible for many to live properly on a weekly basis? How can a person save for the future when they can barely get through the day? The scandal of low retirement savings for the less well-off is an indictment on any notion of a cohesive society. One in seven pensioners lives in poverty and a further 1.2 million have incomes just above the poverty line. Distributional analysis by the Women's Budget Group shows that single female pensioners will experience a whopping 20% drop in their living standards. It is unconscionable that people who have worked hard and contributed to society are forced to spend their final years in hardship and insecurity. We agree that there are problems that need to be solved urgently but the TUC states:

"Products such as... the forthcoming Lifetime ISA are disconnected from the world of work and prioritise goals other than retirement saving."

As for the lifetime ISA, it is hard to see how its introduction even begins to tackle the problems to which I have just referred; not only does it represent a missed opportunity to build on the success of automatic enrolment, as those on the SNP Front Bench have said,

but its introduction could serve as a distraction to tackling the real issues at hand. It misdirects valuable resources, as the money the Government are spending on this scheme is likely to benefit mostly those on higher incomes, as has been mentioned on a number of occasions. It also needlessly complicates the pensions and savings landscape—an arena already fraught with complexity. Perhaps most dangerously, it has the potential to undermine the emerging consensus that a pension ISA approach would be detrimental in the round. Indeed, it has the potential to introduce just such an approach through the back door. That is a concern and we are seeking assurances from the Government that it is not doing that.

In the months leading up to the Budget, the concept of replacing the existing systems of pensions tax relief with an ISA-style approach was widely debated and almost universally rejected as damaging to people's retirement prospects. I wonder, as do many others, whether, after enduring an embarrassing rebuff, the Tories are back again with the same intent under the guise of this Bill. Many in the pensions industry have described the LISA as a "stealth" move towards pension ISAs. The Work and Pensions Committee has said that the Government are marketing the LISA as a pension product and there is a high risk that people will opt out of their workplace pension as a result. Let me be perfectly clear: people will not be better off saving into an ISA as opposed to a workplace pension. The Committee found that

"For most employees the decision to save in a LISA *instead* of through a workplace pension would be detrimental to their retirement savings."

**Ian Blackford:** Can the hon. Gentleman shed some light on why he thinks the Government would introduce a Bill that would make people worse off as a result of investing in an ISA than they would be if they invested in a pension? Does he not think that that is an abdication of responsibility by the Government?

**Peter Dowd:** The answer to the first question is that I do not know and the answer to the second is yes.

I have to give credit where credit is due, because the Conservative party has a particular talent for conjuring up political smokescreens and opportunistic gimmicks: it has given us a national living wage, which, by any stretch of the imagination, is not a living wage; we were promised a "big society", yet the Government set about systematically undermining the notion of a cohesive society; and we were cynically assured by the late, unlamented Chancellor that we were "all in it together". One thing I do acknowledge is that post-Brexit, given the poor performance of the Ministers responsible for negotiating it, we will all be in it together—and it won't smell very nice. In the meantime, the Government continue unfairly and unjustly to condemn working people and vulnerable groups to pay for the Government's failed austerity obsession—and now it is time for the Government to mess up pensions. Do they never learn from their mistakes? Are they so ideologically driven that they simply cannot admit that they get things wrong? These are mistakes, I might add, that others pay for. Have the Government not done enough damage to the prospects of hundreds of thousands of WASPI—Women Against State Pension Inequality Campaign—pensioners without thinking that through? Yet again, they have not thought about the potential for millions more to be affected.

[Peter Dowd]

When former Conservative pensions Ministers are referring to the LISA as a “Trojan horse” and warning that such “superficial attractions” will “destroy pensions”, alarm bells begin to ring on the Opposition Benches, if not on the other side of the House. Given this scenario, common sense demands ask that we ask this: are we now being presented with a savings Bill that will fundamentally undermine proper planning for pensions for the future? As many others have pointed out, the LISA is a sort of pension and not a sort of pension—it is both and not at the same time—and neither will it necessarily last for a lifetime. This seemingly opportunistically designed product risks even more pensioner poverty, which people can ill afford at any time, let alone in their later years. Moreover, the Tories’ approach of transferring responsibility and risk from the collective to individuals will not work, especially as the incomes of the poorest, the majority of whom are women, are being squeezed by public sector cuts and the roll-out of universal credit.

The Labour party is motivated and inspired by the real principle and value that we are all in it together—this is not a slogan and a soundbite, but a truism. We know that the majority of people are significantly disadvantaged by an individualised, dog-eat-dog approach, as opposed to a collective system that has fairness at its core. Today, people struggle with wages that are still lower than they were before the global financial crisis in 2008. There are now 800,000 people on zero-hours contracts and half a million people in bogus self-employment, and nearly 4 million of our children are living in poverty. Labour’s economic strategy is committed to tackling wage stagnation, particularly among those at the lower end, so that they are able and have the capacity to save for their future as well as living life now.

As the shadow Secretary of State for Work and Pensions has said:

“The pensions system that I want to see ensures dignity in retirement, and a proper reflection of the contribution that older people have made, and continue to make, to our society.”

Labour Members would like the Government categorically, unequivocally and clearly to assure the public that this Bill is not a veiled attack on pensions as we know them.

7.6 pm

**The Economic Secretary to the Treasury (Simon Kirby):**

First, let me thank everyone here today for contributing to this interesting debate. As my hon. Friend the Financial Secretary said in her opening remarks, the measures contained in this Bill are really important priorities for this Government, and both Help to Save and the LISA offer people in this country a new and effective option for how they save their money. Help to Save focuses on giving more support to those on low incomes. It will give a 50% boost to those who can get into the saving habit of putting aside a small, regular amount into their account each month. The LISA focuses on younger people. It is an account that will offer genuine choice and flexibility, not to mention—

**Ian Blackford** *rose*—

**Simon Kirby:** I will give way, but I had hoped to address the hon. Gentleman’s many comments later on.

**Ian Blackford:** I am grateful to the Minister, but this is an important point. Will he explain to the House why he thinks it is right to encourage people to invest in the lifetime ISA rather than in a pension, given that a pension will give a better return, as has been demonstrated in the figures, such as the one I cited of a 32% difference over a 40-year period? Why are the Government being misguided and prioritising ISAs over pensions?

**Simon Kirby:** I thank the hon. Gentleman so much for that intervention, but the Government are not doing what he suggests. We are offering people a choice, and these two schemes are complementary and serve very different purposes. The genuine choice and flexibility to which I alluded are at the core of this Bill, but now let me deal with the specific points raised today.

The hon. Members for Salford and Eccles (Rebecca Long Bailey) and for Harrow West (Mr Thomas) mentioned credit unions. The Government recognise that many credit unions were interested in offering accounts, but it was not clear that a multiple provider model would guarantee national coverage for the scheme. We will continue to explore further options for credit unions to support delivery of the scheme, and I am sure that we will have that conversation in more detail as the Bill progresses.

The hon. Member for Salford and Eccles talked of this scheme being a substitute for benefits, but it is about increasing the financial resilience of low-income families so that if they are hit with an unexpected bill or if someone loses their job, they will have money for a rainy day. If something unexpected happens to their income, they will have savings to bridge the gap. She also asked why two years was chosen. This is the period of time needed to encourage account holders to develop a regular savings habit—a habit all too lacking in many people, especially younger people. I reiterate that the amount is up to £50 a month. People may not be able to afford that amount, but any regular saving is something that all of us should encourage.

I wish to clarify one point. The hon. Lady mentioned that there would be an additional penalty if people took money out of a lifetime ISA. An additional charge will be applied to reflect the long-term nature of the account, and that will act as a disincentive to people removing money unless it is essential or if there is a very important change in circumstances to be taken into account.

I wish to thank my hon. Friend the Member for Newark (Robert Jenrick) for his contribution. Our constituents are looking forward to the introduction of these products, and I agree with him that they contain significant incentives. He also mentioned the abolition of savings tax. It is worth putting it on the record that 95% of people have no savings tax to pay thanks to the new personal savings allowance.

The hon. Member for Ross, Skye and Lochaber (Ian Blackford) mentioned a smorgasbord of issues, a few of which I shall pick up on. He said that women were disadvantaged by automatic enrolment. Before it began, 65% of women employed full time in the private sector did not have a workplace pension; as of 2015, that had fallen to 35%. He said that a lifetime ISA was just for the rich, but it is for anyone between the ages of 18 and 40. They can open it and save into it until they are 50. The maximum annual contribution that an individual can make is £4,000. People can pay less than

that and still enjoy the Government bonus. We expect that a large majority of those who use the lifetime ISA will be basic rate taxpayers.

The hon. Gentleman mentioned StepChange. Well, this is what StepChange has said:

“We welcome Government recognition of the need for a savings scheme aimed at those on low incomes. Our research shows that if every household in the UK had £1,000 in rainy day savings, 500,000 would be protected from falling into problem debt.”

He also mentioned the Association of British Insurers, which said in August:

“The industry supports the Lifetime ISA as a vehicle to help people save, in addition to a workplace pension.”

I hope that is fairly clear.

My hon. Friend the Member for North West Hampshire (Kit Malthouse) asked very sensible questions and made some thoughtful points. In particular, he asked about the limit of £50 a month. Individuals saving £50 a month for four years will earn a generous bonus of £1,200. It is probably an appropriate limit for people on low incomes, at whom the scheme is targeted. There has to be a ceiling.

The hon. Member for Harrow West asked about payroll deduction. I have to thank him for a very sensible and measured contribution. There is no reason why payroll deduction cannot take place. I cannot make a commitment to him today, but I can confirm that I am happy to see whether there is more that we can do in that area.

**Mr Gareth Thomas:** I am grateful to the Minister for his considered response to my request for payroll deduction. Would he be willing to meet me and the Association of British Credit Unions Ltd to discuss this issue further?

**Simon Kirby:** Yes, I would be very happy to do that.

I thank my hon. Friend the Member for Gloucester (Richard Graham) for his thoughtful contribution. Clearly, he feels very strongly about a vast number of issues. I respectfully disagree with some of his opinions, but I hope that he continues to contribute to this important debate, as it is important that we get it right. At the end of the day, this is about helping younger people and poorer people get into the habit of saving.

**Dr Cameron:** Given that the crux of the matter is to help younger people to save, will the Minister have a dialogue with colleagues about financial education at school, and why it is really important that children and young people have a stable and secure relationship with money and that they understand that at an early age?

**Simon Kirby:** I absolutely agree with the hon. Lady. Making sensible, correct and proper financial decisions is important for all of us throughout our lives. She has got her point in *Hansard*. I will also take it away with me.

Let me come back to the points raised by my hon. Friend the Member for Gloucester. There was some confusion about the factsheet of Her Majesty's Treasury. May I make it clear that the lifetime ISA is for long-term saving, and is designed to complement pensions? Contributions to an ISA are made from post-tax income.

My hon. Friend the Member for Morecambe and Lunesdale (David Morris) mentioned self-employed people. We should never forget that many people do not have this quandary about whether they should auto-enrol or go for a lifetime ISA. There are sensible self-employed

people who either want to save for later life or purchase their first home. I know that the lifetime ISA scheme will be very well received by them.

Finally, I thank the hon. Member for Bootle (Peter Dowd) for his contribution. I disagreed with almost everything he said, but I genuinely look forward to his continued involvement in this important area. Let us not forget that we have a responsibility to the millions of people out there—young people and poorer people—who should be saving and getting the very best assistance they can from the Government.

In conclusion, when it comes down to it, this Bill is about supporting people who are trying to save. It does not matter whether they are a young person looking for a flexible way to save for the future or if they are someone who is on a low income and are making a big effort to save up some money each month, they deserve a savings account that will support them and give them a boost on what they manage to put aside. Although these two savings vehicles are new, they are intended to do exactly that. I am pleased to commend this Bill to the House.

*Question put and agreed to.*

*Bill accordingly read a Second time.*

### SAVINGS (GOVERNMENT CONTRIBUTIONS) BILL (PROGRAMME)

*Motion made, and Question put forthwith (Standing Order No. 83A(7)),*

That the following provisions shall apply to the Savings (Government Contributions) Bill:

#### *Committal*

(1) The Bill shall be committed to a Public Bill Committee.

#### *Proceedings in Public Bill Committee*

(2) Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 1 November 2016.

(3) The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

#### *Proceedings on Consideration and up to and including Third Reading*

(4) Proceedings on Consideration and any proceedings in legislative grand committee shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which proceedings on Consideration are commenced.

(5) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

(6) Standing Order No. 83B (Programming committees) shall not apply to proceedings on Consideration and up to and including Third Reading.

#### *Other proceedings*

(7) Any other proceedings on the Bill (including any proceedings on consideration of any message from the Lords) may be programmed.—(*Andrew Griffiths.*)

*Question agreed to.*

### SAVINGS (GOVERNMENT CONTRIBUTIONS) BILL (MONEY)

*Queen's recommendation signified.*

*Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),*

That, for the purposes of any Act resulting from the Savings (Government Contributions) Bill, it is expedient to authorise the payment out of money provided by Parliament of:

(1) any expenditure incurred by a Minister of the Crown or a government department under or by virtue of the Act; and

(2) any increase attributable to the Act in the sums payable under any other Act out of money so provided.—(*Andrew Griffiths.*)

*Question agreed to.*

### SAVINGS (GOVERNMENT CONTRIBUTIONS) BILL (WAYS AND MEANS)

*Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),*

That, for the purposes of any Act resulting from the Savings (Government Contributions) Bill, it is expedient to authorise—

(1) charges on certain withdrawals from Lifetime ISAs; and

(2) the recovery (with or without interest) of sums paid by way of government bonuses under the Act.—(*Andrew Griffiths.*)

*Question agreed to.*

## Business without Debate

### BUSINESS OF THE HOUSE

*Ordered,*

That, at the sitting on Tuesday 18 October, the Speaker shall put the Questions necessary to dispose of proceedings on the Motion in the name of Secretary Karen Bradley relating to Broadcasting not later than 7.00pm; such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved; and Standing Order No. 41A (Deferred divisions) shall not apply.—(*Michael Ellis.*)

### FINANCE COMMITTEE

*Ordered,*

That Mr Nicholas Brown be discharged from the Finance Committee and Dame Rosie Winterton be added.—(*Bill Wiggin, on behalf of the Committee of Selection.*)

### PETITIONS

#### Implementation of the 1995 and 2011 Pensions Acts

7.19 pm

**Martin Docherty-Hughes** (West Dunbartonshire) (SNP): I am grateful for the chance to present a petition calling for fair transitional arrangements for 1950s-born women who are affected by changes to the state pension age. That group of women is bearing an unfair burden. When the Pensions Act 2011 was debated, Ministers promised transitional arrangements to ease that burden, but those have not materialised, leaving women in the constituency of West Dunbartonshire and many others facing hardship. I thank all those who have signed the petition and those in similar terms presented by other hon. Members. I also thank the Journal Office for all its work in registering the petitions.

The petition states:

The Petition of residents of the county constituency of West Dunbartonshire,

Declares that as a result of the way in which the 1995 Pension Act and the 2011 Pension Act were implemented, women born in the 1950s (on or after 6 April 1951) have unfairly borne the burden of the increase to the State Pension Age; further that hundreds of thousands of women have had significant changes imposed on them with little or no personal notice; further that implementation took place faster than promised; further that this gave no time to make alternative pension plans; and further that retirement plans have been shattered with devastating consequences.

The Petitioners therefore request that the House of Commons urges the Government to make fair transitional arrangements for all women born in the 1950s (on or after 6 April 1951) who have unfairly borne the burden of the increase to the State Pension Age.

And the Petitioners remain, etc.

[P001923]

7.21 pm

**Ms Margaret Ritchie** (South Down) (SDLP): I present a petition on behalf of the residents of South Down relating to the implementation of the 1995 and 2011 Pensions Acts. The petition that I am presenting is identical to the one presented by the hon. Member for West Dunbartonshire (Martin Docherty-Hughes). He has already referred to the content of that petition, so I will not read it all out.

The petition states:

The Petitioners therefore request that the House of Commons urges the Government to make fair transitional arrangements for all women born on or after 6 April 1951 who have unfairly borne the burden of the increase to the State Pension Age.

*The Petition of residents of South Down.*

[P001946]

7.22pm

**Marion Fellows** (Motherwell and Wishaw) (SNP): I present a petition on behalf of residents of the Motherwell and Wishaw constituency and others who kindly signed the petition while it was there in my constituency. I am grateful for the chance to present this petition calling for fair transitional arrangements for 1950s-born women affected by changes to the state pension age. The text of the petition has already been read by my hon. Friend the Member for West Dunbartonshire (Martin Docherty-Hughes).

I should declare an interest. I am very fortunate to have been born a year before the date that applies for the change to pension arrangements, and I feel a deep obligation to those women, some of whom came to my constituency office suffering real hardship. As a result of what has happened to them, some of them have had to apply for help from the Royal Society for the Relief of Indigent Gentlewomen of Scotland to raise their incomes.

*The Petition of residents of Wishaw and Motherwell.*

[P001945]

## Ambulance Waiting Times

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

7.24 pm

**Richard Drax** (South Dorset) (Con): It is a pleasure to address the Chamber under your chairmanship, Madam Deputy Speaker. It is also a pleasure to see in his place my hon. Friend the Minister of State, Department of Health, who is a very able Minister.

My speech is not an attack on the Government per se. It is my job as the MP for South Dorset to stand up and speak for people without fear or favour. In my six years as MP, I have seen the ambulance service increasingly struggle, and I hope that any information that I impart will lead to the improvement of the service.

I pay tribute to the men and women of the ambulance service, whose professionalism, dedication and selflessness have saved countless lives. People's ability to dial 999 in an emergency in the expectation of receiving urgent and expert medical help has long been one of the NHS's treasures. Now, it is the ambulance service itself that is facing an emergency. In the year to May 2016, ambulance response times hit a record low. Not a single one of the 10 ambulance trusts in England met the target of reaching 75% of incidents within eight minutes. Worryingly, the current national average for a response within eight minutes is 68%. This trend has grown over the past four years, which is the period for which the Government have published response figures.

Ambulance control rooms across the country are buckling under the twin strains of increased demand and dwindling resources. The increased demand is undeniable. Last year set a new record, with 10.8 million ambulance call-outs in 12 months—a staggering number. The London control room alone now fields 5,000 calls for ambulances every single day.

The numbers show that emergency calls for ambulances have risen by 6% year on year for 10 years. This has not been helped by the fact that people are finding it harder to see their GP, meaning that they fall back on A&E. Although we can debate the causes, the fact remains that there are simply not enough vehicles, paramedics and clinicians to cope with the increase in workload. At the same time, the resources available have been cut or frozen. Six of the 10 English ambulance service trusts are currently in deficit, having overspent their budget, despite making efficiencies. East Midlands Ambulance Service NHS Trust alone had a £12 million deficit last year.

In my constituency, efficiency savings have directly affected the South Western Ambulance Service NHS Foundation Trust, which I shall refer to from now on as the trust. An ambulance call-out in the trust now costs 2.5% less than last year. The trust covers Bath and north-east Somerset, Bristol, Cornwall and the Isles of Scilly, Devon, Dorset, Gloucestershire and South Gloucestershire, Somerset, Swindon and Wiltshire—a huge predominantly rural land mass covering 20% of England. I highlight the trust's area of responsibility because it is the most rural of all the ambulance trusts and the area is one of the most sparsely populated, which means longer distances, higher fuel costs, patients who are harder to locate and hospitals that are more

spread out. This means that ambulances need to be parked at intervals across the region, as I see all the time.

