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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Thursday 20 October 2016

House of Commons

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The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

EXITING THE EUROPEAN UNION

The Secretary of State was asked—

Financial Services

1. **Mrs Theresa Villiers** (Chipping Barnet) (Con): What discussions he has had with the Chancellor of the Exchequer on financial services and negotiations on the UK leaving the EU. [906687]

10. **Stephen Hammond** (Wimbledon) (Con): What progress his Department has made in engaging with the financial services sector on the potential effect on its revenues of the UK leaving the EU. [906697]

The Secretary of State for Exiting the European Union (Mr David Davis): The Chancellor and I are both determined to ensure we get the best possible deal for our financial services sector—a crucial part of our economy—and not just for the City of London but for the country more widely. Two thirds of financial services jobs are outside the capital, including 150,000 in Scotland. We are determined to ensure that this UK-wide industry continues to thrive. The Chancellor and I have met to discuss this, and, as one would expect, agree that financial services will be of great importance in these negotiations, that we must remain in a position to attract the brightest and the best in the global battle for talent, and that we will seek the best possible terms of trade for our financial services in the European market. We are also working together to maximise opportunities for financial services arising from our exit from the European Union. We have already met representatives of the financial services industry and expect to do so again as we shape our negotiating position.

Mrs Villiers: Will my right hon. Friend make securing agreement on a transitional period for financial services an urgent priority for Brexit negotiations to avoid the risk that firms feel they have to start making decisions to change their businesses now based on a worst-case scenario because compliance obligations mean that they cannot wait to see what the final deal will look like?

Mr Davis: We are seeking to ensure a smooth and orderly exit from the European Union, and it would not be in the interests of either side—Britain or the European

Union—to see disruption. To that end, we are examining all possible options, as one would expect. We are approaching these negotiations in good faith and with good will towards our negotiating partners—we hope the same applies in reverse—focused on the mutual interests of the UK and the EU, including financial stability. I would say that having London as the No. 1 global financial centre sitting at the heart of the global capital markets is not just in the UK's interest but in the European Union's interest. I am confident that everyone will see the value of not undermining that.

Stephen Hammond: In his answer to my right hon. Friend the Member for Chipping Barnet (Mrs Villiers), the Secretary of State talked about all possible options. Yesterday in the Treasury Committee, I asked the Chancellor whether he accepted the likely need for transitional arrangements. Has my right hon. Friend met regulators to discuss systemic risk, and major financial institutions to discuss loss of business, if those transitional arrangements are not put in place?

Mr Davis: The Chancellor's response was much the same as mine will be. Yes, we have been talking to the European institutions, in particular, about this matter, and they take the same view as we do.

Hilary Benn (Leeds Central) (Lab): We look forward to hearing from the Secretary of State once the new Select Committee has been established. May I press him on transitional arrangements, which are absolutely fundamental to the task in hand? He will be only too well aware that uncertainty about our future trading relationships, including for the financial services industry, is the major concern of business. Can he give the House an assurance that if we have not been able to negotiate a new trade and market access agreement with the European Union by the end of the article 50 process, the Government will seek a transitional arrangement, because if they do not say that now the business uncertainty will continue, and businesses may begin to take decisions because they do not know what the future holds?

Mr Davis: I congratulate the right hon. Gentleman on his new post. I am very pleased that he is the Chairman of the Brexit Committee, and look forward to a great deal of discussion with him on these subjects. He is quite right—we have to treat as absolutely central to what we do maintaining the stability of the City but also of the European financial markets, which have been a little fragile over the past few years. We will therefore do anything necessary. In the financial sector, as in other sectors, at the point of exit from the European Union, all the standards, conventions and regulations will be identical, so the transition should be capable of being managed very clinically. We will do everything necessary to maintain that stability.

Mr Pat McFadden (Wolverhampton South East) (Lab): Can the Secretary of State confirm, in relation to press reports earlier this week, that the Government may in future pay the European Union, in some form or another, for access for financial services? Is it the Government's position that under no circumstances will they in future pay for market access for financial services?

Mr Davis: I do not comment on leaks. I am not going to comment on that newspaper report or, indeed, on its veracity or otherwise. On the accountability of Government activity, I said during last week's debate that I want to be as accountable and open as possible with the House of Commons, but the Labour party accepted enthusiastically the amendment to the motion, which said that we would do nothing to undermine or prejudice our negotiating position, and that is what we will do.

Mr Philip Hollobone (Kettering) (Con): Rather disgracefully, the Treasury did its best to play a prominent role in the remain campaign, including the release of a highly dodgy dossier predicting economic doom and gloom. Is my right hon. Friend confident that the Treasury has now caught up with the result of the referendum and that it is singing from the same page as his Department?