Achieving response times and meeting budget targets under such circumstances is a challenge. It is not just the increased demand and reduced resources that are creating the problems; the target culture does not help. Though well intended, targets can skew both priorities and outcomes. For example, to meet target times, a fast-response paramedic on a motorbike or in a car might be sent to a critical incident that would almost certainly require ambulance transportation to hospital. Those red-category incidents include life-threatening emergencies such as cardiac arrest, where survival depends on swift and specific action. Sending the wrong resource in such a case might well tick the target box on response times, but the eventual outcome might not be so satisfactory. For example, if responders reach a patient only one second short of the eight minutes, it is considered a success, even if that patient dies.

**Jim Shannon** (Strangford) (DUP): I thank the hon. Gentleman for bringing this matter to the House. In 2014-15, the Northern Ireland Ambulance Service met its eight-minute deadline in only 60% of cases. Such problems beset all of us across the United Kingdom—here on the mainland and in Northern Ireland. Does he agree that it may be time to share those experiences and also ideas about how we can make things better across the United Kingdom? If we can do that together, to see what improvements we can make, we will all benefit.

**Richard Drax:** I entirely concur. As I said at the start of my speech, I am not here to condemn the Government, because they have the most appalling situation to deal with, given rising costs and all the things we know about the health service. Yes, more integrated systems, which the Government are working on, are definitely part of this. As I will say at the end of my speech—perhaps I will say it now—we really ought to think about the whole NHS and how it is run, not just the ambulance service. We need to do that free of politicians, with expert advice being sought from non-politicians—those who know how the health system works, not least the clinicians—so that we can re-look at this whole situation. We have enough money, but we have not spent it particularly wisely in every case.

Let me just go back to my example—you might well have lost the thread, Madam Deputy Speaker—about the target times for red-category incidents. I was saying that if responders reach a patient only one second short of the eight-minute target, it is considered a success, even if that patient dies. Conversely, it is deemed a failure if a patient lives, but help has arrived just one second over the eight-minute response time. Worse, the trust is marked down for it.

Once at the hospital, ambulance crews face yet another target: they must hand over their patient to the emergency department within 15 minutes. Anything over 30 minutes incurs a fine, although it is not applied to all areas and is capped by the trust's commissioners. Yet, handovers can be achieved only if there are available beds and bays in the emergency department, which in turn can free up space only by transferring patients to wards or into surgery. That flow—from ambulance to emergency department to ward and, hopefully, to home and recovery—simply

[*Richard Drax*]

is not happening, because beds are not being cleared. The so-called bed blockers—the chronically ill and often elderly patients—languish in hospital beds because there simply is nowhere else for them to go. Without enough community care outside the hospital to discharge them to safely, there is no alternative, and so if the wards are full—they often are—there is gridlock. Regrettably, we have all become accustomed to the sight of ambulances lined up outside the emergency department with their crews tending to their patients until they can be handed over. In August this year, ambulances delivered patients to the Royal Bournemouth hospital's emergency department 650 times. The 30-minute handover target time was breached 91 times, and in eight cases patients waited for more than two hours.

It is perhaps not surprising that ambulance crews feel demotivated and demoralised, and A&E staff are equally under pressure. They are all attempting to do their best—everyone recognises that—but perhaps that is in a system that sets them up to fail. Unsurprisingly, the attrition rate in the ambulance service in England is running at 11% a year, leading to each ambulance service having to replace more than one in 10 of its call handlers, drivers, clinicians or paramedics. I am told that these invaluable, experienced professionals eventually buckle under the physical and emotional demands of their jobs, often leaving for the better hours, conditions and pay offered by GP surgeries and clinics. The retention of staff is notoriously difficult in A&E departments, too, for similar reasons. A recruitment crisis now faces the ambulance service and A&E departments. Yet, for these most dedicated and professional workers, without whom the NHS would grind to a halt, there is little light on the horizon. Instead, and extraordinarily, fines are imposed on the cash-strapped services employing them.

Hold-ups from ambulance to A&E represent a waste of precious resources; in the trust's area, that amounts to a staggering 5,000 hours per month, and the south-west's hospitals are by no means the worst performing in England. For that reason, the trust and the Yorkshire and west midlands ambulance services have been trialling a new response programme. The aim is to get the right resource to the right incident first time. Rather than sending a response vehicle to meet a target, more time is taken to identify the reason for the call-out. Something that is life-threatening, such as strokes and heart attacks, will inevitably need an ambulance transfer to hospital, whereas a less serious case can be dealt with by a paramedic. Members might have thought that that sounds like common sense, but it seems to me, and I think to many, that targets, in part, get in the way of common sense. Sheffield University will report on the results of the programme. Interestingly, Wales is already using the system, with a 75% success rate, and Scotland is starting trials now.

Inevitably, waiting times for ambulances are increasing as pressures mount. Regrettably, there are consequences for the patient and, of course, their family and friends. Less well known are the physical and verbal assaults on ambulance staff. In the trust's area alone, those have doubled in 12 months—that situation is, I am told, untenable. Death threats have been made to control room staff, while physical injuries have included a broken jaw and a career-ending attack with a baseball bat.

Often, drink and drugs are to blame; sometimes, mental health issues, pain, sheer anxiety and frustration make relatives and friends lash out. I am not, for one second, condoning that behaviour—in fact, I condemn it—but I am just trying to explain it. I have some experience of this with constituents who are devastated when they do not get the emergency response they expect—when we dial 999, we do indeed expect a speedy response.

Ambulance service staff are united in calling for a formal, ongoing public information campaign that tells the public not only when to call an ambulance but what to expect when one is called. With the number of calls continually outstripping the number of ambulances available, expectations need to be managed. I would be grateful if the Minister expanded a little on that when he answers. By way of example, in Dorset and across the whole trust area, 58%—nearly 60%—of 999 calls do not result in patients being sent to A&E at all, and 14% of callers are treated and advised over the phone.

Calls to make funding for ambulance services and A&E a special case chime with calls for increased social care provision to free up beds in hospitals so that a flow can be re-established. That is particularly important in Dorset and the south-west, where so many pensioners choose to live.

I would like to share some observations from Mrs Fiona Smith, who is the manager of Milton Court sheltered housing in Poole, which is not in my constituency. Her charges, who are all in their 80s and 90s, live independently and successfully in their own homes, with support services provided by the company. If they suffer heart attacks or strokes, the ambulance arrives within 10 minutes, she says, but if they fall down, the importance of the incident is downgraded by call handlers due to immense pressure from other incidents. Mrs Smith recently waited for more than four hours with a frail 96-year-old lady who remained lying on the floor with a broken hip because protocols would not allow staff to lift her. Mrs Smith is at pains to point out that she is not criticising the ambulance staff; she simply believes that there is insufficient funding and staff. Her advice to me and the Government, and to others, is that we need to get our priorities right.

I know there is no short-term solution to the picture I have painted, and I sympathise enormously with the Government's plight. In the past, Governments of all colours have had this massive problem, which is growing as the population gets older and lives longer, and the cost of medical care rises. More joined-up care is one way forward, as the hon. Member for Strangford (Jim Shannon) suggested. I praise the clinical commissioning group in Dorset, which is working with all GPs and hospitals to try to ensure that a more joined-up care approach is working. I believe that that is happening across the country, and I am sure the Minister will expand on that. This is a vital way forward that will solve some of the problems.

Perhaps, as I hinted—I do not know whether the Minister can expand on this—we need to re-examine the whole NHS, rather than just picking on particular bits of it. Now and in the past, when politicians and Secretaries of State sometimes feel that things need to be done—and they do—they unfortunately fail to look at the whole picture. This is not a criticism of our current Secretary of State, for whom I have high regard; I think he is doing an extremely good job in difficult

circumstances. However, perhaps now is the time—as we see, to a certain extent, the writing on the wall and the warning signs flashing—for us to sit down and have another look at how the NHS is run. I leave that point with the Minister and his Department. I can only recommend that politicians are kept out of that debate until such time as ideas are put forward to us, because inevitably we would have to make the final decisions.

I end as I began by praising the staff of the ambulance service in the south-west, not least those who serve us in South Dorset and do a fantastic job. I have met many of them and cannot praise them enough. I now look to the Minister to expand on what I have said in the hope that there is some light at the end of the tunnel, and perhaps a little more money at the bottom of the bucket.

7.42 pm

**The Minister of State, Department of Health (Mr Philip Dunne):** It is a pleasure, Madam Deputy Speaker, to join you a little earlier than anticipated and to have you in your place presiding over this important debate.

I congratulate my hon. Friend the Member for South Dorset (Richard Drax) on securing the debate. I am grateful for this opportunity to discuss ambulance response times and to put on the record, as he did, my thanks to all those who work in ambulance services across the country, not just in the south-west. Ambulance services are a vital part of the healthcare system and provide rapid assistance to people in urgent need of help. We are all united in expressing our gratitude to them for the professional work that they do.

I acknowledge that the NHS is busier than ever. That is why we are backing the NHS's future plan with an extra £10 billion by 2020-21, providing some of the funding that my hon. Friend concluded his remarks by calling for. The ambulance service is experiencing unprecedented demand in all parts of the United Kingdom, including, as we heard from the hon. Member for Strangford (Jim Shannon), in Northern Ireland. It is delivering over 3,400 more emergency journeys every day in England than in 2010. In the past year, calls to ambulance services in England rose by 400,000, from 9 million in 2014-15 to 9.4 million in the year ending in April. Including calls transferred from NHS 111, ambulance services deal with more than 10 million 999 calls every year.

The demands currently being placed on ambulance trusts mean that performance targets have been, and continue to be, under pressure. South Western Ambulance Service NHS Foundation Trust has seen a particularly sharp increase in demand for its services. In the year to date, there have been 11% more calls in the south-west than at the same time last year. These calls have led to over 1,800 face-to-face responses by the service, on average, each and every day. In June this year, the Care Quality Commission inspected the service, and recently published the report of its findings. Overall, the trust has been awarded a rating of “requires improvement”. Within this rating, there were some positive findings. In particular, the trust was rated as outstanding for being a caring service, and the majority of feedback from patients about their individual experiences was favourable. However, it was also deemed to require improvement for its emergency operations centres, emergency and urgent care, and patient transport services, on which my hon. Friend focused.

I am sure my hon. Friend will be pleased to know that we are undertaking a range of initiatives to meet these challenges. Sir Bruce Keogh's review of the NHS urgent and emergency care system is tackling the root causes of demand. Under that review, ambulance services will be transformed into mobile treatment centres. As a result of significant advances in technology in recent years, an ambulance presenting at a patient's home, or to wherever it is called to treat them, is in a far better position to provide more care without, in many cases, the need to transfer them to hospital. There is greater use at the front end of “hear and treat”, which closes calls with advice over the phone, and “see and treat”, which treats patients on the scene without onward conveyance. This is all happening as a result of the greater integration with the rest of the health system that my hon. Friend called for. The CQC recognised the trust as one of the highest performing in England on “hear and treat”, which enables clinicians to assess and triage patients over the telephone and close the call without the need to send an ambulance.

As part of the wider review, under the ambulance response programme that my hon. Friend mentioned, NHS England is exploring ways in which to change responses to 999 calls by the ambulance service to help improve patient outcomes and help ambulance services better to manage demand. The first element of the ARP is “dispatch on disposition”, which was first piloted in London and in my hon. Friend's local trust area in the south-west. “Dispatch on disposition” gives call handlers more time to make a clinical assessment of 999 calls that are not immediately life threatening, ensuring that the most appropriate response, based on clinical need, is sent to each incident first time. Early analysis shows benefits for patients from “dispatch on disposition”, and I have recently accepted advice from NHS England to extend this pilot to all trusts to help inform the independent evaluation.

My hon. Friend focused much of his speech on his, I think, personal aversion to targets, and on some of the perverse consequences that can arise. Under the second phase of the programme, we are piloting new clinical codes in ambulance services in Yorkshire, the west midlands and the south-west. The codes are used by ambulance services to determine the appropriate response for each emergency call they receive. The trial seeks to ensure clinically appropriate responses to each presenting condition while making the best use of our ambulance resources.

The programme has clinical leadership at its heart and will be independently evaluated by the School of Health and Related Research at the University of Sheffield, which my hon. Friend acknowledged. The evaluation report will be laid before Parliament once the Secretary of State has made a decision on whether any changes are needed to the ambulance standards. The most seriously ill patients will continue to receive an eight-minute response under the programme, and a pre-triage system is being used to ensure that life-threatening cases are identified quickly and efficiently. Good progress continues to be made with the programme and NHS England will make recommendations to Ministers in due course.

**Richard Drax:** My hon. Friend is very generous in giving way, especially after I had so much time. I have just one question. Yes, my natural instinct is against targets; I do not like them, but I understand why we

[Richard Drax]

have to have them. When ambulance trusts or hospitals are fined for not meeting targets, would it not be more logical to look into the reason why and ask the executives, whoever they may be, to sort it out? If they cannot do so, can we then sack them? If the conclusion is that it is a matter of giving more money to help towards achieving the target, obviously it should be given.

**Mr Dunne:** My hon. Friend will be aware that the clinical commissioning groups around the country commission services from ambulance trusts. I am sure he will have looked into the experience of the CCG in his constituency to see whether it believes it is getting the service that his constituents and its patients require. I can speak for my area, where a change to the disposition of response vehicles, particularly ambulances, was proposed by the ambulance service. A trial period took place, and the CCG was persuaded that it needed to provide more money to the ambulance service to fund additional crews to improve coverage. It is specific to individual areas, but CCGs need to work with ambulance trusts to ensure that the relevant standards are achieved.

The South Western Ambulance Service established an action plan in response to the CQC report to identify activities to improve its performance and demonstrate the benefits of the ARP, including addressing staffing and fleet requirements, and working with A&E departments in hospitals to which it conveys.

My hon. Friend made some startling observations about the challenges and consequences of extended handover times, and his examples were instructive. It is clearly a problem when ambulance crews are unable to discharge their patients into emergency departments as efficiently as they would like. NHS Improvement is working with local commissioners and trusts to tackle those problems, including handover delays, when they present a continuing problem. The amount of time lost to handover delays at hospitals is a significant concern in the south-west service, as he indicated. He mentioned an aggregate figure. The figure I have is that, on average, 60 hours per day were lost to handover delays in August 2016. In July, a regional workshop was run by NHS England and the Emergency Care Improvement Programme, attended by the South Western Ambulance Service, acute providers and commissioners. A set of actions to address handover delays were agreed upon and a plan to implement them is being developed. Hopefully he will see the benefit of that shortly.

We recognise that there is currently a shortage of paramedics nationally. As my hon. Friend mentioned, the south-west area is no exception. A number of initiatives are being implemented to address that, from recruitment campaigns for ambulance staff and paramedics, to training schemes to upskill the existing workforce. In the CQC report, it found that South Western Ambulance Service has an appropriate mix of skills to provide a safe service, and that, where staff numbers are below planned levels, the trust is making good efforts to recruit new staff.

At the end of September, there were 1,568 ambulance paramedics at the South Western Ambulance Service,

almost double the number of ambulance paramedics there in 2010. That is an impressive achievement, but there remains a vacancy rate at the trust of just over 3%, equivalent to 134 members of full-time staff. Health Education England is working with the College of Paramedics and has invested more than £2 million in a two-year paramedic pre-degree pilot, through which potential paramedic students are recruited into roles providing structured care in urgent and emergency care settings. Health Education England is also providing funding to ambulance services to invest in their existing workforce, train ambulance technicians to become paramedics, and upskill paramedics to advanced or specialist paramedic level.

In the south-west, Health Education England has provided £350,000 in funding to help retain staff so that they stay longer than my hon. Friend indicated they have in the past, and to improve engagement and provide the opportunity to train with the very latest equipment. I am pleased to note that 100% of the trust's rapid response vehicles and dual-crew ambulances are funded to have a paramedic on board. In the six months to May 2016 there was, on average, a paramedic on almost 92% of all A&E conveying vehicles. The service is approaching the level for which it is funded, and I hope those initiatives ensure that there are sufficient paramedics to hit that 100% target.

In addition, to help to reduce system pressures, NHS England is undertaking a public information campaign about urgent care services. My hon. Friend urged us to do that to encourage the public to present at the right place and do the right thing. In particular, he referred to the use of NHS 111 as a front door to the integrated urgent care system to help improve its credibility as the place to get initial advice, rather than people dialling 999.

To conclude, I again emphasise that ambulance services are vital to emergency care and the NHS as a whole. We all want to be sure that, where loved ones suffer heart attacks or are involved in a serious accident, they will not be left waiting for medical help to arrive. The initiatives being taken in response to the record demand facing the urgent and emergency care system will ensure that patients continue to receive the quality care that they need.

My hon. Friend concluded his remarks by asking for a new approach to the integration of NHS services, to which I would add the integration of NHS services with social care services. He could have been describing the sustainability and transformation plans that are currently being finalised by health areas across the country for presentation to NHS England by the end of this week. They are bottom-up plans prepared by clinicians and senior management within NHS organisations alongside local authority organisations responsible for social care, which is precisely what my hon. Friend called for. I am pleased to say that, under this Government, that is being delivered.

*Question put and agreed to.*

7.58 pm

*House adjourned.*





# Westminster Hall

Monday 17 October 2016

[PHIL WILSON *in the Chair*]

## UK Exit from the European Union

4.30 pm

**Paul Scully** (Sutton and Cheam) (Con): I beg to move,

That this House has considered e-petitions 133618, 125333, 123324, 154593, 133767 and 133540 relating to the UK's exit from the European Union.

It is a pleasure to serve under your chairmanship, Mr Wilson. These petitions have now closed and have been on the books for a few months. Some of them have been overtaken by events and by subsequent debates in the Chamber, but it is important that we continue to discuss these matters over the coming months.

Three of the six petitions are essentially about the timing of our invocation of article 50, if we invoke it at all. The Prime Minister has said in recent weeks that the Government intend to invoke article 50 by the end of March 2017. Why has she picked that date? The Department for Exiting the European Union did not exist just a few months ago, so a lot of the Department's work has to be about building capacity. As far as I understand it, the Department has 180 staff in the UK and can call upon 120 people in Brussels for advice.

We obviously need to build a strategy through conversations and discussions with devolved Assemblies, small businesses, large plcs, councils, local government associations and major metropolitan bodies. There have been, and continue to be, meetings with business groups and representatives of universities, the charitable sector, farming and fishing. There are ongoing roundtable discussions with a number of cross-cutting organisations and people, too.

The Secretary of State for Exiting the European Union and his Department have been performing sectoral and regulatory analyses and are looking at more than 50 sectors and cross-cutting regulatory issues. It is important that we invoke article 50 when, and only when, we in the UK are ready to do so. Martin Schulz, the President of the European Parliament, has said something indicative:

"I consider it to be very possible that the Brits will know exactly what they want at the start of negotiations, but that Europe still won't be able to speak with a single voice".

It is important that we know exactly what we want when we invoke article 50 by the end of March.

I suspect that the petitioners who want us to invoke article 50 immediately signed that petition because they do not believe it will happen. The petitioners who want us never to invoke article 50 effectively buried their heads in the sand after the referendum and are trying to replay the debate we had before 23 June. Some petitioners want Parliament to vote on article 50, which is a continuing debate—we debated it in the main Chamber last week.