Mr Davis: I am afraid that I do not agree with my hon. Friend. The simple truth is that the Treasury is looking at all the options, just as we are. Forecasts of the sorts that he described are contingent entirely on the assumptions that are put under them. If a lot of deleterious assumptions are made, they will result in a deleterious outcome. If serious policies are introduced to correct any of the risks and maximise the opportunities, they will result in a very much better outcome, and that is what we will do.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): The Secretary of State has said that he does not want to discuss leaks, but it is important that we get factual information out there. According to the *Financial Times*, the Government are to spend billions on keeping the City of London in the single market. Will the Secretary of State confirm what steps he is taking to ensure that the people of Scotland get a similar deal?

Mr Davis: As I have said, I do not comment on leaks, but what I will say is this: I said at the beginning that a very large number of financial services jobs are outside London and many of them are concentrated in Scotland. It has been a fundamental part of Scotland's advantage down the years to have strong financial services, and we will do every bit as much to protect Scotland as we will to protect London.

Stephen Timms (East Ham) (Lab): Tens of thousands of jobs in Britain depend on euro-denominated clearing. The United States has secured equivalence for its clearing houses. How confident is the Secretary of State that euro-denominated clearing will be permitted in the UK after we have left the European Union?

Mr Davis: The right hon. Gentleman identifies a very important point, as I would expect from him, and that is certainly one of our major aims. I reiterate the point that I made to the new Chairman of the Brexit Committee: we start at the point we leave with absolute equivalence, because we meet all of the requirements at that point, and I would seek to ensure that that was maintained.

Keir Starmer (Holborn and St Pancras) (Lab): The discussions on financial services are intended, as I understand it, to build consensus on the Government's

plans. Eight days ago, the Government gave a clear commitment from the Dispatch Box that

"there should be a transparent debate on the Government's plans for leaving the EU".—[*Official Report*, 12 October 2016; Vol. 615, c. 414.]

Yesterday I wrote to the Secretary of State to ask a very simple question: when will the plans be made available? That is an important question because we need time to debate and scrutinise the plans before article 50 is invoked, and no doubt the new Brexit Committee will want to see them. The Secretary of State replied promptly to my letter, but failed to answer that central question, so I ask him again: when will the Government plans for leaving the EU be made available to this House?

Mr Davis: I could not have been clearer that I consider engagement with Parliament on the process of exiting the EU to be of paramount importance. That was the whole thrust of my speech in last week's debate and of everything I said previously to various Select Committees and to the House. That is why I supported the Opposition's motion last week that

"there should be a full and transparent debate on the Government's plan for leaving the EU".

That was the hon. and learned Gentleman's wording.

It has always been our intention that Parliament should be engaged throughout. However, the House also agreed a vital caveat that such a process must respect

"the decision of the people of the UK when they voted to leave the EU on 23 June and does not undermine the negotiating position of the Government".

There will be a balance to be struck between transparency and good negotiating practice, and I am confident that we can strike that balance. Over the course of the coming—[*Interruption.*] Whether it is six months or less, I do not know, but over the course of the coming period before the triggering of article 50, much information will be put out and I think that the House will be in no doubt about our aims and strategic objectives.

Keir Starmer: The question was: when will the plans be made available? For the second time, it has not been answered. The plans are important not only so that this House can hold the Government to account, but so that some certainty can be provided. There has been so much evidence of uncertainty. I met representatives of the Council, Commission and Parliament in Brussels yesterday, and it is absolutely clear that the Prime Minister's words about Brexit at her party conference have been widely interpreted as an indication that she wants the UK to leave not just the single market, but the customs union. I have no doubt that that will come up in her discussions in Brussels this evening, but will the Secretary of State assure the House that that is not the Government's starting position for the article 50 negotiations?

Mr Davis: Actually, it is a good example of the reason why we are taking our time to come to a conclusion on this. [*Laughter.*] No, these matters have serious implications, whichever way we go with them. Being inside the customs union gives some advantages but cuts off, to some extent, free trade areas around the rest of the world. Being outside the customs union creates

some handicaps but opens up those other benefits. That decision is not part of what the Prime Minister has said to the European Union.

Welsh Economy

2. **Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): What assessment he has made of the potential effect on the economy in Wales of the UK leaving the EU. [906688]

The Secretary of State for Exiting the European Union (Mr David Davis): The Government continue to undertake a wide range of analysis covering all parts of the UK to inform the UK's position for the upcoming negotiation with the European partners. A key part of that understanding is the differences across the UK. The Welsh economy has particular strengths in aerospace, automotive, higher education, electronics, steel and agriculture, for example. It is important that we understand the impacts and the opportunities for all parts of the Welsh economy.

I visited Cardiff on Tuesday this week, when I met the First Minister and the Finance Minister, and I am grateful to them for giving me time on their Budget day. I also met university vice-chancellors in a separate meeting. Wales has a particular reliance on a range of EU funding—more so than much of the rest of the UK—on which the Chancellor has already offered a number of guarantees.

Jonathan Edwards: As the Secretary of State will be aware, the Welsh economy produces a substantial trade surplus of more than £5 billion per annum as a result of our membership of the single market, the customs union and the associated 53 international global trade deals. The UK as a whole, on the other hand, has a massive deficit of nearly £120 billion. Does the Secretary of State acknowledge, therefore, that the Government's favoured policy of leaving the single market, the customs union and the associated 53 international global trade deals—a hard Brexit—will have a significant effect on Wales?

Mr Davis: No, because the Government's aim is to maintain the freest and most barrier-free access to the single market that we can obtain. That is the aim, and parts of the kingdom such as Wales are very much at the forefront of our thoughts in that strategy.

Mr Nigel Evans (Ribble Valley) (Con): Many businesses in Wales are wondering how EU directives that have been signed but not yet enacted—some may not be enacted until 2017 or 2018—will impact on them. At what stage will the Government say that directives are no longer applicable in the UK?

Mr Davis: My hon. Friend makes an important point, which goes to the heart of the previous question about maintaining stability and confidence. We have said in terms that the great repeal Act will put into domestic law all the *acquis* as it exists at the point at which we depart. Everything that is in European law at that point goes into British law.

Nick Smith (Blaenau Gwent) (Lab): In Blaenau Gwent, the successful dips company Zorba Foods faces a bigger bill for bringing its ingredients into the country. With

petrol prices going up, the falling pound is making every step of the journey to the dinner plate much more expensive. What are the Government doing to help businesses that are faced with a steep increase in costs and families who are faced with higher food bills?

Mr Davis: It is not the place of the Government to judge what is the right and wrong exchange rate. The hon. Gentleman is quite right to say that the exchange rate has gone down quite notably, but that gives both advantages and disadvantages. It has already changed, for example, the success of various industries in exports and some other domestic industries. We hope—more than that, we intend—that the balance will work out to everybody's advantage in the long run.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): Yesterday, I was delighted to hear the Under-Secretary of State for Wales confirm that the Treasury will underwrite the approximately £110 million that is due to come from the EU regional development fund for the electrification of the valleys lines in Wales if that money has not come through before we exit the European Union. In his discussions with the First Minister, was the Secretary of State able to give him greater clarity about all the funds that come into Wales from the EU? Businesses require that stable background against which to operate.

Mr Davis: My right hon. Friend picks up on a very important point. Wales is more dependent on European funding at the moment than many other parts of the country. One of the set of things the Government have done to protect people from any instability is to underwrite very quickly—the Treasury undertook to do this in August—the existing structural funds. The Welsh Government were cognisant of that and welcomed it, particularly as they—as I said, I visited them on budget day—were able to make their budgets balance. From that point of view, the Government will continue to look at any areas where financial risk is induced as a result of our departure and the possible severance of EU funds as we leave.

Business Revenue

3. **Nigel Mills** (Amber Valley) (Con): What progress his Department has made in engaging with businesses on the potential effect on their revenues of the UK leaving the EU. [906689]

14. **Nigel Huddleston** (Mid Worcestershire) (Con): What progress his Department has made on engaging with the tourism industry on the potential effect on its revenues of the UK leaving the EU. [906702]

The Secretary of State for Exiting the European Union (Mr David Davis): Since the referendum, the Government have met companies from every sector of the British economy, including tourism, to discuss the risks and opportunities. I believe that as we build an ever more outward-facing, agile economy, with firms trading more widely across the world, there is enormous potential for the UK to be an even better place to do business. We are meeting representatives of business regularly, and the detailed analysis shared with us by many of them is informing the preparations for the negotiations.

On tourism specifically, foreign visitors contribute £22 billion to our economy, and the industry as a whole supports some 1.6 million jobs. A record 3.8 million people visited the UK in July. My right hon. Friend the Culture Secretary has met industry leaders to discuss our exit from the EU, and we debated this matter in Westminster Hall last week. As the Prime Minister has said, we are confident our exit presents opportunities for growth in tourism, and we will work closely with the industry to realise this.

Nigel Mills: Businesses in Amber Valley say that what would help them most in deciding what investment to make in the coming years is some clarity about what our overall trading position with the EU will be. They are nervous that waiting two and a half years for that will not be helpful. When does the Secretary of State think they will be able to understand at least what the big picture will be?