There is an ongoing case in the High Court. I read an interesting article in *The Daily Telegraph* by my hon. Friend the Member for Esher and Walton (Mr Raab), who has a significant Government legal background

from before his election to this place. He surmises that the Government negotiate and sign treaties and that Parliament makes sure that we can comply with international obligations under UK law. The Government take the view—and I agree with their position—that the royal prerogative is the right way to invoke article 50, which is effectively the Government negotiating and signing treaties. Parliament will be able to scrutinise the Government's discussions as we seek to leave the EU, and it will also have a significant say over the coming two years in shaping our exit from the EU through the great repeal Bill. Parliament will also have a significant say on shaping our future relationship with the EU, which will involve a separate negotiating process.

**Geraint Davies** (Swansea West) (Lab/Co-op): It is all very well our saying what we want before article 50 is triggered, but after that point the EU will tell us what we are going to get. We will not have any negotiating power. Before we pull the trigger, would it not be better for us to have an idea of what we are likely to get and then to have a referendum on the exit package? That is very different from what people reasonably understood when they voted on 23 June.

**Paul Scully:** I thank the hon. Gentleman for his intervention, but I disagree with him because I do not believe that the European Union will tell us what we will get; rather, this will be part of an open negotiation. Why? Because there is not one body. There are 27 different voices within the European Union, excluding ourselves, and they will each be fighting for their patch. Each country will be fighting for its own important sectors and will have those sectors in mind when it comes to the joint negotiations. The one that is often cited is the German automotive industry, which sells 10% of its cars to the UK market. Germany will not want BMW, Audi and Volkswagen—all those major brands—to suffer as a result of the Commission in Brussels burying its head in the sand during the negotiations. Each corner and each country will fight for its own sectors, as will the UK.

**Geraint Davies:** I am grateful for the hon. Gentleman's generosity. Does he agree that it is striking that the 27 countries will decide among themselves what they will give us? We will not decide. They will have a big argument about it, as he says, but then they will say, "This is what you're getting." If the German car manufacturers think it is better to keep out the Japanese through tariffs and to sell more Mercedes to Spain and fewer to Britain, that is another decision. Ultimately, those 27 countries will decide collectively and then tell us what we are getting.

**Paul Scully:** By invoking article 50 we will effectively be working out how to separate the UK from the rest of the EU—that is, dividing up the assets and liabilities and deciding how we move forward with the institutions. Although that is intertwined, it is also slightly separated from our future relationship with the EU. Article 50 says that we have to take our future relationship into account, but there is plenty of time and we need to use the full two years to work out our future relationship.

I would not want to see our future relationship being hamstrung by waiting to invoke article 50 because we are trying to limit our negotiations on our future relationship

[*Paul Scully*]

with the EU. Frankly, that is what hamstrung David Cameron in the first place. If he had asked for more and had not limited himself in his renegotiations with the EU last year, we might have been in a very different place in the lead up to the referendum. We might have voted to remain. We should not limit ourselves in our negotiations on how we move forward once we have left the EU just so we can get to the point of invoking article 50 and starting the process next March.

**Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): The hon. Gentleman mentioned devolved Assemblies, Parliaments and Governments a moment ago. Will he be clearer about the role he feels they should have? A crucial factor is that when we went into the European Communities, as they were then, we did not have devolution. A significant amount of the responsibilities have now been devolved to Northern Ireland, Wales and Scotland. The people of those devolved Administrations and Governments must have a clear say on this process. What role does he think they should play?

**Paul Scully:** That is why my right hon. Friend made a big effort to visit Edinburgh very soon after she was elected Prime Minister: to show her intention to engage with the devolved Parliament in Scotland and with the Assemblies. Speaking to the devolved parts of the UK, and also with councils and metropolitan bodies, going right down to smaller units of government, will be integral to the discussions over the next few months. That is crucial.

**Ms Tasmina Ahmed-Sheikh** (Ochil and South Perthshire) (SNP): In July, the Prime Minister mentioned that Scotland will be “involved” in the negotiations. In October, the Secretary of State for Exiting the European Union said that we would be “consulted”. Which one is it?

**Paul Scully:** We will all be involved in the negotiations, because we will all—parliamentarians, devolved bodies and business—be involved in the debates and discussions held here over the next couple of years. We need to involve the country in this important debate.

As was said during the debate on the referendum, and as I said when I was campaigning to leave, this is a 40 to 50-year decision. Frankly, that is why I, as someone who has wanted to leave the EU for 20 to 25 years, am quite happy to be patient for six months before we invoke article 50. We need to get our exit right, and then spend the two years ensuring that we get our future working and trading relationship with the EU right as well. This is an absolutely crucial period for the UK to get it right for the economy, for immigration and for control and sovereignty within this country—the three pillars that I was talking about.

We will have our chance to vote as parliamentarians on the great repeal Bill, which will come into effect the day we finally leave the EU. It will transpose EU law into domestic law. We can then choose; we will be taking control. That vote and the votes on subsequent Bills will determine how we leave the EU. That is Parliament ensuring that we are complying with international obligations under UK law.

One of the petitions mentions freedom of movement; its title is “Not to allow freedom of movement as part of any deal with the EU after Brexit”. The Prime Minister has been clear that we need to restrict freedom of movement. By doing so, we can create a system that allows us to control numbers and encourage the brightest and best, but at the moment we are limited in that ambition.

To my mind, one of our biggest pull factors for migration, especially from within the EU, is not benefits or the other things that people talk about, but the jobs that we have created over the last few years. The UK has been a success story in creating many jobs in difficult conditions. Youth unemployment is 48% in Greece, 43% in Spain and 39% in Italy. We can and should attract skilled workers and entrepreneurs from around the world. Naturally, EU citizens on our doorstep are likely to be the most numerous coming in, due to their location. I want to end that sense of entitlement and ensure that skilled workers from around the world, whether from Bangladesh, Australia, America, Canada or India, are on an equal footing with unskilled workers coming into this country from other parts of the EU.

**Royston Smith** (Southampton, Itchen) (Con): To expand on the pull factors, does my hon. Friend agree that they are not benefits or the obvious things that people refer to, or even what he referred to, but the English language and the national living wage created by this Conservative Government? Those are two other pull factors that we simply cannot change.

**Paul Scully:** My hon. Friend makes a fantastic point. He is absolutely right. That is why I believe the UK will be on a sure and steady footing when we come to negotiate with the EU. Due to the rule of law, our language and the trading history and trading relationships we have built up around the world, we are still an attractive location for businesses and inward investment.

**Ms Ahmed-Sheikh:** The hon. Gentleman mentioned the importance of attracting skilled workers. What would he say to the skilled workers in the United Kingdom who form a huge part of our national health service and include many of our teachers, given that this Government can give them no guarantees about their continued ability to stay in this country to teach and keep us well?

**Paul Scully:** When one talks about huge numbers in the NHS, it is important to remember that, although they are an absolutely valued part of our health service, EU citizens make up 4% of NHS staff. Some 15% come from outside the UK, and a third of those come from within the EU.

None the less, it is important to value skilled workers and entrepreneurs. We need to attract the brightest and the best. This is effectively taking control, because it means that the UK can determine our own immigration policy. That may involve no change, or it may involve radical change, but that decision will be taken here, after full consultation with the UK public, rather than with one arm effectively tied behind our back by rules and regulations and the determination of Brussels. That does not limit our compassion or our ambition. We should ensure that we never confuse or conflate immigration of the type that I have been talking about with our responsibilities to refugees.

One of the petitions calls for designating 23 June independence day and celebrating it annually. It must have been a joke in Hollywood to premiere “Independence Day 2” on the day of the referendum result, Friday 24 June; I think someone in one of the movie studios had a sense of humour. However, 48% of people voted to remain. There are 27 countries considering their trading relationship with the UK, and expats around the EU considering their future. The world is looking at what we are doing.

**Ms Margaret Ritchie** (South Down) (SDLP): The hon. Gentleman just referred to trading relationships. Obviously, as part of the negotiations, individual trade agreements will need to be made with each of the other 26 European countries. Is he aware how long it takes to obtain a trade agreement and then an export certificate with countries outside the EU? We have been waiting for an agreement with China on pork exports since October or November last year, when the original temporary approval was given.

**Paul Scully:** The hon. Lady mentions individual trading agreements with each EU country. That is not possible. The point of being a member of the EU is that member countries cannot negotiate their own trade deals. If we leave, we will have to have a single trade deal with the remaining European Union countries. We will also then need to negotiate our own trade deals—we will be free to do so for the first time in 40-odd years—with other countries around the world, and not only the ones with which the European Union already has a trading deal but also, significantly, the many countries with which it does not. There are 168 countries outside the EU, and they get on fine.

**Ms Ritchie:** The point that I was trying to illustrate is that it already takes an inordinate length of time to negotiate trade deals with countries outside the European Union. How does that bode for the situation in terms of trade deals and trade agreements post-Brexit?

**Paul Scully:** If I may, I shall use what might seem like a slightly odd analogy. I have been in business for 20 years. Two years ago, I negotiated a lease for an office. It cost me £2,000 or £3,000 in solicitor’s fees, and about three months to organise. When I got my constituency office, I already had a nice lease to use as a template. It cost me exactly zero pounds and took me a week to organise. When we come to leave the EU, we can start either with a blank sheet of paper or with things that already work. I do not envisage—

**Stephen Doughty:** The hon. Gentleman is grossly over-simplifying the complexity of negotiating trade arrangements; I say that as somebody who has worked on them in Government. However, he mentioned his business experience; the volatility in the value of the pound is causing a great deal of uncertainty for businesses. For example, the value of the scrap used by the steel industry in my constituency is fluctuating due to the value of the dollar, but its exports are also being falsely boosted by the current value of the pound. Does he agree that we need to consider carefully whether the uncertainty created by the Government is giving a false impression of how the economy or different businesses

are performing before we get into the detail of any fixed trade arrangements, particularly in certain sectors and with certain countries?

**Paul Scully:** My analogy of the lease was an extreme one. I am not expecting these things to take five minutes; nobody has ever expected organising trade deals to take five minutes. We cannot just transpose the words on one sheet of paper on to another, but my point is that we do not necessarily need to start with a blank sheet. We ought to look at a bespoke model for the UK, but that does not mean starting again from a blank sheet; we can take a little from here and a little from there, depending on what we want and on our mix of businesses, which is different from that of Switzerland, Canada, Turkey or any other of the countries often cited.

In his speech last week, the Secretary of State for Exiting the European Union said:

“We have Norway, which is inside the single market and outside the customs union; we have Turkey, which is inside the customs union and outside the single market; and we have Switzerland, which is not in the single market but has equivalent access to all of its productive and manufacturing services. There is not a single entity, but a spectrum of outcomes, and we will be seeking to get the best of that spectrum of outcomes.”—[*Official Report*, 12 October 2016; Vol. 615, c. 332.]

That still leaves us building blocks that we can use to do that.

The hon. Member for Cardiff South and Penarth (Stephen Doughty) spoke about uncertainty. We need to come at the issue with a sense of mutual respect, co-ordination and co-operation in order to build a national consensus, without political point scoring or people burying their head in the sand about the referendum—I am not referring to today’s debate, but I am concerned that that is happening in the court case that is going on. As the hon. Gentleman says, business does not like uncertainty; I know that from my own business experience. I do not mind risk, because business is based on it, but it is about being able to control as much of the risk as possible. We will never be able to control 100% of the risk, but the more of it we can control and the more certainty we can bring into the equation, the better the outcome will be.

**Jenny Chapman** (Darlington) (Lab): The hon. Gentleman’s speech is developing in quite a fascinating way. May I take him back about 30 seconds, to his point about consensus, openness and involving the public? Should that involvement and openness extend to Parliament? If so, precisely what role ought Parliament to play in the process?

**Paul Scully:** I said that there would be votes on the great repeal Bill and on subsequent Bills to bring into UK law many of the laws currently in place on a European level. We may scrap some of those laws, keep some, and even enhance some, but it will be down to Parliament to vote on those matters and to tackle them. That is coming up soon. We parliamentarians will continue to have these discussions about leaving the EU. The Secretary of State said just last week that he would ensure a number of debates through the usual channels when we have particular matters to consider.

**Melanie Onn** (Great Grimsby) (Lab): May I double-check what the hon. Gentleman said about the great repeal Bill? I think he said that, when it comes before Parliament,

[Melanie Onn]

some areas of European law may well be negotiated away—that when we bring things over from European legislation, some areas of them may well be dropped.

**Paul Scully:** The great repeal Bill will effectively domesticate all European law. There is a lot of legislation, so after that it will be up to Parliament over time to decide what to do with it. That is very much a role for Parliament.

**Patrick Grady** (Glasgow North) (SNP): Of all the European regulations that the great repeal Bill will incorporate into UK law, which does the hon. Gentleman most look forward to reforming or eradicating?

**Paul Scully:** What I really look forward to is being able to take control and make the Government accountable, so that we can look our electorate in the eye and say, “You know what? If you don’t like what we’re doing—if you don’t like the legislation we are pushing through—we are not going to sit there and blame Brussels, or any number of presidents who sit in Brussels and Strasbourg. It is our responsibility; we are accountable to you.” That is what I most look forward to: taking control.

**Mark Durkan** (Foyle) (SDLP): Will the hon. Gentleman give way?

**Paul Scully:** No. I have taken a good few interventions, and I know others want to speak.

My view on Brexit is not insular—quite the opposite. I am really excited about the prospect of a bright future in which we lift our head up to the world, trade with every continent, including Europe, and grab the opportunities that follow. Let us be patient, get it right and show the world how democratic accountability, global free trade and a fair, controlled immigration system are not mutually exclusive. Let us all follow the path set for us by the British people, and debate and discuss our independent future in a civilised and positive manner. Instead of being a semi-detached tenant of the European Union, carping from the sidelines—out of the eurozone, out of Schengen and out of the social chapter—let us work on being friendly neighbours, working for our common economic good, while remembering that there is a whole world beyond the political construct of the European Union.

4.56 pm

**Geraint Davies** (Swansea West) (Lab/Co-op): I speak as a member of the Council of Europe—like your good self, Mr Wilson—and of the European Scrutiny Committee. The first thing to point out is that, although the petitions under discussion are all very important and have been signed by tens of thousands of people, they are dwarfed into insignificance by the petition signed by the 4.1 million people who thought that the referendum should have had a turnout of 75% and a pass mark of 60%.

Obviously the referendum has happened and we acknowledge it, but it is important to remember that it was based on what were basically a lot of false promises. In practice, many people I have spoken to about the vote say that what they anticipated was lower costs; £350 million a week to the NHS, for example; less

migration; and market access. It now transpires that in the short term we are seeing much more migration and that costs will be phenomenally higher. The Chancellor and the Government have abandoned the deficit targets, and we are going to see a colossal increase in borrowing and expenditure in the autumn statement, in anticipation of dropping revenues. As for market access, the hard Brexit approach that emerged at the Conservative party conference and that the public did not vote for—they only voted to leave the EU—has sent the pound to a 30-year low. That might be okay in the short term for some exporters, but it will generate inflation and problems.

People are increasingly realising that much of the inward investment that the hon. Member for Sutton and Cheam (Paul Scully) spoke about was from businesses such as Japanese car manufacturers, which wanted to be here not only because we speak English but as a platform into the biggest marketplace in the world. But Nissan, for example, is now saying that if tariffs rise they should get compensation. If other inward investors need that, it will be a nightmare for the national accounts and for attracting businesses. The country will be borrowing more. What is more, the Prime Minister criticised the Bank of England—although she has no control over it—on quantitative easing and borrowing, which have moved up interest rates. From a business point of view, we will borrow more at a higher cost because of those pronouncements. We will have less access to a big market and less access to skills.

Like the hon. Member for Sutton and Cheam, my background is in business—multinational business, as it happens; I was in charge of developing products for Colgate across Europe. Such companies will move production into the marketplace to avoid those tariffs. Businesses such as Tata Steel may be enjoying some short-term benefit from the exchange rate, but they know that 60% of their steel exports are into Europe, so in the long term obviously they will be looking to move. It is a nightmare.

Given that the reasonable expectations of people who voted for Brexit are not being borne out, it is reasonable to ask for a referendum on the actual exit package that we will get, rather than saying, “In principle, we’d like to go if we got this. Oh, it looks like we’re not going to get it, so let’s have a referendum on that.” We should do that before article 50 is triggered, because as soon as we trigger it, we have no negotiating power. The EU will then decide the terms of our exit within two years. Yes, the 27 countries will argue about what is best for them, but they will come to some consensus and say, “These are the terms of your exit.”

The hon. Member for Sutton and Cheam mentioned negotiating deals. As I said, he has been in business like I have. In business, someone with more power is in a better position. If the EU is negotiating with any country on behalf of Britain, it is in a much more powerful position to get the best deal than Britain negotiating individually with that country. What is more, if that country knows that we are desperate for deals because we are leaving the EU and wanting to expand, particularly if it is a very powerful country like China, it should hold back on its pork deal or whatever and say, “This is what you’re getting.” Britain will say, “We don’t like that,” and the Chinese will say, “Well, where are you going to go? You cannot go to Europe because you have shut the door behind you.”

**Paul Scully:** Will the hon. Gentleman comment on the fact that the simplest way of showing we were desperate for a deal would be to limit ourselves to a negotiating position that was so slim that we would effectively be saying, “We want the single market, we want to keep freedom of movement, and we want to carry on paying into the EU—we effectively want to be in the EU, in all but name”? That would be very limiting and smacks of desperation.

**Geraint Davies:** To be clear, I want to stay in the EU. I have a Bill on the terms of withdrawal that I hope will be given a Second Reading on Friday. It basically says that we should get the exit package—or at least a good understanding of what it will look like with regard to the balance between migration and tariffs and all the other costs—and, if the British public think that it is a reasonable representation of what they thought they were going to get, then fine, we will go ahead on that basis, before the triggering of article 50, after which it is a one-way street and we have no power. If the British public do not think it is reasonable, the default position would be to stay in the EU because it had all been a dreadful mistake. Frankly, it has been a dreadful mistake.

**Mr Philip Hollobone (Kettering) (Con):** I am listening to the hon. Gentleman with great interest. Frankly, I think he is in the wrong job. I am sure he is an excellent Member of Parliament, but he has not understood the message of the 17.4 million people who voted to leave. He would be better suited to a job on the business section of the “Today” programme, because the first five minutes of his speech have been unremitting doom and gloom. Why would the EU want to negotiate with us? One reason is that they sell us £70 billion a year more than we sell to them, so it is in their interest to have a good deal with the United Kingdom post Brexit.

**Geraint Davies:** On the hon. Gentleman’s second point, rather than his first comment, there are only two countries in the EU that sell more to us than we sell to them: Holland and Germany. The other 25 nations have an interest in tariffs, because they obviously have a trade deficit. Germany might say, “We have all these Mercedes cars we’re selling,” but we know that when they block out the Japanese—who are primarily here because they want a platform for their car industry—and sell more cars to Spain, because the Japanese cannot, even they might agree with tariffs.

The simplistic proposition that was put forward by the purveyors of “It’s going to be all right; we’ll take control,” is farcical. That campaign was led by the Secretary of State for Foreign and Commonwealth Affairs, the one and only right hon. Member for Uxbridge and South Ruislip (Boris Johnson), who—a recent article has disclosed—was in favour of remaining in the EU. I was saying as much well before that article came out, because all his family were in favour and it is rational to stay in. He made a calculation because his primary objective was to become the leader of the Conservative party and Prime Minister. He was going to be up against the then Chancellor, the right hon. Member for Tatton (Mr Osborne), who was pro-remain. The majority of Conservatives—more than 60% of party members—are for Brexit, so his plan was to go on about how great it

was going to be to take back control, while hoping that we would narrowly remain. He would then have become the great leader standing up to Europe within Europe. But it all failed.

From that article, it is clearly true that that is what it was about. The Foreign Secretary has claimed that the article was some sort of script for “Blackadder”, or whatever his latest claim is, but when I approached him just before the Brexit campaign, I asked him a question—which the hon. Member for Sutton and Cheam was asked and did not answer—and which I used to ask cab drivers, or anybody else. I said, “Name me one law in Europe that you don’t like.” The right hon. Gentleman said, “Erm, there are four directives on bananas.” I said, “This is not some sort of joke. Can you think of anything?” Eventually, after some consternation, he said, “REACH.” Members will no doubt know that REACH—the regulation for the registration, evaluation, authorisation and restriction of chemicals—applies the precautionary principle to endocrine disrupting chemicals in manufactured products. I said, “What’s wrong with that?” and he said, “Oh, well, I don’t really know,” and he walked off. His heart was not in it; his heart was in becoming the leader of the Conservative party. We are in this farcical position where we are going to lose out economically because the people of Britain have been sold a false promise.

On the point made by the hon. Member for Kettering (Mr Hollobone), if someone goes to a shop and buys a phone that they are told works in a certain way, and they go home and it simply does not work in that way, they have the right to go back and say, “Hold on, I was told that this worked in a certain way but it doesn’t. I want my money back.” We need another referendum.

**Royston Smith:** We seem to have turned this debate into some sort of attack on the Foreign Secretary. Were we to expand on that, we could equally talk about the Leader of the Opposition, the right hon. Member for Islington North (Jeremy Corbyn). Because he was actually in favour of Brexit, he was so lukewarm when campaigning for remain that it caused a leadership challenge in the Labour party. We would be better moving on from the personalities and getting back to the substance laid out so eloquently by my hon. Friend the Member for Sutton and Cheam (Paul Scully).

**Geraint Davies:** It is fair to say that the Foreign Secretary is not completely responsible for a narrow victory and that, had the Labour party and its leader done a better job of explaining the fact that we have inward investment because we are a platform into a big market, and we have good rights at work because they are collectively agreed, and that all that might be lost and so on—I will not run through all the arguments—we might not have ended up where we are. Indeed, had the Prime Minister not been so complacent about staying in the EU that he decided not to give 16-year-olds the right to vote in the referendum and not to allow British people living abroad to vote, we would be in a different place. It is obviously not all the fault of the Foreign Secretary; I am simply saying that his primary objective was to become, essentially, the leader of Britain, and that as a result our destiny has changed. It is a great tragedy of Greek proportions.

**Mr Hollobone:** The hon. Gentleman has very honestly said that he wants us to stay in the European Union. Does he accept the result, or is the logic of his argument that he would vote against any deal in a second referendum and then seek to maintain our membership?

**Geraint Davies:** I am holding back my cards. It is certainly the case that I view the referendum as advisory, not mandatory. We are here as part of a representative democracy to look at things in detail on behalf of our constituents. It was an acclamation at the time, but, as the disaster is emerging, the opinion polls suggest that were people to be asked again next week, they would not want it. I am here to represent the best interests of my constituents, the majority of whom voted to remain. On a local scale, Wales will lose thousands of jobs and billions of pounds. I hope that people will be allowed another chance to take a more considered view with more information, before we go ahead and trigger article 50, after which we will have no negotiating power.

**Paul Scully:** I am grateful to the hon. Gentleman for his generosity in giving way. When he talks about the referendum being advisory, does he remember that £9.4 million leaflet that went to every household? When I led the Westminster Hall debate on the petition related to that leaflet, I said that people were likely to forget all the words in it but remember the £9.4 million cost. I cannot remember the exact wording, but there was a line in there that said that the Government will accept the will of the people and will implement the result of the referendum. That was clear and unambiguous to every member of the public who received and read that leaflet.

**Geraint Davies:** Sadly for myself and indeed the country, I am not part of the Government. *[Interruption.]* There we are.

Do not misunderstand me—it was an extremely serious vote and the will of the electorate needs to be respected. However, one has to remember that the referendum vote was quite a narrowly defined vote and the suggestion is that now, if more information was available, people would act differently.

If it is increasingly obvious that the economic impact, in particular, and the other impacts will be so disastrous that they will be outside of what people expected, and if what is being offered—namely the hard Brexit—is not what people anticipated, it is reasonable that we should have another look at what will be a long-term change.

Regarding the spectrum of people voting, the hon. Member for Sutton and Cheam and others will know that only 15% of people over the age of 65 did not vote—85% of them did vote—whereas only a third of people aged between 18 and 24 voted. Now, people might say, “Well, that’s their fault”—I understand that point—but people of that age have more to lose, in terms of the length of time and all the rest of it.

The whole thing was sort of hurtled through and the reason we had this referendum—let us face it—was because David Cameron, the then Prime Minister, thought before the general election, “Well, I’ll offer a referendum to stop UKIP, so the Labour party won’t win”, and we have ended up in a situation with this referendum that he thought he was going to win but cackhandedly messed up. Obviously, we had this deception at the same time, and we have ended up in this position. In the

light of what is happening, should we as responsible representatives just sit back and say, “Oh, what can you do?”

**Stephen Doughty:** I wonder if, like me, my hon. Friend has had conversations with his constituents and found that, regardless of which way they voted, they feel very much in the dark at the moment about the actual practicalities of where we are and where we will be in the future. I know that he too has a significant proportion of constituents who working in the higher education sector and who are wondering whether their research projects will be able to continue, and many who work in the aerospace industry—Airbus operates in the defence space and aerospace sectors across Europe, with multiple sites, so what is the future for that industry?—or in the steel industry. People want to know the practicalities—the pragmatic results—regardless of whether they respect the vote or otherwise. Does he feel, four months on, that he has any clearer answers about where we are to give to the constituents asking these questions?

**Geraint Davies:** Well, no. As I have said, I would like to think we would look again, because, as my hon. Friend has just pointed out, there is enormous uncertainty in all those industries and all those delivery systems, so the inward investors and co-operators cannot come in.

My hon. Friend mentioned higher education. In Swansea West we have seen the building of a second university campus, with hundreds of millions of pounds of European money. This institution is internationally acclaimed and networked, in particular, into research and development across Europe. Now, all of that networking and those partnerships will say, “Sorry, you can’t do that now, because you’re not going to be here”. So, after all those partnerships, we will have to do our own research on our own, rather than having this global space or platform in Europe to do it.

My hon. Friend also mentioned hospitals. Sadly, my mother has been very unwell and she is in a hospital in Portsmouth. As I left the hospital, I saw that there was a board showing six of the top surgeons in that hospital and none of them had “British names”. What that means is that some of the best people in the world have trained and are giving their services here, and the suggestion that after five years we will just ship people off because they have got the wrong name is ridiculous. We have always been an international place that attracts people who get Nobel prizes. We have seen a number of Nobel prize-winners recently saying, “It is appalling that we’re now going to pull up the drawbridge and become Fortress Britain.” As for the point about uncertainty, business and other service sectors simply do not know what will happen.

Of course, in the community of people who are EU citizens, the referendum result is a disaster, and not only because xenophobia is being sped up and people are in the streets, saying, “Go home”, and all the rest of it, but because the economic fact is that the average EU citizen contributes 34% more in tax than he or she consumes in public services. If we swap those people for retired Brits in Spain, France or wherever it is—I know there are about 2.2 million of those people living abroad and we have got about 2.6 million or so people from the EU living here—we would be swapping hard-working, tax-contributing, working Polish people and all the rest of it

for people who have retired to the sun, and who would be more of a cost on the health service and make less of a contribution. How does that make economic sense, and was it debated?

The whole thing is a nightmare and what the Government are saying to those people is, “Well, we won’t allow you to have permanent residence here until we know everybody else isn’t going to send our people back”, and when will we get that assurance? So, the point about uncertainty is at the heart of the problem. Who will invest? Who will have these academic partnerships?

A dreadful situation is emerging. I realise that some of the opponents of this view want “Independent Trump Day”, or whatever they want here, and some people still think this is going to be a great idea, and are sure “Only Fools and Horses” and all that sort of stuff is fantastic. However, the reality is that this is an issue of such immense strategic importance that Parliament should look at it again and not simply say, “Well, that’s what they said. It’ll be unfortunate if it doesn’t turn out as we hoped.”

We realise we cannot negotiate; we realise now that, if we go along to a country, we will not represent the EU; and we realise that we already trade with the rest of the world. In total, 56% of our trade is already with the rest of the world; it is not like we were not trading with the rest of the world before.

Finally, on being desperate for any deal, I am particularly concerned about and engaged with issues around the Transatlantic Trade and Investment Partnership, and the Comprehensive Economic and Trade Agreement, in terms of new trade arrangements that would give companies particular powers to sue Governments. As the Minister will know, tomorrow the Council of Ministers is due to agree the provisional agreement of CETA in Slovakia. What that will do is immediately invoke powers for companies to sue Governments who pass laws that will affect their profitability in the future. By way of example, there is a sugar tax coming in now, assuming that the ideas on that have not changed, and fizzy drinks manufacturers are currently suing Mexico over a similar situation. So we could be in line for all sorts of things. I know that the Minister has said to us, “We haven’t been sued before”, but that is because at the moment we are the investor in small economies. Now the gun will be given to Canada, and the American subsidiaries will work through that. The point I am really trying to make is that we will be desperate to have trading agreements and we will want to sign up to virtually anything, at any cost, in the future, once we are out of the warm home of the EU.

I hope that there is still space politically to think again, and with those words I will give other people time to speak.

5.17 pm

**Andrea Jenkyns** (Morley and Outwood) (Con): I apologise for being late, Mr Wilson; I had other parliamentary business, unfortunately.

Before I became an MP, I worked on the “Let Britain Decide” campaign. I really believed that the British public should have a vote in a referendum, so I was delighted when the Prime Minister at the time, David Cameron, agreed to it. During the referendum campaign, I was the Vote Leave co-ordinator for Yorkshire, so this

issue is something that I am incredibly passionate about. At the same time, I am also very balanced and I understand that this issue rouses passions whichever side of the argument people are on. What I find frustrating, though, is that it is coming up to four months since we had the referendum and I cannot understand why we are still talking about the result of the referendum, harking back to the campaign and throwing stones—“He did this during the referendum campaign”; “Brexit did this”; “Remain did this”. We were elected to Parliament to do what is right for Britain. Is it not time that we actually did that? Over 17 million people voted to leave, and in my opinion their decision must be respected. We should pull together, whether remainder or Brexiter, and listen to the will of the British people, do what is right now and get the best deal for Britain.

**Stephen Doughty:** Does the hon. Lady understand that many people who voted, whichever way they voted, and who respect the result feel very confused about the Government’s strategy on the actual practicalities? That is where a lot of the concern is coming from and why we as representatives are taking part in these debates and asking these questions, because we do not know where we are headed. Whether we are pragmatists and whether we like the result or not, we simply do not have the answers yet or even a clear sense of direction. Does she not accept that that is a problem?

**Andrea Jenkyns:** I can understand the hon. Gentleman’s point exactly. I have worked in business for many years and I was disappointed that in the re-negotiation process we, as a country, revealed our hand before negotiations took place. That does not make good business sense to me, or to anyone else who has been in any negotiations, even at a micro-business level. It is wrong to have a blow-by-blow account of every step of the process.

We want what is right for Britain. The public voted for this. I know that lots of work has been going on in the background, with people pulling together and looking at everything, including trade deals. It is such a big area—I am involved in the all-party group on music and we have to look at things such as copyright laws. It is massive, as we all know. A blow-by-blow account will not be useful for Britain—in my personal opinion it could harm us in the long run—although I respect why the hon. Gentleman would ask such a question.

We should pull together and start to focus on four key things, one of which is trade. I recently got back from Taiwan and even met with Health and Trade Ministers there. Their door is open already and they are keen to set up some trade deals, and other countries are falling in line. We are not just about Europe; we should be looking at trading globally and also at supporting some of the rising BRIC nations, ensuring that their economic wealth helps to lift them into being economic powerhouses too.

Trade is one thing we need to look at; the others are control over our borders, control over our laws and control over the contributions to the EU budget. Trade barriers have been becoming increasingly obsolete. The EU has become increasingly protectionist in its outlook and slow to negotiate free trade deals. We need only look at the situation with Canada and how long that took, and it is not yet fully rectified. We cannot get over the fact that immigration is a primary concern for

[*Andrea Jenkyns*]

voters, and we must listen to them. Issues of mass migration have been ignored for too long. Having lived in Lincolnshire for a while, I can see how migration can be very good for our economy, but it should be about doing what is right for Britain, based on the skills we need and on any skill deficit we may have. Any Brexit deal will have to address a tailored immigration model that truly takes back control for Britain and is truly right for the country. Never mind looking at other models out there; it should be a model that is right for Britain.

The EU eroded the sovereignty of our Parliament and EU Commissioners face no accountability, so Brexit must bring back people's rights to choose who is elected.

**Patrick Grady:** Can the hon. Lady name the first of all these hated European regulations that she would like to see repealed after the great repeal Act takes effect?

**Andrea Jenkyns:** I can name one. As an ex-retailer, who started at Gregg's bakery at 16 and had a retail management career and various other business careers, I was speaking to the high street shops in my constituency. They say to us, "Why can we not have a two-tier VAT system, where VAT is cheaper on the high street and if people want to buy online they pay higher VAT, in order to help save our high streets and drive footfall into our towns?" I wrote to the Chancellor last year asking whether that could be a possibility, but we cannot do it because of EU legislation. We need control over such things, so that is one area I would like to look into.

**Margaret Ferrier** (Rutherglen and Hamilton West) (SNP): Will the hon. Lady give way?

**Andrea Jenkyns:** I am sorry but I have nearly finished, so I would like to carry on.

**Stephen Doughty:** The hon. Lady's party has put VAT up to 20%.

**Andrea Jenkyns:** Is the hon. Gentleman trying to intervene, or can I finish talking? [*Interruption.*] No, I am not offering, thank you very much. [*Interruption.*]

**Phil Wilson (in the Chair):** Order.

**Andrea Jenkyns:** In 2015, membership of the EU required us to contribute £6.5 billion a year—almost £18 million a day. That money should be spent on our own people. I urge colleagues on both sides of the House to listen to the British public, move on and accept the results of nearly four months ago. We must pull together to ensure that we do the best for this great nation of ours and get the deal that is right for our fantastic country. We have no choice: Britain must finally come first.

5.24 pm

**Ms Tasmina Ahmed-Sheikh** (Ochil and South Perthshire) (SNP): It is a pleasure to serve under your chairmanship, Mr Wilson. I suppose that it speaks to the chaos that reigns that we are debating a number of e-petitions this afternoon. Unfortunately, as we have heard in the speeches

made, which I have found interesting, entertaining and astonishing in equal measure, we are no further forward, four months on. I absolutely respect how people voted in England and Wales, and I expect the Government to respect how the people of Scotland, and indeed of Northern Ireland, voted.

**Andrea Jenkyns:** I cannot understand why the likes of Scotland want to be the tail that wags the dog. Yorkshire has the same population size, and we voted out, so surely Yorkshire also has a big say in this; why should it be just Scotland that does?

**Ms Ahmed-Sheikh:** I thank the hon. Lady for that interesting intervention. As for the likes of Scotland, first, Scotland is a country and a nation in and of itself, and I ask that the hon. Lady treat it—[*Interruption.*] Does she wish to make a further intervention?

**Andrea Jenkyns:** No.

**Phil Wilson (in the Chair):** Order.

**Ms Ahmed-Sheikh:** Thank you, Mr Wilson. I ask that the hon. Lady treat my country with respect.

**Patrick Grady:** As I am sure my hon. Friend remembers, at no point was Yorkshire told, in an independence referendum, that if it voted to stay in the United Kingdom, it would also be voting to remain in the European Union. That is exactly what Scotland was told, and it has been denied the fulfilment of that promise.

**Ms Ahmed-Sheikh:** I thank my hon. Friend for answering the question asked by the hon. Member for Morley and Outwood (Andrea Jenkyns). It is worth reminding everyone that during the independence referendum, the people of Scotland were told repeatedly that if they wanted to remain members of the European Union, they needed to vote no. Regardless of whether Members like to be reminded of that, it remains a matter of fact.

In Scotland, 62% of people voted to remain in the European Union. We have heard that "Brexit means Brexit", but we do not know what that means, and it has become a matter of international jocularly; no one knows what it means. However, let us remember that the vote was on whether to stay in the European Union or come out, and that within the leave proposition, there were various visions. If the Government were to abide by any one of those visions, it would have to be the one that was in the manifesto upon which they were elected, and that was to remain members of the single market. Likewise, my party, the Scottish National party, is entitled to rely on the manifesto upon which it was resoundingly elected in May, which says, on page 23—I am sure that Opposition Members are very familiar with the SNP manifesto—that if Scotland finds itself being taken out of the EU against its will, it is absolutely right that its people be offered the opportunity to choose a different path for themselves.

**Andrea Jenkyns:** Would the hon. Lady like to say why the SNP would like to pull away from the relationship with the UK and become self-governing, but wants to cede more powers to the EU? That does not make sense, from where I am sitting.

**Ms Ahmed-Sheikh:** I thank the hon. Lady for that intervention, but it makes no sense, unless she is suggesting that she wishes for the UK, in coming out of the EU, to pull out of relations with it. We keep being told that relations with the EU will remain, but will be different, which makes absolutely no sense to me, though I am not surprised to hear it. It would serve the Government well if they spent a bit more time understanding what the people of Scotland are saying, understanding the relationship between Scotland and the rest of the UK, and listening to what I thought the Prime Minister said, which was that she wanted to be Prime Minister for the whole of the UK.

**Paul Scully:** At the SNP conference, we heard Nicola Sturgeon saying that she wanted an independence referendum, and wanted to pull away from the UK but still be part of the EU. Can the hon. Lady say why someone would want to deny Scotland a huge market in the UK, when the two have great inter-dependability, if, as speakers have said, there will be an intransigent lack of negotiation with the UK on the part of the EU?

**Ms Ahmed-Sheikh:** I would be delighted if the hon. Gentleman afforded me the opportunity to forward to him what the First Minister actually said about the relationship in her speech. She was perfectly clear: Scotland voted a certain way, with 62% of voters in favour of remaining in the EU. I hope that the hon. Gentleman understands the mandate that the First Minister of Scotland has to implement the will of the people of Scotland. The First Minister has been clear in her statements that she wants the best deal for the whole United Kingdom, because that benefits everyone. We believe that that best deal is to remain part of the single market—and, indeed, that was a commitment in the Conservative party manifesto.

**Royston Smith:** Will the hon. Lady explain something? The SNP continues to campaign to stay in the EU, because the vote was 62% in favour of remaining, but when the Scottish people voted to remain part of the United Kingdom, the SNP continued to campaign for Scotland to leave the UK. The two things are inconsistent.

**Ms Ahmed-Sheikh:** It is very important that we get the chronology and the history right on when the referendums were held. In 2014, there was a referendum on Scottish independence, and 55% voted to remain in the UK, but that UK is no longer the same entity.