Mr Davis: At the strategic level, businesses should be able to understand that very clearly now. We have some very clear strategic aims: we will respect the views of the British people—I know my hon. Friend campaigned on our side—to bring back control over our laws and bring back control of immigration; we will aim to maintain our consideration of security exactly as it is now; and on the market front, we are seeking the most open possible market with the European Union.

Nigel Huddleston: I thank the Secretary of State for his comments about engaging with the tourism industry. As he said, we are achieving record visitor numbers and record spend. To sustain this growth, should we investigate marketing the UK even more aggressively overseas, taking advantage of the weak pound, with increased budgets for VisitBritain, for example?

Mr Davis: I congratulate my hon. Friend on the excellent debate he held last week, and indeed on his excellent speech on this subject. He is right that the industry continues to thrive, with 3.8 million people visiting the UK. I am quite certain—I am sure he will look at *Hansard* later—that my right hon. Friend the Secretary of State for International Trade will take up his point about promoting Britain abroad as a place to visit.

Mr Ben Bradshaw (Exeter) (Lab): Does the Secretary of State agree with the International Trade Secretary that we should leave the European customs union, or with the Business Secretary and the Chancellor that we should not do so?

Mr Davis: I gave the answer to that some moments ago.

Emma Reynolds (Wolverhampton North East) (Lab): The Secretary of State talks about a smooth transition, but the truth is that businesses are concerned we will have to fall back on WTO rules. Our European partners have so far refused to say that they will enter trade talks alongside our article 50 negotiations. What will the Government and the Secretary of State do to avoid the cliff edge in March 2019, when we leave the EU, of our falling out of the EU single market and back on WTO rules?

Mr Davis: The hon. Lady says that our European partners have said that. Some of them have said it, but that was some time ago, and they are now starting to read what article 50 actually says. Article 50 implies that there will be parallel negotiations. That is what we will have because, as she quite rightly says, we need to conclude them within two years to avoid any cliff edge.

18. [906707] **Lucy Frazer** (South East Cambridgeshire) (Con): My constituency is home to the Cambridge science park, a centre of innovation and technology. Last week, I met David Newble, the chief executive of TTP Labtech, who is concerned about maintaining access to overseas talent, following the vote for Brexit. What steps is the Secretary of State taking to ensure that we continue to attract the international expertise that is helping to drive our tech sector in the UK?

Mr Davis: My hon. and learned Friend might remember that I said in my conference speech that to take part in the global competitive economy we have to win the global battle for talent, too. My task is to bring back to the UK the right to decide who can come to Britain; the Government's task will be to exercise that right in the national interest. Clearly, it will not be in the national interest to restrict the movement of talent—the free movement of brainpower, as it were—so she can be confident that we will not be limiting highly intelligent, highly capable people's access to universities.

Stephen Gethins (North East Fife) (SNP): Will the Secretary of State tell us what assessment his or any other Department has made of the impact of leaving the EU on the economy, and when he will make that available to this House?

Mr Davis: We currently have in place an assessment of 51 sectors of the economy. We are looking at those one by one, but the aim at the end is that this will inform the negotiating approach so that no one gets hurt. Given the hon. Gentleman's context, I should mention that we are also doing that assessment in a way that will throw up whether something has an impact on the individual nations of the United Kingdom, as well as on the UK as a whole.

Stephen Gethins: I obviously welcome that new information from the Secretary of State, but the Fraser of Allander Institute has already told us that this will cost up to 80,000 jobs in Scotland alone. The CBI, the British Chambers of Commerce and the Institute of Directors have warned about the impact of limiting freedom of movement. They have done their homework, Secretary of State. You did not do your homework during the Vote Leave campaign, when you had a blank piece of paper to campaign on. If the Secretary of State is going to Scotland, he will need to do better than that. When will that assessment be published?

Mr Speaker: I have always done my homework, and I strongly resent any suggestion to the contrary.

Mr Davis: I venture to suggest that if you did your homework, Mr Speaker, you would not have it marked by the hon. Gentleman.

I have not seen the Fraser of Allander report, so would be grateful if the hon. Gentleman directed me to it. One thing about these reports is that they all base themselves on single assumptions. We need to look at

those assumptions to see whether they are realistic, and that is what we will do. There have been a large number of forecasts of the effect of Brexit. Some are very pessimistic about certain aspects of policy that we do not intend to allow to happen. I will look at that particular report carefully and talk to him about it after I have done so.

Matthew Pennycook (Greenwich and Woolwich) (Lab): The US Chamber of Commerce, which represents companies with investments in the UK worth almost \$600 billion, warned our ambassador in Washington last week that to retain and attract those investments in the years ahead we will require access to the single market. Will the Secretary of State tell the House whether he accepts the figure I have given and, if he does not, how much US business investment he thinks will be at risk if this Government do not secure access to the single market?