**Stephen Doughty:** The hon. Lady mentioned the 2014 result. I spent a lot of time in Scotland arguing for Scotland to remain in the UK alongside Wales. I think we are better off together. Does she not agree that the polling today shows that if there were another referendum in Scotland, there would be the same result? We were both on the same side in the EU referendum debate, and the people who voted remain did not do that to give a mandate for Scotland to become independent. It is grossly misleading to take the argument forward in that way.

**Ms Ahmed-Sheikh:** I do not believe that I have suggested at any point in any of my remarks that anyone is taking the referendum as a mandate for Scottish independence. Indeed, the only people who talk about Scottish

independence in the Commons Chamber—I have witnessed this for myself—are the Government and the hon. Gentleman's party. The First Minister has set up a standing council to come forward with a number of solutions to this unfortunate situation whereby the UK has accidentally found itself being required to leave the EU. If we are talking about current polling and straw polls, that does not now seem to be the wish of the majority of people in the United Kingdom.

The suggestion is that we look at the options available to us. First, let us find the best option for the UK as a whole. If that is not possible, the First Minister will of course look at the other options available to her—options that she has a mandate for in the manifesto on which she was elected. That brings me back to my point: the Government were elected on a manifesto that said that we would remain part of the single market. That is what business is saying it wants. At the Dispatch Box a few weeks ago, the Secretary of State for Business, Energy and Industrial Strategy waxed lyrical about mass-engagement and the number of businesses he had visited up and down the country. I asked whether he could name a single business that was in favour of leaving the single market. Surprisingly enough, no answer was forthcoming, but that seems to be a common state of affairs with the Government.

That leads me on to where we find ourselves. Just today, the Prime Minister was required to state that she had confidence in the Chancellor of the Exchequer, as there are again differing positions in the Government on the single market. The Prime Minister was required to change statements and rebut the Secretary of State for Exiting the European Union, the Secretary of State for International Development and the Foreign Secretary, because they are not singing from the same hymn sheet. It is no wonder that the country is in absolute chaos and the pound is in this position; no one knows what is happening. In such times, we should look at who has a plan. Who is the woman with a plan? I have clearly laid out Scotland's position, and I expect Members in all parts of the Chamber to accept and respect that position.

In addition, because of the manner in which that referendum campaign was fought, we have had an exponential rise in hate crime. People who have come from other places and made this country their home are feeling vulnerable. It seems perfectly feasible for Members in this debate to talk about how we should encourage people with expertise from other countries to make this country their home, while in the same breath saying that we are unable to guarantee to EU nationals who have chosen to make this country their home that they, their families and their children, who are in our schools, can continue their life here. That is a shocking state of affairs. We cannot have one set of rules for one group of people, and one set for another. We should respect the people who have chosen to make this country their home.

Our position is clear: the democratic interests of the people of Scotland must be taken into consideration. The First Minister is happy to work with the Prime Minister of the United Kingdom. The Prime Minister said that Scotland would be involved. Involvement in the negotiations is key; consulting is not enough. If the Prime Minister wants to keep Scotland on board, that is very much in her hands.

**Geraint Davies:** I should make it clear that I am not in favour of Scottish independence. If Scotland became independent and became part of the EU, it would be trading within the EU and so would not face any tariffs. Does the hon. Lady accept that that would, sadly, provoke a lot of industry in England and Wales to simply migrate up the road to Scotland? It would be a disaster for England and Wales if Scotland were to go, and take with it all the industry, so that it could work in the EU.

**Ms Ahmed-Sheikh:** That is why I made the point that the cards are on the table. The Prime Minister gave her word to our First Minister, in Scotland, after the vote that Scotland would be involved in the negotiations, and she should act on that. On the hon. Gentleman's point, if the good people of England and Wales wanted to make Scotland their home, we would be absolutely delighted to welcome them, as we are a country of inclusion.

The Government are asking the people of this country to trust them with the negotiations, but it is important to note that we have conflicting points of view among Ministers. How can we be asked to trust a Government when they do not even trust each other? That is the position we find ourselves in. The contrary position is taken in Scotland. We made our views clear: 62% of us voted to remain in the EU. Business knows that it is a disaster for us to leave the EU and the single market. The ball is very much in the Prime Minister's court: she should act on the manifesto on which the Conservative party were elected to government, albeit by an extremely narrow majority. It is clear that the party is nervous about the majority and what it might mean in the future.

In closing, what develops is entirely within the Government's hands, but let us ensure that Scotland and the other devolved Parliaments are involved in the conversation, the debate and the negotiations. If the Prime Minister wants to be the Prime Minister for the whole United Kingdom, she should include the whole United Kingdom in all the arguments. In the Opposition day debate last week, the Secretary of State for Exiting the European Union said, "I have been at the Dispatch Box a number of times. I am accountable." Yes, he is, but we are still debating this issue because we have no answers. Let us be clear: the UK Government may have a mandate to leave the EU from England and Wales, but not from Scotland and Northern Ireland. Moreover, they do not have a mandate on the terms of that exit, because differing positions were offered during the referendum debate and the Government do not have a confirmed position.

5.38 pm

**Melanie Onn** (Great Grimsby) (Lab): This has been an unexpectedly exciting debate that has raised some of the long-standing issues on both sides, and the wounds of those issues will not easily be healed without some answers.

I will focus my comments on the petition that calls for an immediate repeal of the European Communities Act 1972. Colleagues might be aware that I have a private Member's Bill before the House that would protect in UK law all of the workers' rights that are derived from the European Union. I fear that some of the most

fundamental of those rights would simply fall away were the Act repealed today, including equal rights for part-time and agency workers, the right to annual leave and parental leave and the protection of employment upon the transfer of a business or the outsourcing of services. That is not to mention all the other areas of law that have been implemented through the Act. The Prime Minister has said that the Government will not address that. Instead they will look to pass a great repeal Bill to come into force once we have left the EU; only then will the European Communities Act be repealed. But where will that leave workers' rights?

According to the Library, the great repeal Bill will likely seek to secure all legislation passed through the European Communities Act in the same form as it currently exists—namely, in secondary legislation. This comes to the point about which I clumsily sought to intervene earlier in the speech by the hon. Member for Sutton and Cheam (Paul Scully). As Members are aware, using secondary legislation means that each law or directive can be changed through a statutory instrument. The Bill would therefore give this and any future Government the ability to amend or repeal fundamental rights without necessarily holding a debate or even a vote in the House.

The Prime Minister said at her party conference last month:

"Existing workers'...rights will continue to be guaranteed in law".

However, there appears to be disagreement in her Cabinet. The Transport Secretary told the press on the same day as the Prime Minister's speech that the Government want to keep only some workers' rights measures. He, along with several other Cabinet members, are on record calling for the scrapping—or in one case halving—of employment protections. Arguments within the Conservative party aside, and whatever the intentions of this particular Government, the fact is that by maintaining employment protections in secondary legislation while removing Britain from the common floor of minimum rights that the EU ensures, the great repeal Bill will leave workers' rights hanging by a thread.

**Stephen Doughty:** My hon. Friend is making a strong speech and I wholly support her efforts because I share her concerns. The matter goes beyond employment rights and into areas such as environmental protection. Whatever the Government say, the fact that secondary legislation will be used for employment protection opens the measures up to more malevolent forces to attempt to amend or weaken them. Does she agree that we should not rely on the assurances that the Government have given in public so far?

**Melanie Onn:** I could not agree more with my hon. Friend. He has mentioned precisely the concerns that led me to introduce my Bill.

The other way in which the European Union has helped to secure and protect the rights of British workers is through the courts. A huge number of rulings from the Court of Justice of the European Union protect employees in our country. For example, the requirement for overtime and commission payments to count towards holiday pay is because of a European court ruling, as is the requirement to pay care workers a full wage for sleep-in shifts.

**Geraint Davies:** My hon. Friend is making a powerful case. If businesses face tariffs in the EU, they will argue that they need to get their costs down and will say to the Government, “Hold on. Why don’t we have three weeks’ paid holiday instead of four? Why don’t we reduce environmental standards? That will give us all sorts of other benefits.” They will take rights away from workers so that inward investors will face lower costs to platform into Europe, given that we face tariffs. Is there not a real risk to people across Britain from that?

**Melanie Onn:** We must be careful not to paint all business in that way. However, the reality is that throughout the whole discourse on the referendum, workers’ rights have been portrayed as red tape and therefore cumbersome things that people would want to do away with. Companies’ bottom line is also an issue. If they need to save money somewhere, it is likely to be in areas where they see wiggle room, as we have seen in the past, so my hon. Friend makes a valid point.

The Transport Secretary—I feel as though I am picking on him, so I apologise for that—said last month of the great repeal Bill that decisions made by the European Court of Justice on the United Kingdom will cease to apply, so that is one thing that will change. So while some workers’ rights will be made more vulnerable, others will effectively be repealed, and it will be left to judges to decide whether to maintain them. It certainly does not feel like the sovereignty of Parliament is being restored: it is merely taking control from one unelected judiciary and giving it to another unelected judiciary.

The Minister needs to clarify things today. Will the great repeal Bill transpose existing EU case law into UK law, or was the Transport Secretary accurate in his description of the Bill last month? If the Government do not plan to do that, does the Minister agree that the Prime Minister’s promise that existing workers’ rights will be protected was misleading to say the least?

If the Government were serious about protecting existing workers’ rights, they would secure them in primary legislation, not secondary legislation. That is exactly what my Workers’ Rights (Maintenance of EU Standards) Bill would do, so can the Minister say whether the Government will support my Bill when it comes before the House later in this Session?

5.44 pm

**Mark Durkan (Foyle) (SDLP):** It is a pleasure to serve under your chairmanship, Mr Wilson. I congratulate the hon. Member for Sutton and Cheam (Paul Scully) on introducing this debate in which we have this six-pack of petitions of very different strengths and flavours, which, as other hon. Members have said, reflect the range of views, concerns, doubts, hopes and frustrations out there since the referendum vote. Other hon. Members have touched on questions raised in relation to Scotland and were kind enough to touch upon the fact that Northern Ireland also voted to remain. I want to address some of the questions raised in respect of the Northern Ireland position and the implications for the Good Friday agreement. Too often too many people here assume that the issues of Northern Ireland are taken care of with assurances of consultation with the joint First Ministers and pledges that people will do everything

to avoid a hard border. There are more serious implications for the Good Friday agreement than just the possible profile of the border in future.

**Margaret Ferrier:** In an article penned by the Irish Minister for Foreign Affairs and Trade in yesterday’s *Observer*, he gave an undertaking that the Irish Government will work for special arrangements that take account of Northern Ireland’s unique circumstances. Does the hon. Gentleman agree that, given the delicacy of the peace process, the UK Government should take the same approach in giving a guarantee that the interests of Ireland, north and south, will be treated with the utmost importance? Does he agree that the exclusion of the Secretary of State for Northern Ireland from the Cabinet Office Brexit Committee is a disappointing signal that that will not be the case in reality?

**Mark Durkan:** I thank the hon. Lady for raising those issues. She is right to reflect on the fact that Charlie Flanagan, the Minister for Foreign Affairs and Trade, and the Taoiseach have reflected that they want to make sure that Northern Ireland’s very distinctive position is recognised and reflected in the future. Not only those in government, but all the parties in the Oireachtas have reflected that in the work of the Joint Committee on the Implementation of the Good Friday Agreement—a Committee that Northern Ireland MPs have the right to attend and speak at. It has set out a programme of work in relation to Brexit to look at the trade implications that might arise, and at the dangers of the incipient borderism that may emerge once we have one jurisdiction in the EU and one jurisdiction out. Once we have differential legislation coming in, we will have the tensions and difficulties of borderism. Whether customs posts are introduced or not, borderism will be an increasing problem. The problem will not only be in border areas and constituencies such as mine and that of my hon. Friend the Member for South Down (Ms Ritchie), but across the north. Indeed, it will affect the south as well.

Before I touch on those particular questions, I want to address questions that are reflected in the petitions, not least the question of the role of Parliament. It seems strange that people who led a campaign in the name of taking back control to the UK Parliament now want to bypass that Parliament as far as considering next steps are concerned. It is clear that the people who are meant to be steering us forward have no plan, map, app or satnav for where they are going. The rest of us are being told that as far as the devolved institutions are concerned, we just have to tailgate wherever London’s impulses take them next—whatever whims, prejudices and fancies emerge, so long as there is some sort of consultation, we can safely tailgate London—but if people do not know where they are going, it is not sensible to follow them blindly. People in Scotland and Northern Ireland who voted to remain have the right to say that our position should be reflected. Members of Parliament from Scotland and Northern Ireland at least should have the opportunity to record their position here and in Scotland. The Conservative party imposed the new construct of English votes for English laws in this Parliament, but perhaps the compromise should have been English votes for English exits. We should let them decide to take themselves out of the EU and

[*Mark Durkan*]

let those of us who want to remain retain membership of the single market and have access to EU measures and programmes.

People seem to forget that we had a referendum to endorse the Good Friday agreement. It was almost unique internationally, because it was a double referendum: it had to be held not just in Northern Ireland but in the south, and a majority was needed in both. It was John Hume's great idea. It was a way of recruiting and respecting both senses and sources of legitimacy in Northern Ireland—the Unionist sense and source of legitimacy, which was bound up in the wishes of the majority of people in Northern Ireland, and the nationalist sense of source of legitimacy, which was bound up in the wishes of the majority of people in Ireland.

In that referendum, huge numbers of people overwhelmingly endorsed the Good Friday agreement. It was the high water mark of Irish national democratic expression—a form of articulated self-determination. It is part of the very delicate constitutional understandings that are at the heart of the Good Friday agreement, whereby we brought people to accept the principle of consent. Some Unionists used to resent the principle of consent because they thought it put Northern Ireland on the window ledge of the Union. Many republicans, of course, rejected the principle of consent because they said it created a Unionist veto and was partitionist. The Social Democratic and Labour party—a constitutional nationalist party that was the first nationalist party to put the principle of consent at the heart of our constitution—worked hard to consolidate the idea, and we got a span of acceptance around the principle of consent.

The principle of consent states that Northern Ireland's future will be determined by the wishes of the majority of people in Northern Ireland, so it is confounded by the way in which Northern Ireland is being taken out of the European Union against the wishes of the majority of people there. The dual referendum is being confounded, too, because when people in the north and the south voted for the Good Friday agreement, they took Irish and UK common membership of the EU as a given.

The preamble of the agreement between the two Governments in the Good Friday agreement clearly makes significant reference to common membership of the European Union. Strand 1 of the Good Friday agreement, which deals with the institutions in Northern Ireland, refers to the European Union. Strand 2, which is about institutions for north and south—for the island as a whole—refers to the European Union. Strand 3, which is about relations throughout the islands of Britain and Northern Ireland, and takes in all the devolved Administrations plus the Ireland Administration, also refers to the European Union. So people cannot say that the European Union was not a conscious factor in people's understanding when they voted for the Good Friday agreement.

The improvement in British-Irish relations, in the context of our common membership of the EU, was a major part of the backdrop to the Good Friday agreement. Without the experience of common membership of the EU and the improved relations in that regard, we would never have got the Anglo-Irish agreement in 1985,

which was signed by Margaret Thatcher and Garret FitzGerald, and set the context for the subsequent peace process.

People need to be very careful about what they are undoing here. They need to understand the difference between a mere stud wall and a supporting wall. When people talk about blindly taking Northern Ireland out of the EU against our wishes and about removing the Human Rights Act, which was a key pillar in the support for and understanding of the Good Friday agreement, they are dangerously knocking through a supporting wall. I am not saying that there will be a collapse straight away, but if other issues create pressure later we will regret this move. That is why people need to look more fundamentally at some of these issues.

People do not seem to realise, particularly in respect of the workings of strand 2 of the Good Friday agreement, which is about north-south arrangements, that a large part of the traffic and the programme of work of the six implementation bodies that were set up under the agreement relate to EU moneys or programmes. The Special EU Programmes Body, which, as its name implies, manages the EU programmes north and south, would disappear. The work of InterTradeIreland is in large part to do with encouraging businesses north and south to engage with European challenge funds, to understand opportunities in European markets and to understand European directives. It also uses EU money to help businesses and academia to take part in research consortia and alliances. That work would be affected. The food safety body largely deals with EU health and food directives and ensures they are transposed in a consistent and compatible way, north and south. Similarly, Waterways Ireland has channelled EU funding in a lot of its work.

We could end up with Brexit meaning that the workings of strand 2 are, in effect, hollowed out, which is a matter of gross insensitivity—to nationalists in particular, but to all who bought into and supported the agreement as a balanced package, in terms of the institutions in the north, the north-south arrangements and the British-Irish east-west arrangements. It will not be good enough if strand 2 is hollowed out in a way that suits the Democratic Unionist party, the largest party in Northern Ireland currently. It never supported the agreement, it opposed it in the referendum, it voted no and it campaigned against it. It just so happens that it would suit the DUP for Brexit to hollow out that key aspect of the Good Friday agreement by default.

People may say, "Well, that can happen. It's just a matter of luck and happenstance," but that is not what the people of Ireland understood when they endorsed the Good Friday agreement in overwhelming numbers, and the people of southern Ireland changed the terms of the Irish constitution specifically to reflect that. We cannot turn around and say, "You're unilaterally being taken out of the EU. We are unilaterally going to weaken strand 2 by pulling out the underpinnings and all the key bolts, because people in England voted in a UK vote."

The Good Friday agreement made it very clear that some decisions are for the people of Ireland north and south alone, without external impediment. The way in which the Government are conducting Brexit—they are saying it is a one-size-fits-all, for all parts of the United Kingdom—is potentially going to constitute an external

impediment to the due workings and development of the Good Friday agreement in the longer term. People need to recognise that just giving assurances about trying to avoid a hard border will not be enough.

**Geraint Davies:** I am listening very carefully to the hon. Gentleman's excellent speech. Is he saying, given what has happened, that the Government should undertake to ensure that all the rights that are currently enjoyed—whether rights at work or environmental rights—the economic grants and even the subsidies to counteract the tariffs that will be introduced should now be given to Northern Ireland so we can sustain what the people who signed up to the Good Friday agreement across Ireland understood to be the case?

**Mark Durkan:** I thank my hon. Friend for that point. Yes, essentially I believe that is what the people of Northern Ireland voted for when they voted to remain. They want to maximise our opportunities within the EU, such as our access to programmes and funding. We have had generous access to significant funding from the EU and we have taken advantage of particular programmes, not least some of the cross-border measures. When people voted to remain, I believe they were also voting to preserve the Good Friday agreement. They wanted to try to keep it intact and do the least damage to it. Of course, people who voted against the agreement in the first place had no care about that. They do not care what damage is done to it; they just feel, "Well, somebody else will have to look after it," and maybe literally pick up the pieces.

The other issues that the hon. Gentleman touched on go back to some of the points made by the hon. Member for Sutton and Cheam and others about the whole question of the great repeal Bill. Last week I described it as the great "download and save" Bill, because it will simply download and save existing EU law, but the significant question then is, who will subsequently control the delete key? Will the great repeal Bill make it clear that only Parliament may repeal or amend those key EU laws, or will powers be given to Ministers to make significant change to that legislation by regulation?

[MR CHARLES WALKER *in the Chair*]

That is a significant issue, because a number of Ministers would be happy to joyride around some of those laws, once they had said, "Oh, we're behind the wheel," and away they would go. Perhaps, as indicated last week, it would be a bit more like clowns with chainsaws or axes, as they go after particular environmental standards, employment rights, women's rights or other things, just so they can demonstrate the powers under the great repeal Bill. I worry about what some people might do, in an excess of showing control, and the sort of joyriding that would take place.

**Royston Smith:** Other hon. Members have talked about what should be repealed given the choice. May I ask the hon. Gentleman about his thoughts on when we tried to repeal the unwanted, unfair and sexist VAT on women's sanitary products? We could not do that through Parliament, but we would be able to do so if we had control in our Parliament. Is that one of the things he would be happy to repeal?

**Mark Durkan:** My view on that is clear, and I have been consistent. The hon. Gentleman has given the example of women's sanitary products, but let us also remember that this Government have often cited EU restrictions against a lot of policy initiatives that many of us would want. EU obligations were quoted in favour of the unfair pension changes for women born in the 1950s, with Ministers and Government MPs insisting, "Oh, it's because of the EU that we have had to do that, equalising in this sort of way and not adjusting." It will be interesting to see how many of the Members who used that rationale in the past will say, "Now we are getting control, we can have a different take on the whole question of the pension changes and transitions." Such excuses have been used in different ways and, similarly, were cited against having VAT concessions for hospitality or tourism, even though about 24 EU member states clearly have such variations in their rates.

The other question that I wanted to ask the Minister about the great repeal Bill is, as well as indicating whether any changes made to EU laws incorporated into domestic law will be under primary legislation or regulation, whether the Bill will automatically devolve powers that should go to devolved institutions, or will it have them retained for a period and subject to subsequent devolution legislation? In the particular context of Northern Ireland, some of us worry that under a so-called great repeal Bill powers would, in essence, be transferred to London, but not devolved before they have been exercised in London, perhaps to change some of the legislation or the standards on rights.

Doing that might be in the interests not only of the Government party in Westminster but, unfortunately, of the largest party in Northern Ireland, the Democratic Unionist party. A change in a law before subsequent devolution to Northern Ireland would mean that those of us who want to change it back might do so only by avoiding a veto from a political party such as the DUP. However, if under a great repeal Bill the functions and powers over legislation in the relevant areas automatically devolve to Northern Ireland, then anyone trying to remove those rights and protections, or to reduce the standards, could do so only with sufficient cross-community support and no veto from anyone else. That is a significant political difference, so again the Government need to be careful about what they are treading on and dealing with in such areas.

A final and fundamental point that I want to make about this in respect of Northern Ireland is to do with the Good Friday agreement and the particular provision at the heart of its delicate constitutional understanding. The agreement is a special political and constitutional hologram—Unionists can hold it up to a certain light and see things according to their principles, and nationalists in Ireland can hold it up to a certain light and see things according to our political ethic and outlook—but the fact is that it provides clearly for the possibility of a referendum on Northern Ireland removing itself from the United Kingdom into a united Ireland. That is provided for not only in the agreement, but in schedule 1 to the Northern Ireland Act 1998, which translated the Good Friday agreement into law.

I want the Minister to address whether those specific provisions will be part of any new UK-EU treaty. Will there be specific provision for a UK that has left the EU to still respect and recognise that the Good Friday

[*Mark Durkan*]

agreement provided for Northern Ireland to have the option of moving into a united Ireland? Such a provision needs to be included in any UK-EU treaty, if there is to be one, so that in Northern Ireland we are not hit with the kind of question that was used to vex and confuse people in the debate in Scotland, which is to say: “If you want to go into a united Ireland, you might not be able to go into the EU as well. You will be a new territory going into the EU, and therefore you will have to have new negotiations for Northern Ireland, and they could be very complicated.” People might also say, “A united Ireland will change the member state,” so even the Republic’s terms would be up for renegotiation and need a whole new negotiation.

That sort of scare was clearly used in Scotland, but it is one that we cannot allow any possibility of in future options for Northern Ireland. Some of us worked hard to get those provisions into the Good Friday agreement, and to get sufficient understanding around them. We cannot afford for those delicate understandings to be wounded or lost by the way in which the Government go about Brexit.

Some people have tried to say, “There is a precedent”—the German example is the perfect precedent—“so we don’t need anything in the new treaty.” However, the difference was, first, the weight of political interest in making that happen for Germany at the pace at which it happened and, secondly, the understanding that, because the original European Communities treaties specifically recognised the West German constitution—the basic law—which purported to apply to all of Germany, all that reunification did was to make de facto what, in recognising the basic law, was originally deemed de jure. That was the Germans’ equivalent of the old articles 2 and 3 in the Irish constitution—but the territorial claim of those articles was changed as part of the Good Friday agreement.

As diligent constitutional nationalists, we cannot afford for there to be any dirty work at the crossroads. There were understandings about the direct and straightforward premise of a referendum option for a united Ireland, and about how well it would be accommodated, and we cannot allow that to be confounded in any way by the terms of Brexit. The terms need to be specific, because we are also working in the context of different EU treaties from when German unification happened.

We also need specific provision so that no one in other EU member states will misunderstand that referendum option when it emerges in Ireland. People might say, “We, too, want the principle of regions being able to member-state hop, or to switch from one side of a border to another.” It needs to be clear that we are looking not for any wider or more general precedent for anyone else in or around the EU, but for specific recognition of the Good Friday agreement.

**Geraint Davies:** I am listening carefully, but is the hon. Gentleman putting the case that there should be a referendum now across Ireland about whether there should be a unification of Ireland, in order that the people of Northern Ireland who want to remain in the EU can do so as part of Ireland? He probably has not considered this, but will he consider extending that to Scotland—and indeed Wales, while he is at it—so they can join a unified Ireland?

**Mr Charles Walker (in the Chair):** Order. I would not want the hon. Member for Foyle (Mark Durkan) to expand too widely on referendums about Irish reunification.

**Mark Durkan:** I am not advocating such a referendum in the short term. We have to deal with the challenges and issues of Brexit and reflect what people in Northern Ireland and Scotland voted for, just as other hon. Members want to emphasise what people in England and Wales voted for. I want us to do that in a way that takes care of the premises and promises that people signed up for and committed to in that great democratic compromise that was the Good Friday agreement. We want the specific provisions that I have mentioned to be in any new UK-EU treaty, and that will be a test of whether the Government properly stand by the Good Friday agreement. We need to be able to say to people that the option for a referendum is still there—that it is no lesser and will be no lesser than was intended when people committed to it in the Good Friday agreement. That is why the terms of any new UK-EU treaty have specifically to take care of that.

I am certainly not trying to say that something in Ireland or Northern Ireland should automatically be bolted on to Scotland. Scotland will clearly advocate, consider and deliberate about its own choices and issues in all these matters. I am not calling for a referendum in the short term—that would not answer a lot of the short-term issues and challenges—but I certainly want to ensure that nothing that is done now weakens that option in the longer term. If certain changes happen, we will not be able to pretend that the tyre is merely flat at the bottom. If we lose on some key points now, serious longer term damage will be done, and that will have delicate political consequences. I hope the Minister will do more than just recite the usual mantras about consulting Ministers in devolved Administrations and hard borders.

6.12 pm

**Patrick Grady** (Glasgow North) (SNP): It is a genuine pleasure to serve under your chairmanship, Mr Walker, as it is on the Procedure Committee. The hon. Member for Great Grimsby (Melanie Onn) said that we were having an unexpectedly exciting debate. She is clearly not a regular at debates in Westminster Hall, which we should really start referring to as “Brexit Minister Hall” because we are graced so frequently with the presence of the Under-Secretary of State for Exiting the European Union, the hon. Member for Worcester (Mr Walker). Several of us are regulars at these debates, and we are joined by other Members who make contributions. One strength of the petitions system is that we get to hear regularly about the issues that are of concern to our constituents, and as we can see from the six petitions that we are dealing with today, Brexit has been and will continue to be one of those.

I note that we still have not had the debate on the Floor of the House in Government time that we asked for, though we had a debate last week in Opposition time. There have been statements and all the rest of it, and it is clear that regular debates will continue to take place in all kinds of guises in this Chamber and on the Floor of the House. The question is when there will actually be votes, and when the House can have its say and make its voice heard.

**Paul Scully:** Does the hon. Gentleman agree that there was an opportunity for a vote following the Opposition day debate last week? I made a bit of an effort to get here—from Strasbourg, ironically—to find that the Opposition had dealt away their right to a vote.

**Patrick Grady:** I am not privy to the usual channels, but I know that several colleagues were travelling here, and several of us were trying desperately to get away for our party conference. For some reason, people in this part of the world seem to think that the party conference season has finished before it actually has. There was a certain amount of confusion about whether there would be a vote last Wednesday afternoon, but perhaps we will have one some other time.

Three key points have arisen from the debate and the petitions that we are considering: when and how to invoke article 50 and Parliament's role in that; the repeal of the European Communities Act 1972 and the question of a hard or soft Brexit; and the question of an independence day, which perhaps gives us an opportunity to consider in a bit more detail the role of Scotland and the other devolved nations.

On the question of when and how to invoke article 50, we were originally told that it would be triggered on 24 June 2016. That was the UK Government's position going into the referendum, and that was abandoned by the Prime Minister without any shame whatever as he resigned that morning. We can therefore probably understand why, when the new Prime Minister says that article 50 will be invoked by the end of March 2017, several Members—and probably the public at large—might take that with just a pinch of salt. We might have to wait for the court case that was mentioned to come to an end before we know whether it is entirely possible for the Government to trigger article 50 under the royal prerogative.

The question of parliamentary approval for the article 50 process is very real. I believe in the popular sovereignty of the people of Scotland, but I well understand the frustration of Government Back-Benchers who thought they were taking back control only to find that it appears to have been handed directly to Ministers without any opportunity for the House to have its say. There seems to be a clear consensus that the broad outline of the Government's negotiating position should be brought to the House before the article 50 process begins. We keep hearing Ministers say, "We don't want to show our hand and give away our negotiating strategy." Stating the objectives of a negotiation is not the same as stating the negotiation strategy. Perhaps the real reason why the Government have not set out their position is that so far they simply do not have one.

That brings us to the bigger question of what the Government's negotiating position should look like. That is the question of a hard Brexit or a soft Brexit—or as I heard on the radio last night, a "clean" Brexit, which apparently involves withdrawal from the single market. I suppose that means there must be the option of a messy Brexit, too. We have also heard about a full English Brexit and a dog's Brexit, so I expect that in the not-too-distant future there will be scrambled, poached, boiled and fried Brexits on offer as well. For Scotland, of course, it will be a deep-fried Brexit to go along with the Mars bars.

In any event, parliamentary debate and scrutiny is so important because the leave campaign gave us no prospectus for what Brexit would actually look like, beyond a bus with a promise that £50 million a day would be spent on the national health service. It is all too clear that the UK Government had done absolutely no preparation whatever. The only certainty and clarity in the debate about Brexit has come from the Scottish Government, whose position stands in contrast with the UK Government's chaos and confusion. That position was outlined again by the First Minister of Scotland at the Scottish National party's conference this weekend. There is no mandate for any part of the United Kingdom—certainly not Scotland—to be taken out of the single market. The Foreign Secretary apparently told the Foreign Affairs Committee that many people do not understand the term "single market". That possibly includes him, given the press coverage that has been referred to during this debate. Anyone can access the single market; the key question is whether we are inside or outside—whether we are trading with the single market or within the single market. Those are two very different issues.

That is also why freedom of movement, which is the subject of one of the petitions, is so important and needs to be protected. In Scotland, our problem has been emigration, not immigration. We are clear that we want to welcome all those who can contribute to our society, and more importantly, that those who are already here are valued and welcome to stay.

The Government say that the European Communities Act will be abolished through a great repeal Bill. The First Minister of Scotland made it clear at the weekend that SNP Members of Parliament will vote against that Bill when it comes to the House. The mandate that I have from 78% of voters in Glasgow North and 62% of voters in Scotland is for Scotland to remain in the European Union. The Scottish Parliament will of course be required to give its assent to any Act passed by this Parliament that affects its powers.

The hon. Member for Foyle (Mark Durkan) raised many important questions about the impact of Brexit on the devolved powers of the different Assemblies and Parliaments across the United Kingdom. My right hon. Friend the Member for Gordon (Alex Salmond) made the point in the main Chamber last week that the principle of devolution to Scotland is that anything that is not reserved is devolved, so it stands to reason that once all the powers held by the European Union come back to the United Kingdom, they should be devolved to Scotland. The Secretary of State for Exiting the European Union was not able to respond to that point in the Chamber last week, and I do not know whether his Minister is any more prepared to do so at this stage.

As has been clear from the debate, the great irony of the great repeal Act is that the first act of taking back control will give a democratic mandate for, and enshrine in UK law, all the hated regulations that the Brexiteers have campaigned against for so many years—regulations that protect our beaches, our air quality and, indeed, as the hon. Member for Great Grimsby said, all our workers' rights. While Brexiteers might delight in the thought of eventually getting to unpick those regulations, when it came to what was actually going to happen, it was pretty thin gruel: it was various tweaks to VAT on sanitary products, some of which could probably have been done by negotiating a derogation in the first place.

[Patrick Grady]

The notion of a two-tier VAT system will be very interesting to manufacturers in other parts of the world who want to import their goods to the United Kingdom.

**Paul Scully:** On the so-called tampon tax, I heard the hon. Member for Darlington (Jenny Chapman) say, from a sedentary position, “Is that it?”. The point is that the then Chancellor of the Exchequer faced a near parliamentary rebellion on the issue, and then had to take it to the European Union Finance Ministers and wait six months. Then the Prime Minister had to go to the Committee of Ministers with a begging bowl, effectively—and still there was not a result on that single, small issue, which should have been so simple to resolve. That shows why it is important to invoke article 50 and take back control.

**Patrick Grady:** Some of that is about the political will of the UK Government. As the hon. Gentleman said, they took those actions only after coming under massive amounts of parliamentary pressure here in the House of Commons.

**Melanie Onn:** That was not the first time the tampon tax issue had been brought to the House’s attention. If women’s issues and rights were put at the heart of every single policy at the outset of negotiations on them with the EU, we would not have been in that position in the first place.

**Patrick Grady:** Absolutely. A lot of it goes back to the case we were making before 23 June. We were saying not that everything was sweetness and light and that the European Union was perfect, but that there was an opportunity to play a constructive, more reforming role. That is certainly the role we see Scotland playing, if and when it becomes an independent member of the European Union.

**Ms Ahmed-Sheikh:** On taking back control, what we are actually talking about is taking back control and giving it to a Tory Government, who will have unfettered control over what to do. Whenever there has been an opportunity to deal with VAT, all Tory Governments have done is increase it. That does not give us much hope that if they did have control, they would reduce it.

**Patrick Grady:** Indeed. I am sure the Brexit Minister will feed back to his colleagues in the Treasury how keen Back Benchers are to liberate us from punitive VAT. The point touched on by my hon. Friend the Member for Ochil and South Perthshire (Ms Ahmed-Sheikh), and also mentioned by the hon. Member for Foyle, is about where the powers will lie once the great repeal Bill becomes law. Will they be held by this Parliament, or will the Government take more powers to make decisions by regulation?

Once that Bill has passed, that will be the so-called independence day. Of the 21,292 signatories to the petition that states that

“23 June should be designated as Independence Day, and celebrated annually”,

two were residents of my constituency. I therefore do not feel any particular need to speak strongly in favour of that petition. I suspect that in years to come, 23 June

will not be a day for celebration. It may indeed end up as a day of deep regret, even for those who voted, earlier this year, to leave.

I sometimes wonder if I have woken up in a parallel universe and the independence day referred to is the day of Scotland becoming independent, because look at what has happened: the currency is plummeting; there is uncertainty for universities and industry; and we cannot even get our favourite brands from supermarket websites. That is what we were told would happen if Scotland became an independent country. That is why we had to vote no and stay in the United Kingdom. Perhaps I have completely misread the political situation.

**Margaret Ferrier:** On 18 April, the then Chancellor cited Treasury analysis that stated that the effect of Brexit would be to make every household £4,300 worse off, and to make Britain and its families permanently poorer. How much poorer does the Conservative party believe people in Scotland will be if we are pulled out of the EU? Is there an ongoing total?

**Patrick Grady:** That is a fair point. Again, we were told of all the doom, destruction, plagues and apocalypse that would come upon us if we became independent, much of which would be a result of us coming out of the European Union, and then it turns out that it has all happened as a result of us staying in the United Kingdom. The process is very contradictory. That is why Scotland reserves the right to look forward to its own independence day, should we choose that route.

We in the Scottish National party have always understood our independence to be defined by our inter-dependence. Independence in Europe is not a contradiction; it ought to be the definition of a modern, outward-looking country that wants to play its part in building a fairer society, at home and around the world. That—I have said this several times in this Chamber and elsewhere—is the difference between Scotland’s position in the Brexit debate, and the position of counties in the rest of the United Kingdom, and in England in particular. The previous Prime Minister gave his example of Oxfordshire, and we heard the example of Yorkshire mentioned, but as far as I am aware, neither Oxfordshire or Yorkshire has recently sought independence, neither has had a referendum, and neither has an Edinburgh agreement that says that it will be a valued, respected and equal part of the United Kingdom.

Scotland retains a right in principle to choose its own future, and indeed that was the subject of my debate here on the claim of right for Scotland. Instead, Brexit Britain risks becoming insular, inward-looking and closed in on itself, putting up barriers to people and seeing barriers to trade being put up against it. That is why the Scottish Government will do everything in their power to protect Scotland’s place in Europe.

We know that in the coming weeks serious proposals will emerge to show how Scotland could stay in the single market even if the rest of the United Kingdom leaves. The First Minister’s Standing Council on Europe continues to provide expert advice and work through the options. That is why the Scottish Government and all the devolved Assemblies’ genuine involvement in the Brexit process is so important. The question about it seeming to have been downgraded from some kind of involvement to some kind of consultation has come up

time and again. If the Minister can respond on those points, I look forward to hearing what he says. The same goes for the question of the Scottish Parliament's right to give or withhold its consent to a great reform Act. As my hon. Friend the Member for Rutherglen and Hamilton West (Margaret Ferrier) said, the exclusion of the Secretaries of State for the constituent nations of the United Kingdom from the Cabinet Committee on Brexit is yet another slap in the face. The one Conservative MP for Scotland is invested with responsibility as Secretary of State for Scotland, yet he is still excluded. That heaps insult on insult on the voters of Scotland.

A lot of the petitions were signed in the heat of the aftermath of 23 June. They are unlikely to be the last to be brought to us in Westminster Hall, but eventually we will have to stop debating and decide. The UK Government should not stand in the way of giving MPs a say, on behalf of their constituents, on the Brexit process. Waiting for the great repeal Bill—the great incorporation Bill is a more accurate name—is not enough.

The hon. Member for Sutton and Cheam (Paul Scully), in his opening remarks, which were a helpful introduction to the debate, mentioned the “Independence Day” movie released the day after the European Union referendum. I am not sure how many hon. Members saw that movie, but I inform them that London, and the Palace of Westminster in particular, do not come off well. I suspect that the independence day the Brexiteers think they achieved on 23 June may end up proving to be similar.

6.28 pm

**Jenny Chapman** (Darlington) (Lab): It is an honour to serve under your chairmanship, Mr Walker. Before I begin, may I say what a great process this is by which the public not just send us here but tell us what we ought to be discussing? I commend the excellent work of the Procedure Committee on bringing that about.

The hon. Member for Glasgow North (Patrick Grady) asks whether and which EU laws will be devolved as part of the so-called great repeal Bill. I caution the Minister that the Bill will not really repeal anything and may turn out to be not so great. I congratulate him on his appointment, but he has a great deal on his shoulders as a newly appointed Minister—talk about being thrown in at the deep end. I wish him well, because it is in the interest of us all that he should do well in his post.