Mr Davis: One reason—although only one—why we are seeking to maintain the most open and barrier-free access possible to the European market is to encourage foreign direct investment. We have had discussions with a number of countries, including the US; indeed I met a US congressional delegation that came here whose members were very enthusiastic about Brexit. There are many views about this.

EU Regional Funding

4. **Wayne David** (Caerphilly) (Lab): What discussions he has had with his Cabinet colleagues on EU regional funding as part of his preparations for negotiations on the UK leaving the EU. [906690]

The Minister of State, Department for Exiting the European Union (Mr David Jones): The Chancellor has already announced that the Government will guarantee EU structural and investment funding signed before we leave the EU. In addition, when UK organisations bid directly and competitively for EU funding for projects, that funding will be guaranteed by the Treasury if the bids are won before our departure. Those guarantees will extend to 2020, effectively the end of this Parliament.

Wayne David: The Minister has quoted part of what the Chancellor said, but he also said that finance will be guaranteed to bidders

“whose projects meet UK priorities”.

Does that imply that the UK Government will try to change agreed priorities for EU expenditure?

Mr Jones: No. Over the coming months the Government will consult all interested parties—including the devolved Administrations, who clearly have an interest in this policy—to ensure that future funding commitments represent value for money and are in line with our strategic priorities.

Mr David Nuttall (Bury North) (Con): Does my right hon. Friend agree that one great advantage of the UK leaving the EU is that it will give us greater flexibility over how we spend our regional aid, and that as we will no longer be paying as a net contributor to the EU, we will have more money to spend on these schemes?

Mr Jones: My hon. Friend is right. This particular area, like many other aspects of policy, gives the United Kingdom the opportunity to reassess these arrangements and ensure that they meet the UK’s priorities.

UK Citizens in EU Countries: Rights

5. **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): What rights he plans to secure for UK citizens living in other EU countries; and whether he plans to negotiate a reciprocal agreement with EU partners on the rights of EU citizens living in the UK. [906691]

12. **Mike Wood** (Dudley South) (Con): What rights he plans to secure for UK citizens living in other EU countries; and whether he plans to negotiate a reciprocal agreement with EU partners on the rights of EU citizens living in the UK. [906699]

13. **Peter Grant** (Glenrothes) (SNP): Whether it is his policy to allow EU nationals living in the UK to remain after the UK leaves the EU. [906701]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): I congratulate my hon. Friend the Member for South Basildon and East Thurrock (Stephen Metcalfe) on his election as Chair of the Science and Technology Committee.

We had a very good debate on this matter yesterday and it was clear that Members on both sides of the House wanted to provide reassurance. The Government fully intend to protect the status of EU nationals already living here and the Prime Minister has been clear on that point. We expect UK citizens’ rights in other EU member states to be protected in return. I find it hard to imagine a scenario where, in negotiations, that is not the outcome. At every step of the negotiations, we will seek to ensure the best possible outcomes for the British people at home and overseas.

Stephen Metcalfe: To follow on from the question asked by my hon. and learned Friend the Member for South East Cambridgeshire (Lucy Frazer), the Government have made clear their desire to control the borders and the fact that free movement cannot continue as it is now. However, will my hon. Friend reiterate that a degree of free movement will be necessary to protect key areas of our economy such as science and technology, and in particular research collaboration?

Mr Walker: I absolutely recognise my hon. Friend’s point and the need to strike that balance. As the Secretary of State said in his conference speech, to which he has already referred, pulling out of the European Union does not mean pulling up the drawbridge. He said:

“We will always welcome those with the skills, the drive and the expertise to make our nation better still. If we are to win in the global marketplace, we must win the global battle for talent. Britain has always been one of the most tolerant and welcoming places on the face of the earth. It must and it will remain so.”

This is particularly true in areas such as science and technology. The UK is a science superpower and we intend to make sure it stays that way.

Mike Wood: As well as ensuring that British pensioners living in other EU countries retain the right to remain in those countries, will the Government make sure that their pensions are protected under their current terms?

Mr Walker: My hon. Friend raises an important point. Clearly, this is something that we will want to secure in the negotiations. We are working on the basis that what is fair to UK citizens in the EU should also be fair to EU citizens in the UK. We will certainly be looking to protect the interests of British pensioners as we go through this process.

Peter Grant: The most recent census indicates that 1,588 of my constituents were born in other EU countries. From personal experience, I know that they include doctors, dentists, teachers, nurses, home care workers, residential care workers, pupil support assistants and many more. Why are the Government already able to give unilateral guarantees about the remaining rights of bankers but unable to give the same guarantees to my constituents?

Mr Walker: We are clear that it is important to secure the rights of EU citizens in the UK and UK citizens in the EU. We will seek to do so through the negotiations.