We have had some fantastic contributions this afternoon, and everyone spoke with heart. Rarely is there such quality and consistency in our debates. My hon. Friend the Member for Swansea West (Geraint Davies) talked about the impact on the steel industry and said that he wants a second referendum. For various reasons I spent some time this summer trying to persuade members of my party that a second referendum would be a good idea. Now I consider that if we are to invoke article 50 quite as soon as the Prime Minister has suggested, that may not be practical. However, I fully understand the rationale for making that case. The reason is that we have no idea on what terms we intend to leave the European Union. I am not trying to be cheeky, but I wrote down what the hon. Member for Morley and Outwood (Andrea Jenkyns) said, and I shall read out what I have written. She said that she does not recommend a blow-by-blow account, but she does not recommend doing it in the dark either. Well, I do not recommend doing it in the dark.

**Andrea Jenkyns** indicated dissent.

**Jenny Chapman:** The hon. Lady did say that. I think what we need from the Government is an understanding of the opening terms of debate of their negotiation. We understand that the terms with which a negotiation is opened may well not be what parties walk away with at the end; but surely if control is being brought back to Parliament, parliamentarians need some understanding of the Government's opening position. I do not think that that is too much to ask. A White Paper, as suggested by the Secretary of State, seems to me a good idea, so that Members can debate and perhaps vote on the terms. We do not ask—just for clarity—to vote on invoking article 50; but we want to see the terms on which the Government intend to proceed.

My hon. Friend the Member for Great Grimsby (Melanie Onn) spoke well about workers' rights. She sees clearly that they are not red tape, and I completely agree with her. To her credit, she is introducing a Bill along those lines, and has asked the Minister to support it. I hope he might consider doing that, and perhaps he will let us know his position on the Bill.

The hon. Member for Ochil and South Perthshire (Ms Ahmed-Sheikh) talked about chaos in Government, and she is right. There are conflicting statements coming from different Ministers. At Conservative conference the position, to be polite, appeared somewhat confused, with a lot of clarification after speeches. Perhaps the reason we do not have a clear idea from the Government of the opening terms is that they have not yet decided what they will be.

**Geraint Davies:** Does my hon. Friend accept that the triggering of article 50 will be a once-in-a-lifetime change and we will be out? Then there will be some discussion about the terms. In the light of that, does she agree that a case can be made for delaying the triggering of article 50, so that the emerging picture that the British public will have to confront is much clearer? I think they will have an increasing appetite for a referendum on the exit package and those terms. We are just being rushed through the door only to find that the other side is full of gas and fire.

**Jenny Chapman:** My hon. Friend makes a good point. What matters is that we get some consideration of the opening terms before article 50. That is the point. Whether that is done through a referendum or a debate and a vote in the House, the Government can proceed in various ways. However, my hon. Friend is right that to invoke article 50 before we have had that consideration would be irresponsible. It is for the Minister now to explain how he intends to involve parliamentarians and elected representatives in the devolved Administrations.

I thought that the hon. Member for Foyle (Mark Durkan) made some extremely interesting points, and not just about the border. We are all concerned about issues of customs and the border with Ireland. I know that Ministers will be keenly considering the possibility of the Republic's becoming part of Schengen. However, as the hon. Gentleman explained, there is a host of other issues to do with the delicate—that was his word—democracy in Northern Ireland and the Republic.

[*Jenny Chapman*]

That alone is worth considerable debate, and I expect that colleagues from Northern Ireland will insist on time being given to that set of issues.

I thank the hon. Member for Sutton and Cheam (Paul Scully) for his helpful introduction on behalf of the Petitions Committee. He did a good job of balancing the conflicting opinions posed in the petitions, but it was an impossible task, because they are so contradictory. That brings home to me the level of interest in the issue that there is in the country, and the tricky balancing act that the Government will have to perform to satisfy those conflicting concerns. I suggest to the Minister that one way in which he might like to go about things is with a little more transparency and by being a bit more forthright in explaining what he thinks is the right position for the UK Government.

**Paul Scully:** As a point of clarification, the only petition that had reached the signature threshold that would normally mean it was considered for debate was the first one, about invoking article 50 immediately. However, we wanted to make sure that the views of as many as people as possible were included.

**Jenny Chapman:** It is to the Committee's credit that it sought to reflect wider public views, including some that had not attracted as many signatures. However, having reflected on some of today's contributions and some from last week's debate, I want to be clear that Labour Members, above all else—and those of us present for the debate would have favoured a remain outcome—are democrats. The referendum result requires that we leave the European Union. Labour respects and accepts that, and so do I; no caveats.

On the issue of freedom of movement, as my hon. and learned Friend the Member for Holborn and St Pancras (Keir Starmer), the shadow Secretary of State, said last week, there was just one question on the ballot paper on 23 June:

“Should the United Kingdom remain a member of the European Union or leave the European Union?”

It would be wrong for any Member here, or campaigner elsewhere, to read into the result a blank cheque for their own policy prescription on immigration. The referendum result is not a mandate to remake Britain in Nigel Farage's image, and, as the Foreign Secretary said last week, it is not a mandate to “haul up the drawbridge”. It would be foolish for the country to turn its back on the great talents of the world who want to contribute to our prosperity and way of life. Equally, it would shame the Government should we turn our backs on the EU citizens in our towns, cities and rural communities who already contribute to our prosperity and way of life.

**Geraint Davies:** My hon. Friend says that we should respect the referendum. Everybody does respect it, but does she agree that it is not inconsistent both to respect that judgment and, when we have the exit terms and know precisely what we are getting—in terms of the balance between migration, market access and cost—to put it again to the British people: “Is this what you had in mind, because this is a once-and-for-ever decision”? It is consistent to respect the first referendum and have an exit package referendum.

**Jenny Chapman:** It is. I am not arguing that my hon. Friend is being inconsistent. I am just suggesting that it may not be practical, given the situation in which we find ourselves, and given the timetable on which the Government seem to be embarking. Had the Prime Minister suggested that article 50 be invoked after we agreed terms, perhaps in a year or in 18 months' time, there might have been more chance of what my hon. Friend desires. I am grateful to see him smile.

On immigration, we feel strongly that people from the EU who are here, working and contributing, should be welcome to stay. However, just as it would be wrong to read a UKIP-shaped mandate into the referendum result, it would also be wrong to deny that concern over free movement was one of the major reasons that many people voted to leave the European Union. It is clear that the status quo on free movement cannot continue, and Labour accepts the need for managed migration. Establishing rules on fair migration will need to be a central part of our Brexit negotiations, and Labour will hold the Government to account to make sure this difficult and sensitive issue is addressed with far greater decency and respect than was displayed at their Birmingham conference earlier this month.

On the timing of the triggering of article 50, a lot can be said on the lack of forethought shown by those who presented a referendum to the British people but who prepared no strategy for the eventuality of a leave vote. Similarly, a lot can be said on the standing of those who brought us to this position and then exited stage right into early retirement. We are now in a position in which the United Kingdom is readying itself to enter into an incredibly important negotiation process, the twists and turns of which will have a lasting impact for decades to come, yet we have no agreed plan for how to proceed in the national interest, to safeguard what we value most and to achieve the changes most desired by the people we are here to represent.

In their official response to the petition, the Government said:

“The British people have voted to leave the EU and their will must be respected and delivered. We should not trigger Article 50 until we have a UK approach and objectives.”

I emphasise the bit about having a “UK approach and objectives” to the Minister. He needs to explain exactly what the “UK approach and objectives” might be; he needs to tell us how he will reflect the will of the House—the whole House—in his approach and his objectives; and he needs to tell us how he intends to involve Parliament in that process.

6.41 pm

**The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker):** It is a pleasure to serve under your chairmanship, Mr Walker. May I also thank the hon. Member for Sedgefield (Phil Wilson) for his earlier chairmanship of this wide-ranging debate? When studying these petitions, I recognised there was a wide range of views reflected in them. My hon. Friend the Member for Sutton and Cheam (Paul Scully) did an excellent job of reflecting on those views in his introduction. As we have seen, the debate has gone even wider in some respects, touching on a number of things beyond even the six petitions we are debating.

I thank the hon. Member for Darlington (Jenny Chapman) for her kind welcome and assure her that I take the responsibilities she referred to very seriously. As someone who, like probably the majority of Members in the Chamber, campaigned on the remain side in the referendum, but who now recognises that we have to reflect on the mandate of the British people and deliver on that, I am determined to make sure we do that in a way that addresses some of the concerns that I and other Members raised during that campaign, but that delivers on what the British people have voted for.

As others have pointed out, it is a healthy development in our democracy that petitions that receive substantial support should be debated in Parliament. This is not the first petitions debate we have had; indeed, we have had some excellent debates already on issues such as the devolved Administrations and on having a second referendum. I am sorry that my hon. Friend—sorry, the hon. Member for Swansea West (Geraint Davies); he was my friend when we served together on the Welsh Affairs Committee—was not there for the debate on the second referendum, because he might have been the only speaker in that debate to support what the petition called for. There were 13 speakers, including many from Labour and the Scottish National party, who all accepted that rerunning the referendum was not the right approach. Perhaps we missed his eloquent advocacy on that occasion.

**Geraint Davies:** I did not speak in that debate because I was speaking on behalf of socialists from 47 countries, as a member of the Socialist Group in the Council of Europe in Strasbourg. I spoke about the monstrosity and disaster of Brexit—the hon. Member for Sutton and Cheam (Paul Scully) was there as well—and explained the reason we might need a second referendum, if what is negotiated by the Minister and his Department does not resemble in the slightest the reasonable expectations of those who voted to leave.

**Mr Walker:** I am grateful for that illustration of the hon. Gentleman's views, but I think it is important that, in responding to this debate, I focus on the six petitions before us today, which were described with typical eloquence by the hon. Member for Foyle (Mark Durkan) as a "six pack", with a wide variety of flavours.

To cover the full Government response, let me first reiterate the Government's approach to this important process. It is a process we have only one opportunity to get right, so it is right to take the correct amount of time over it. We have been consulting with a broad range of stakeholders following the referendum result, which it is right to do, as my hon. Friend the Member for Sutton and Cheam pointed out. We are consulting with the devolved Administrations, with the overseas territories and crown dependencies, with businesses and with other interest groups to build a national consensus across the whole of the United Kingdom on our negotiating position. We will continue to involve the devolved Administrations in preparing the UK's position.

The Secretary of State for Exiting the European Union and the rest of the ministerial team have already heard from a wide variety of sectors and stakeholders. We will also be holding a series of roundtables in the coming weeks on a variety of topics, including aviation, life sciences, financial services, agriculture and fisheries and many more. Engagement will continue through a

range of bilateral meetings, visits across the United Kingdom, and the Joint Ministerial Council, which engages senior figures from the devolved Administrations. That process is about building an informed and strong negotiating position for the whole UK, and I do not share the pessimism of the hon. Member for Swansea West on that position. I would gently point out, to a colleague for whom I have great respect, that the petition he spoke to, which had 4 million signatures, was not advocated or defended by any Member who spoke in that debate and does not appear to have the support of his own Front-Bench team or many Members of the House.

Three of the petitions we are discussing today concern article 50, when we will invoke it and how. Let me be clear: the British people have voted to leave the European Union, and their will must be respected and delivered on, but the process for leaving the EU and determining our future relationship is complex. I acknowledge that the largest petition we are debating—as my hon. Friend the Member for Sutton and Cheam pointed out, it is the only one that would have reached the attention of the Petitions Committee on its own—calls for us to exercise article 50 with immediate effect. However, by not triggering article 50 immediately after the referendum—as the leader of the Labour party, the right hon. Member for Islington North (Jeremy Corbyn), originally suggested—we have given ourselves the time to develop a UK-wide negotiating strategy and to avoid setting the clock ticking until our objectives are clear and agreed.

It is also right that the Government should not let things drag on too long. We have had pressure both internally, as we can see from the petition, and externally, from some of our counterparts on the continent, who are clear that they want us to get on with the process. As the Prime Minister made clear, we will trigger article 50 before the end of March next year. That should reassure those who, as my hon. Friend the Member for Sutton and Cheam probably rightly said, signed the petition thinking article 50 might never be invoked that we are getting on with the process and preparing the ground to make sure we can do that in the most effective way possible.

**Geraint Davies:** If I could ask for some clarification about the timing, is the objective of the Minister's Department to try to reach certain negotiating goals, which are private at the moment, before the March deadline? If they do not reach those goals, is there any flexibility to manage the deadline in order to maximise the benefits for the British people, or is it just a hard Brexit—"You get what you get; that's tough"?

**Mr Walker:** I am grateful for the hon. Gentleman's intervention, but as for setting out negotiating goals, he should be clear about what the Commission and Council have said about the article 50 process: that they do not want negotiations before it has started. Of course we need to prepare the strongest possible position for the UK, and we will engage where we can to make sure we set the terms for those negotiations, but it is not possible to pre-negotiate any particular deal ahead of the formal article 50 process, so I think he is perhaps setting unrealistic expectations.

**Geraint Davies:** Will the hon. Gentleman give way?

**Mr Walker:** No; I think the hon. Gentleman has had plenty of opportunity to speak already.

In terms of Parliament's involvement—this is important; the hon. Member for Darlington rightly challenged us to make sure Parliament has an important role to play—we had an excellent debate last Wednesday, in which there was wide agreement that parliamentary scrutiny will play an important role in this process. I welcome the Opposition's acceptance of the Government's amendment, which made it clear that we should come forward, engage with the House and listen to the views of the House, but also ensure that we do nothing to prejudice the Government's negotiating position—if I can paraphrase it that way. That was a sensible compromise in the debate last week.

As hon. Members will be aware, the Government's position is that triggering article 50 is a prerogative power that can be exercised by the Government. My hon. Friend the Member for Morley and Outwood (Andrea Jenkyns) spoke about her work in the campaign to let Britain decide, and that is certainly a campaign I recognise. Even though I ended up on the remain side of the argument, I voted early on in my career for the British people to have their say through a referendum. Trusting the people has been a key part of the Government's policy and the right approach to take. It is notable that the European Union Referendum Bill achieved cross-party support and passed through both Houses—I think by six to one. Parliament was clear, as were the Government, that it was for the people to decide whether to remain in the European Union or to leave, which the Government's leaflet set out clearly, as my hon. Friend the Member for Sutton and Cheam pointed out.

However, Parliament will clearly have a role in ensuring we find the best way forward. The Department for Exiting the European Union will consider the detailed arrangements to provide for that. We have already enjoyed a number of excellent debates in both this Chamber and the main Chamber. While I am grateful to the hon. Member for Glasgow North (Patrick Grady) for his suggestion that this Chamber be renamed, I think it might be early in the day for that.

**Jenny Chapman:** I am grateful to the Minister for his response to my query about the role of Parliament, but he is still being rather vague. He has said that his Department will come back with some more clear ideas about how Parliament will be involved. When should we expect that?

**Mr Walker:** My right hon. Friend the Secretary of State has set out that he is approaching the usual channels to ask how that can be done. We have had some queries about Government time. We would certainly like to look into that and see how it can be dealt with. I am about to come to the important role of the European Communities Act 1972 repeal Bill and the role Parliament will have to play in that. It is clear from the cross-party views expressed in last week's debate that Parliament has an important role to play in scrutiny as we prepare for this process.

The second largest petition we are dealing with today calls for the immediate repeal of the European Communities Act 1972. The Prime Minister and the Secretary of State for Exiting the European Union have set out that we will introduce primary legislation in the next

parliamentary Session that, when enacted, will repeal the European Communities Act 1972 on the day we leave the European Union. The Bill will transfer current EU law into domestic law, while allowing for amendments that ensure we have a functioning statute book at the point at which we leave the European Union.

Repealing the ECA now, as some have suggested—although nobody has suggested it in this debate—without having a withdrawal agreement in place would simply not work. It would be a breach of international and EU law to withdraw unilaterally from the EU. Such a breach could create a hostile environment in which to negotiate either a new relationship with the remaining EU member states or new trade agreements with non-EU countries. We are clear, therefore, that while ECA repeal is a necessary part of the process, it should be consequent to the legally correct article 50 process.

The hon. Member for Great Grimsby (Melanie Onn) mentioned her proposed Bill on workers' rights. We will need to engage with that at the appropriate time, but I direct her to the clear statement from the Secretary of State on 10 October, in which he said:

"I have given an undertaking that there will be no reversal of the protection of workers' rights, as has the Prime Minister. Indeed, she has gone beyond that and said that there will be an expansion of that protection."—[*Official Report*, 10 October 2016; Vol. 615, c. 66.]

The Prime Minister has set out the ambition of enhancing the workers' rights we have. We will come to debate the Bill proposed by the hon. Member for Great Grimsby at the appropriate time, but we should certainly ensure we enshrine those rights as we move forward in this process.

**Melanie Onn:** On the point about bringing forward legislation and amendments to ensure that law will be functional, does that not risk opening the gates to other areas of legislation and going beyond making the law functional in this country? It could put some of our legislation at risk from further debate by people who might not support some European legislation.

**Mr Walker:** Whenever a Bill is put before Parliament, there is an opportunity for further debate about the premises of that Bill, but the Government's intention in this process is to translate the existing body of law. The advice we have taken to date, which is not necessarily the final advice, is that European Court of Justice jurisprudence would continue to apply in domestic law unless or until it is overturned following withdrawal. I hope that provides the hon. Lady with some assurance. We will debate that issue at another time.

Free movement was one of the key issues debated in the EU referendum. I recognise the point made by the hon. Member for Darlington that we cannot necessarily read into the result of the referendum every possible interpretation. I also welcome her statement that the Labour party wants to engage in this debate. That represents significant progress from where we have sometimes been in the past. As the Secretary of State and the Prime Minister have made clear, as we conduct our negotiations, it must be a priority to regain more control of the number of people who come here from Europe. The precise way in which the Government will control the movement of EU nationals is yet to be determined, and we are carefully considering the options open to us.

I recognise many of the views expressed today. My hon. Friend the Member for Sutton and Cheam made it clear that we will want to continue to attract the brightest and the best. In my own Department, we have plenty to keep us occupied and to be working on. This will not be our decision in isolation. The whole range of Government, including other Departments such as the Home Office and the Treasury, will want to look at this, and we will want to come up with a system that works.

As the Prime Minister has said, there is no single silver bullet that is the answer to dealing with immigration. We have to look at the whole range of issues, from the rules we have for people coming into the country to how we deal with abuse of the system. That will be an important part of our considerations.

**Jenny Chapman:** While the Minister is on the topic of immigration, has his Secretary of State enabled him to say anything about EU nationals currently resident and working here?

**Mr Walker:** I will reiterate what the Secretary of State has said: it is absolutely his intention to secure the rights of EU nationals who are currently working here, but we must also secure the rights of British nationals working in the EU. That will be a priority as we go into the negotiations. I can reassure Members that Parliament will continue to have a very important role in scrutinising this and the Government's further policies on immigration.

Finally, I come to the idea of having a new bank holiday called independence day. There have been a number of references to the film of that name. Alas, I am afraid that the Government have no current plans to create another permanent UK bank holiday. Tempting though it might be, an independence day would face fierce competition from the likes of Saint George's day, Trafalgar day and many more. Within this context, it is hard to commit to 23 June over its many rivals. Unfortunately, it is just too costly, in the view of the Department for Business, Energy and Industrial Strategy, to introduce another holiday at this stage. When that Department analysed the impact of an additional holiday for the diamond jubilee, it was found to cost employers more than £1 billion.