Paul Blomfield (Sheffield Central) (Lab): The Minister is seeking to brush away concerns about this issue. Last month, the British Chambers of Commerce reported that 41% of companies said that their staff had expressed uncertainty about their future. Across the country, EU staff in our universities, who make up 15% of academics and contribute hugely to our research, are reconsidering their position. NHS England's chief executive is so concerned that he has called for early reassurance about the future of EU workers. Will the Government simply resolve this uncertainty by committing to implement the decision of this House on 6 July and acting with urgency to give EU nationals currently living in the UK the right to remain?

Mr Walker: As I said in yesterday's debate, the Government recognise the enormous contribution that EU citizens make to our health service, our universities and business. We want to ensure that their rights are protected, but we need to do so through the process of negotiation and agreement.

Alex Salmond (Gordon) (SNP): Will the Minister now answer the question from my hon. Friend the Member for Glenrothes (Peter Grant)? Why was the Chancellor yesterday, in front of the Treasury Committee, able to give an unambiguous guarantee about the travel and residential rights of bankers that he is not prepared to give to our hard-working fellow European citizens?

Mr Walker: When the right hon. Gentleman intervened on me in yesterday's debate, I had a sneaking suspicion that he might be, perhaps inadvertently, misrepresenting the comments of the Chancellor to the Select Committee. Having read the transcript, it is clear that the Chancellor was making it clear that his role was to advocate on this in the policy discussions to come with the Home Office and other Departments. He was not doing as the right hon. Gentleman says.

Devolution of Immigration: Scottish Government

6. **John Nicolson (East Dunbartonshire) (SNP):** If he will devolve control over immigration to the Scottish Government as part of his negotiations on the UK leaving the EU. [906692]

The Minister of State, Department for Exiting the European Union (Mr David Jones): Immigration is a reserved matter. However, we are working closely with the Scottish Government and we will get the best possible deal for all parts of the United Kingdom as we leave the EU. We will give the Scottish Government every opportunity to have their say as we develop the negotiating strategy.

John Nicolson: During the European Union referendum, the former Justice Secretary, the right hon. Member for Surrey Heath (Michael Gove), said that Scotland could decide its own immigration policy in the event of Brexit. Was that proposal defenestrated at the same time as the former Minister?

Mr Jones: As I have indicated, immigration is a reserved matter, but as I have also indicated, we will continue to have discussions with all the devolved Administrations, including the Scottish Government, and there will in due course, as the matter develops, be discussions about where powers should lie.

London

7. **Wes Streeting (Ilford North) (Lab):** What discussions he has had with the Mayor of London on protecting London's interests during negotiations on the UK leaving the EU. [906693]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): London is a great global city and we expect it to continue to be so. I am sure that the hon. Gentleman will join me in welcoming the record-breaking jobs figures for London that were published yesterday—I think they show the lowest rate of unemployment in London in our lifetime. The Secretary of State has already met the Mayor of London and we expect to hold meetings with regions across the UK to ensure that their views are taken into account.

Wes Streeting: I am sure the Minister welcomes the LondonIsOpen campaign led by the Mayor of London, so will he give a commitment today that he will look with an open mind at the case being developed by London's business community for a work permit system for London that would enable us to continue to recruit the best and the brightest talent from around the world?

Mr Walker: The precise way in which the Government will control the movement to the UK of EU nationals and people from around the world is something that we will be working on with the Home Office. We will certainly take into account representations from London and other devolved areas, but we clearly need to come up with a policy that works for the whole of the UK.

Mr David Burrowes (Enfield, Southgate) (Con): I am holding a Brexit forum next month with local businesses in my constituency involving interests ranging from information technology to the creative industries, retail and property. What is the Minister's advice to those local businesses about engaging with Brexit? Is it to embrace the challenges and opportunities presented, or is it to follow the lead of the Opposition that is full of pessimism and denial?

Mr Walker: My hon. Friend is absolutely right that we need to make sure that we embrace the full range of challenges and opportunities in the Brexit process, and we need to engage with business through that process. It is excellent that my hon. Friend is holding a forum and it is good that he is listening to businesses in his constituency. That is certainly something that we as the Department will be doing all around the country.

Tulip Siddiq (Hampstead and Kilburn) (Lab): The Government's shocking record on tackling air pollution is well documented, with almost 10,000 associated deaths in London in just one year. Given that the Government regularly flout EU regulations on air pollution even now, what assurance can the Minister give me that once we exit the European Union, they will not simply abandon all legal protection on air pollution in the capital and, indeed, in the country more widely?

Mr Walker: The Government are firmly committed to improving the UK's air quality and cutting harmful emissions. That is why we have committed more than £2 billion since 2011 to increase the uptake of ultra-low emission vehicles, to support greener transport schemes and to set out a national plan to tackle pollution in our towns and cities.