We had questions from two Northern Irish colleagues—the hon. Members for South Down (Ms Ritchie) and for Foyle—about the position of the UK Government with regard to the Good Friday agreement, or Belfast agreement, and subsequent agreements of that sort. That is not the subject of this debate, but I refer them to the detailed evidence that the Secretary of State for Northern Ireland and I gave to the House of Lords EU Select Committee last week. I assure the hon. Member for Foyle that the UK Government stand by all their commitments under the Good Friday agreement and subsequent agreements. I have been out with the Secretary of State to the Republic of Ireland, where we had very good and useful talks on a number of matters of shared interest. I assure the hon. Gentleman that we will continue to work as closely as we can with the devolved Administrations and our friends in the Republic of Ireland.

To sum up, I reassure Members that the Government are committed to getting the best deal for Britain, and that the Department is working hard to develop our negotiating position as we prepare to commence the formal process of exiting the EU. Our instructions from the British people are clear, and we must move ahead. This debate has provided a valuable opportunity to discuss some of the issues and the process, but what is most important is that we make a success of our negotiations. I welcome the role that this debate will play in supporting that. As my hon. Friend the Member for Sutton and Cheam said, we must create certainty for businesses and investors as we go through this process, and I am confident that we will continue to do that.

6.59 pm

**Paul Scully:** It is a pleasure to serve under your chairmanship, Mr Walker. I thank and congratulate everyone who has contributed to this fantastic, wide-ranging, informative and, as was mentioned, entertaining debate. We must be optimistic and, as I said in my opening remarks, we must lift our heads and look up to the world as a whole, trading with Europe and every other continent. We must do what we can as parliamentarians to reduce the uncertainty for business and for the population as a whole.

We have heard the rhetoric, post-referendum, that leaving the EU will be a disaster, and there is an idea in some quarters that we should rerun the referendum. The rhetoric was that because the campaign was divisive, terrible and low grade, we should do it all again, but that is the wrong way to proceed. Let us make the most of it.

When I was asked during debates what my Brexit would look like, I said, "If we win the campaign, we need to include everyone in the discussion of what Brexit should look like." Let us continue to do that, and let us work together to make this work for everyone: the 48% who wanted to remain, the component parts of the UK, the devolved Assemblies and Parliaments of all its countries, every area, every industry, and not least—we have talked about freedom of movement—people from all countries, to make sure we do not have the Faragist Britain that has been described.

I notice that I am wearing the British Bangladeshi Power and Inspiration 100 badge that I had on last night. It celebrates the achievements of Bangladeshis who have come here, integrated, had fantastic success and achieved so much in their life. There are people around the world whom we need to attract to make sure that we have the best and the brightest in the country.

*Question put and agreed to.*

*Resolved,*

That this House has considered e-petitions 133618, 125333, 123324, 154593, 133767 and 133540 relating to the UK's exit from the European Union.

7.1 pm

*Sitting adjourned.*



# Written Statements

Monday 17 October 2016

## BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

### Competitiveness Council

**The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Jesse Norman):** My noble friend, the Minister of State for the Department of Business, Energy and Industrial Strategy has made the following written statement:

I represented the UK at the recent meeting of the Competitiveness Council in Brussels on Thursday 29 September.

The Council started with the regular competitiveness check-up. The Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, Elzbieta Bienkowska, outlined the challenges faced by start-ups and scale-ups in Europe, particularly in comparison to businesses in the US. In the subsequent exchange of views, the key themes were the need to advertise available sources of funding for start-ups; the lack of access to risk capital; and the importance of providing effective support at regional and national levels. A proposal for a joint meeting of competitiveness and ECOFIN Ministers to discuss this issue was met with broad support. I intervened to express support for the focus on scale-ups and shared an example of UK best practice through the British Business Bank.

The next item was the collaborative (sharing) economy. A Commission presentation was followed by discussion in which several member states stressed the need for collaborative economy businesses to respect existing legislation and tax compliance. I intervened to support the Commission's vision, as outlined in the recently issued guidance. As part of my intervention I highlighted initiatives by organisations such as Sharing Economy UK (SEUK) to promote responsible growth within the sector.

The next item was a presentation on the standardisation package. The core element of the package is the voluntary joint initiative on standardisation, which brings together all the actors of the standardisation community. A large number of standards-setting bodies and industry representatives signed it in June. The majority of member states signed it in the margins of the Council. I signed on behalf of the UK.

Over lunch, Ministers were joined by Jean-Louis Marchand, President of the European Industry Construction Federation (FIEC) to discuss the construction sector. There was agreement on the importance of the construction industry to the EU economy and the need to increase investment in the sector, including through the use of existing financial instruments. The role of digitisation was recognised, as was the need to remove barriers in the internal market. I highlighted a number of UK initiatives, such as building information modelling (BIM) and smart meters, where digitisation has been used to support innovation in the sector. I also cited the forthcoming services card (formerly known as the services passport) as an important mechanism to support the provision of cross-border services. Commissioner Bienkowska said that the card needed to tackle both regulatory and administrative barriers if it was going to add real value.

The afternoon session started with a discussion on the European steel industry. It focused on EU action since the start of the steel crisis in 2014. Commissioner Bienkowska said that she had been working closely with the Commissioner for Trade, Cecilia Malmström to alleviate the impact of the

pressures faced by Europe's steel industry. She said that a level playing field was needed to make the industry fit for globalisation and highlighted the problems caused by global overcapacity and dumping. Many member states called on the Commission to bring forward its proposal on market economy status for China as soon as possible, with reform of the EU emissions trading system, energy costs and the circular economy also recurring themes. I intervened to welcome the establishment of the global forum on steel, as agreed at the G20 in September 2016.

The next item was a discussion on industrial policy in Europe. Several member states called on the Commission to commit to an ambitious and proactive industrial strategy in its forthcoming 2017 work programme. The Commission welcomed the initiative by highlighting all the work that was on-going to support industry. This was followed by an item focused on Europe's transition to a low-carbon economy, on which no member state intervened.

The Slovak presidency then introduced the item on the unitary patent and the Unified Patent Court (UPC). The Commission noted that only two further ratifications were needed to bring the UPC into effect, and highlighted the urgency with which this was awaited by business. I intervened to commend the work that has gone into the UPC and said that the UK was actively looking into resolving the legal and practical challenges quickly and would provide a further update at the next Competitiveness Council.

The penultimate item was an update on a May conference on the challenge of balancing plant breeders' rights with patent rights. The Commission noted that any solution should not re-open the biotech directive, but was working on guidance to clarify its effect.

Finally, the Commission presented on the proposed review of the supplementary protection certificate (SPC) regulation, specifically the introduction of the SPC manufacturing waiver. While some member states intervened to highlight the importance of the waiver, others outlined their misgivings, arguing that the right balance already exists between the rights of brand-name and generic pharmaceuticals manufacturers.

[HCWS193]

## EDUCATION

### UNCRC

**The Minister for Vulnerable Children and Families (Edward Timpson):** The UK state party is a proud signatory of the United Nations Convention on the Rights of the Child (UNCRC) and today I want to reinforce this commitment.

The articles under the UNCRC set out a vision that all children—regardless of background or circumstance—develop their full potential, free from hunger and want, neglect and abuse. These principles reflect our own drive and commitment to social mobility and the ambitious reforms we each lead to ensure that Britain is country that works for everyone.

The 5th periodic reporting cycle with the United Nations concluded in June 2016. The UN Committee scrutinised the UK state party's progress in implementing the CRC since our last report in 2008, and in July 2016 published their concluding observations.

I welcome these concluding observations. They recognise the great strides we have taken to make sure that all children have the opportunity to flourish and grow. For example, efforts taken to improve mental health services,

improvements to law to ensure that children live in safe and loving environments, improvements to supporting and protecting asylum-seeking children and ensuring that all children have access to high-quality education. Indeed, all Government Departments play a role in building a society where everyone has fair and equal opportunities to go as far as their talent and their hard work will allow. And our policies recognise that children are far from secondary in this vision.

Alongside the celebration of our achievements, the Committee also offered recommendations on areas that require additional attention or greater push for change. As we each look to our ambitious programmes of reform to make sure that Britain is a country that works for everyone, I encourage you to reflect on these recommendations; for example, by reflecting the voice of the child fully in the design and implementation of policy.

Both the UNCRC articles and concluding recommendations serve as a helpful and important guide to making sure that our policies—whether they hold direct or indirect consequences—consider children.

My Department will issue the Committee's concluding recommendations across Whitehall this week. I encourage all Departments to read these recommendations and take them into account as we work together to achieve social mobility.

[HCWS194]

## ENVIRONMENT, FOOD AND RURAL AFFAIRS

### Environment Council

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey):** I am attending the EU Environment Council in Luxembourg on the 17 October, along with my hon Friend the Minister of State for Climate Change and Industry (Nick Hurd MP).

Following adoption of the agenda, the list of “A” items will be approved.

Under legislative activities the Council will debate proposals for a regulation on binding annual greenhouse gas emissions reductions by member states from 2021 to 2030 and on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry into the 2030 climate and energy framework.

Under non-legislative activities, the Council will aim to adopt Council conclusions on the convention on biological diversity and sustainable water management.

The following items are due to be discussed under Any Other Business:

- a) 28th Meeting of the Parties (MOP 28) to the Montreal protocol on substances that deplete the ozone layer (Kigali, Rwanda, 10 to 14 October 2016).
- b) Communication on decarbonisation of the transport strategy.
- c) 17th Meeting of the Conference of the parties (COP 17) to the convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) (Johannesburg, South Africa, 24 September to 5 October 2016).

d) 39th International Civil Aviation Organisation Assembly (Montreal, Canada, 27 September to 7 October 2016).

e) Unspent funds from the New Entrants Reserve (NER300) funding programme.

f) Natural resources management on the example of Bialowieza Forest: repercussions for Europe.

g) Proposal for a directive of the European Parliament and of the Council on the reduction of national emissions of certain atmospheric pollutants and amending directive 2003/35/EC (NEC)—lessons learnt.

[HCWS192]

## EXITING THE EUROPEAN UNION

### General Affairs Council and Foreign Affairs Council (Trade)

**The Minister of State, Department for Exiting the European Union (Mr David Jones):** The General Affairs Council (GAC) on Tuesday 18 October is expected to focus on: preparation of the October European Council; legislative programming and the inter-institutional agreement (IIA) on ‘better law-making’; and the mid-term review of the multiannual financial framework.

I will also represent the Government at an extraordinary meeting of the Foreign Affairs Council (Trade) dedicated to the comprehensive economic and trade agreement with Canada (CETA).

#### *Preparation of the October European Council*

Ministers will discuss the draft conclusions of the European Council. The European Council itself will take place on Thursday 20 and Friday 21 October. The agenda covers migration, trade and EU policy toward Russia; this item will include a discussion on Russia's recent actions in Syria. The UK will play a full part in the discussion on these issues both at the GAC and at the European Council.

#### *Legislative programming and the inter-institutional agreement on ‘Better Law-Making’*

In April this year a new inter-institutional agreement on better law making was adopted. One provision of this is that following the adoption of the Commission Work programme by the Commission, the Commission, Council and European Parliament will issue a joint declaration setting out the top priorities and objectives for the year ahead. The Slovak presidency is expected to update Ministers on the process surrounding the joint declaration.

#### *Multiannual financial framework*

This will be a follow-up to the introductory discussion that took place at the last GAC on 20 September. Final decisions will be taken later in the year.

#### *Comprehensive economic and trade agreement with Canada (CETA)*

The presidency has also scheduled an extraordinary meeting of the Foreign Affairs Council in trade formation with a view to agreeing Council decisions on the signing, provisional application and conclusion of the comprehensive economic and trade agreement with Canada (CETA), before it is sent for deliberation by the European Parliament and for full ratification by all EU member states. CETA is an important trade agreement for the UK in terms of the economic benefit it will bring to British businesses while we remain a member of the EU.

[HCWS195]

## HEALTH

### Healthcare Safety Investigations

#### **The Secretary of State for Health (Mr Jeremy Hunt):**

“There is a culture within many parts of the NHS which deters staff from raising serious and sensitive concerns and which not infrequently has negative consequences for those brave enough to raise them”

(Sir Robert Francis QC, Freedom to Speak Up report - <http://webarchive.nationalarchives.gov.uk/20150218150343/https://freedomtospeakup.org.uk>).

The NHS has an excellent track record in recruiting and developing the very best—the brightest, the most dedicated and the most caring. Our staff have a passion for providing the highest quality care that they can, and a commitment to continuously improving their knowledge and their skills. We must not forget that what staff learn through the experience of giving care is at least as valuable as what they are taught in the lecture theatre. Learning through experience is the key to improving the quality of people’s care. This includes learning from mistakes.

We need to create the right conditions to enable staff to learn from their experiences, including their mistakes. All too often, they tell us that there is a culture of blaming, not learning. That is why the Government want to change the atmosphere in which NHS staff work.

There is a strong connection between ‘psychological safety’ and a culture of learning within an organisation. In a true culture of learning, staff can feel confident they will be treated fairly, and patients and families can be assured that errors and the causes of them will be fully explored. Creating and sustaining this broader culture of psychological safety and learning is down to leaders and managers in the system. For them to be able to do so, the Department of Health, as steward of the health system, needs to set the right conditions for such a culture to flourish.

Recent inquiries have illustrated that staff need to feel more confident that the information they give to safety investigations, which have the sole function of learning from errors, will not be used unfairly. That is why we are proposing to create a “safe space”—a statutory requirement that information generated as part of a safety investigation will be kept confidential and will not be shared outside the investigation’s boundaries, except in a number of limited circumstances.

This is used currently by the Air Accident Investigation Branch (AAIB), where investigators are able to offer this safe space to those they speak to, thanks to the

robust statutory framework in which they work, arising from regulation-making powers in primary legislation. A key aspect of this statutory framework is the duty not to share information given in the course of an investigation with any other individual or body, unless (usually) there is a High Court order.

The proposal outlined in this consultation is to create a statutory prohibition on the disclosure of material obtained during certain health service investigations unless the High Court makes an order permitting disclosure, or in a limited number of other circumstances.

This broadly mirrors the regime followed in the area of air accidents investigations. It would allow the investigator to say to staff involved in incidents:

“This investigation is not to attribute blame. The information you give me as part of this investigation will not be passed on to those not involved in the investigation unless there is a High Court order, or if the information you provide demonstrates to me there is an active and ongoing threat to patient safety represented by the practice or actions of one or more individuals that requires action”.

The safe space approach is designed to improve patient safety standards over time, by enabling clinicians to discuss openly and honestly their experiences, including aspects of care that ought to be improved. These are valuable lessons that others can learn from, and will improve standards, potentially across the whole system. By concentrating on finding these more widely applicable lessons, safe space investigations will address themes rather than re-examine specific cases. But should the investigation uncover evidence of immediate risks to patient safety, criminal activity, serious misconduct or seriously deficient performance then the police or relevant professional regulator will be informed and will take the appropriate immediate action.

Creating a safe space is also a difficult balance to achieve—between reassuring staff that the information they give will not be passed on, while also reassuring patients and families that they have the full facts of their, or their loved one, care. We all want the standard of that care to get better and better each year. The purpose of this consultation is to seek the views of patients, the public and the professionals who work in the NHS about our proposed approach. In particular, we want to find out from them about what needs to be changed, added, or strengthened in order to achieve the learning not blaming culture that will underpin quality improvement in the NHS.

Attachments can be viewed online at: <http://www.parliament.uk/business/publications>.

[HCWS191]



# Petition

*Monday 17 October 2016*

## **PRESENTED PETITION**

*Petition presented to the House but not read on the Floor*

### **Implementation of the 1995 and 2011 Pension Acts**

*The petition of Residents of Portsmouth,*

Declares that as a result of the way in which the 1995 Pension Act and the 2011 Pension Act were implemented, women born in the 1950s (on or after 6 April 1951) have unfairly borne the burden of the increase to the State

Pensions Age; further that hundreds of thousands of women have had significant changes imposed on them with little or no personal notice; further that implementation took place faster than promised; further that this gave no time to make alternative pension plans; and further that retirement plans have been shattered with devastating consequences.

The petitioners therefore request that the House of Commons urges the Government to make fair transitional arrangements for all women born in the 1950s (on or after 6 April 1951) who have unfairly borne the burden of the increase in the State Pension Age.

And the petitioners remain, etc. .

[P001948]



# ORAL ANSWERS

Monday 17 October 2016

|   | <i>Col. No.</i> |   | <i>Col. No.</i> |
|---|-----------------|---|-----------------|
| <b>WORK AND PENSIONS</b> .....                                    | 559             | <b>WORK AND PENSIONS—continued</b>                |                 |
| Benefit Appeals.....  | 574             | Pensions: Long-serving Employees .....            | 573             |
| Benefit Eligibility Assessment: People with<br>Disabilities ..... | 567             | Personal Independence Payment: Autism.....        | 562             |
| Child Poverty .....   | 563             | Personal Independence Payments: Applications..... | 566             |
| Disabled People: Government Support .....                         | 559             | Personal Independence Payments: Assessments ..... | 568             |
| Disabled People: Recruitment and Retention.....                   | 570             | State Pension Age: Women .....                    | 565             |
| Financial Literacy.....   | 571             | Supported Housing.....                            | 572             |
|   |                 | Topical Questions .....                           | 574             |

# WRITTEN STATEMENTS

Monday 17 October 2016

|   | <i>Col. No.</i> |   | <i>Col. No.</i> |
|---|-----------------|---|-----------------|
| <b>BUSINESS, ENERGY AND INDUSTRIAL<br/>STRATEGY</b> ..... | 21WS            | <b>EXITING THE EUROPEAN UNION</b> .....                             | 24WS            |
| Competitiveness Council.....                              | 21WS            | General Affairs Council and Foreign Affairs<br>Council (Trade)..... | 24WS            |
| <b>EDUCATION</b> .....                                    | 22WS            |   |                 |
| UNCRC.....  | 22WS            |   |                 |
| <b>ENVIRONMENT, FOOD AND RURAL<br/>AFFAIRS</b> .....      | 23WS            | <b>HEALTH</b> .....   | 25WS            |
| Environment Council.....                                  | 23WS            | Healthcare Safety Investigations .....                              | 25WS            |

# PETITION

Monday 17 October 2016

|   | <i>Col. No.</i> |
|---|-----------------|
| <b>PRESENTED PETITION</b> .....                           | 7P              |
| Implementation of the 1995 and 2011 Pension<br>Acts ..... | 7P              |

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**not later than  
Monday 24 October 2016**

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CONTENTS

Monday 17 October 2016

**Oral Answers to Questions [Col. 559] [see index inside back page]**  
*Secretary of State for Work and Pensions*

**Independent Inquiry into Child Sexual Abuse [Col. 581]**  
*Answer to urgent question—(Amber Rudd)*

**Community Pharmacies [Col. 592]**  
*Answer to urgent question—(David Mowat)*

**Savings (Government Contributions) Bill [Col. 606]**  
*Motion for Second Reading—(Jane Ellison)—agreed to*

**Petitions [Col. 641]**

**Ambulance Waiting Times [Col. 643]**  
*Debate on motion for Adjournment*

**Westminster Hall**  
**UK Exit from the European Union [Col. 197WH]**  
*General Debate*

**Written Statements [Col. 21WS]**

**Petition [Col. 7P]**  
*Presented Petition*

**Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]**

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