Tom Brake (Carshalton and Wallington) (LD): I have visited the Institute of Cancer Research. It wants to develop a London cancer hub, which I hope the Government will support, and, if that development happens, it expects to be able to develop two new cancer drugs in five years. One of its concerns is that 30% of its postgraduates come from the European Union. What guarantees can the Minister give that these essential London workers will be able to continue in post, and indeed that the institute will be able to recruit from the EU in the future?

Mr Walker: I refer the right hon. Gentleman to my earlier answer to the Chair of the Science and Technology Committee. We want to continue to attract the brightest and the best, and we will certainly make sure—I have already engaged with cancer charities and a wide range of voluntary organisations—that we take concerns into account as we have conversations with the Home Office and other Departments about the UK's future immigration policy.

Single Market

8. **Ms Margaret Ritchie** (South Down) (SDLP): If he will take steps during negotiations on the UK leaving the EU to ensure continued access to the EU single market for goods, people and services. [906695]

The Secretary of State for Exiting the European Union (**Mr David Davis**): The Prime Minister is clear that we want the most open and free access possible. All countries have access to the single market; the question is on what terms and to what extent. We are seeking a bespoke outcome on terms of trading with and operating within the European market. As one of the world's largest economies, we are confident that we will negotiate the right deal for England, Scotland, Wales and Northern Ireland. We are acutely aware of the significant trading

links between Ireland and Northern Ireland, and we are determined to ensure a smooth transition. Disruption is in no one's interest.

Ms Ritchie: The Secretary of State's answer suggests that nothing has yet been set in stone. With that in mind and given the importance of membership of the single market to the all-Ireland economy, will the Secretary of State commit to exploring ways in which Northern Ireland can remain in the single market, because of its importance to our business, in the eventuality that Britain leaves?

Mr Davis: What I will commit myself to—I have already committed to this—is extensive work to ensure that we keep an open border between the north and the south, maintain the common travel area, and maintain the most effective open market that we can achieve. Within that, I do not intend to specify any particular outcome at this point.

Mr Steve Baker (Wycombe) (Con): The remain campaign was perfectly clear that we have to leave the single market. [HON. MEMBERS: "Do you mean the leave campaign?"] No, I mean the remain campaign. Are not the really important questions whether the French wish to sell us wine without tariffs, whether the Germans wish to sell us cars without tariffs, and whether the whole of Europe wishes to continue its current level of access to the City?

Mr Davis: My hon. Friend makes a very important point. When the Prime Minister is at the European Council tonight and tomorrow, she will reiterate what we have said many times already: we want an outcome that is successful for both the United Kingdom and the European Union. As my hon. Friend suggests, if the UK and the EU do not achieve an open, free and barrier-free trading relationship, it will be harmful to many European countries and harmful to European financial stability, and no one wants that.

Helen Goodman (Bishop Auckland) (Lab): Were we to leave the customs union, the businesses exporting 44% of our exports to the EU would face extra costs for compliance with the rules of origin, which the OECD estimates at 25%. Does the Secretary of State not agree that membership of the customs union is even more important than membership of the single market?

Mr Davis: As I said earlier, these matters are assessed very carefully, but perhaps the hon. Lady should look at various other countries around the European Union, although they are all smaller than us, so they are not really good models. There is Turkey, which is inside the customs union and outside the single market; there is Norway, which is inside the single market and outside the customs union—actually it manages to trade with Sweden very easily—and there is Switzerland, which is outside both the customs union and the single market. What we are looking for is the best balance to achieve the best outcome.

Mr Peter Bone (Wellingborough) (Con): Obviously the Minister cannot speculate on how the negotiations will go, but the one thing we do know is that we have already had a Brexit dividend. With the pound falling

by 15.2% against the euro, our exports are so much cheaper and our imports are so much more expensive that more jobs will come into this country and more goods will be produced here, which is a very good thing.

Mr Davis: It is not for this Minister, at any rate, to comment on what is the appropriate or right level of the pound. However, as my hon. Friend says, this has its disadvantages in terms of the effect on inflation, but some serious advantages in terms of our trading capability, and those are much bigger even than the tariffs that people talk about.

Several hon. Members *rose*—

Mr Speaker: Order. I would call the hon. Member for Rutherglen and Hamilton West (Margaret Ferrier) if she were standing, but she is not, so I will not.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP) *rose*—

Mr Speaker: Ah! She is. Enlightenment has dawned.

16. [906704] **Margaret Ferrier:** Thank you, Mr Speaker.

Leaving the single market in a hard Brexit will be catastrophic, and the Treasury estimates that the cost to the UK economy could be £66 billion, that 80,000 jobs in Scotland could be lost, and that wages could be hit by up to £2,000 a year. The Tory manifesto clearly stated:

“We say: yes to the Single Market”.

Will the Secretary of State cast doubt aside, and undertake to make good on that commitment?

Mr Davis: What I can undertake to do is to ensure that we secure the freest and most open possible trading arrangement with Europe. That is what matters, not titles such as “single market”, “hard Brexit” or “soft Brexit”—all those amazing terms that people come up with. We want the maximum possible access, which will encourage job growth, wealth growth and revenue growth in this country.

Philip Davies (Shipley) (Con): Membership of the single market means accepting EU laws, having to accept rulings from the European Court of Justice, probably still making contributions to the EU budget, and accepting free movement of people, all of which flies in the face of what the British people voted for in the referendum. Is not the only question of principle that is at stake the question of whether the EU wants to continue its tariff-free trade with the UK or if it wants to commit economic suicide?

Mr Davis: My hon. Friend makes a good point. Let me reiterate what I said earlier. Our aim is to come up with an outcome that is good for the United Kingdom and good for the European Union, and that is a free trade area with us.

EU Environmental Regulations

9. **Neil Parish** (Tiverton and Honiton) (Con): What plans he has for the UK to retain EU environmental regulations after it leaves the EU. [906696]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): The UK has been a leading player on environmental policy, setting the international agenda on climate change, as demonstrated by the Prime Minister’s commitment to ratify the Paris agreement as soon as possible. As recently announced, Britain will take back control of its laws through the great repeal Bill. Any changes to our environmental regulations after that time will be for the Department for Environment, Food and Rural Affairs and this House to decide. The UK will continue to be a leader on international environmental co-operation.

Neil Parish: The European directive on bathing water has actually been part of a very good environmental law—water companies have cleaned up our beaches throughout the country, including the south-west—so can we rest assured that we will not row back on environmental laws that are good? Not all environmental laws from Europe are bad.

Mr Walker: I can see my hon. Friend’s point that it is in the UK’s interest to ensure that we have the cleanest possible bathing water. That issue will be something for future debates perhaps with DEFRA, but we will ensure that we maintain at least the standards that we have maintained in the past. I remind him of our manifesto commitment to be the first generation to leave the environment in a better state than we inherited.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Is the Minister not aware that on environmental issues—waste, water and energy—we have such close relationships throughout Europe and we are very dependent on the high level of its technology and co-operation with us? Many people in that sector have read Matthew Parris’s article describing Brexit as the worst decision this country has made since Suez. Does the Minister agree with that view?

Mr Walker: I do not think now is the time to re-fight the referendum, on which the hon. Gentleman and I may have been on the same side, but it will be absolutely in our interest to co-operate with our neighbours on matters of the environment that affect us all.

20. [906711] **Alistair Burt** (North East Bedfordshire) (Con): Among those who will be most affected by changes to environmental regulations will be the agriculture community. Is my hon. Friend aware of the significant concern among that community at the prospect of leaving the single market, with issues affecting welfare and the environment as well as tariffs? Can he assure the House that agriculture will not be used as a makeweight in the negotiations with other interests and that there will be close co-operation with DEFRA colleagues in relation to that?

Mr Walker: Absolutely. I can assure my right hon. Friend that there is close co-operation between my Department and DEFRA and indeed there have been a number of productive meetings between Ministers in our Department and agricultural interests, including the National Farmers Union and agri-business representatives from the whole of the UK.

Employment and Workers' Rights

11. **Angela Smith** (Penistone and Stocksbridge) (Lab): What discussions he has had with Cabinet colleagues on employment and workers' rights deriving from EU legislation and rulings of the European Court of Justice being given domestic effect upon the UK leaving the EU. [906698]

The Secretary of State for Exiting the European Union (Mr David Davis): A large component of the people who voted to leave the EU could be characterised as the British industrial working class. It is no part of my brief to undermine their rights—full stop. As a Government, we have been clear that we will do nothing to undermine workers' rights. All law in this area at the time of exit will be brought under UK law as part of the great repeal Bill, ensuring continuity.

Angela Smith: The 2000 part-time workers regulations implemented the EU directive that guarantees that the rights of part-time workers are equal with those of their full-time colleagues. Will the Secretary of State guarantee that those rights will not be removed or diluted in any way when the UK leaves the EU?

Mr Davis: As I said, all law will be incorporated—no exceptions.

Mark Durkan (Foyle) (SDLP): On that point, employment law is a devolved matter in Northern Ireland, so under the great repeal Bill will that competence be automatically devolved, or will it be held in some sort of holding room here before it is devolved?

Mr Davis: The hon. Gentleman raises an important point. That is why I said last week when we were talking about the great repeal Bill that we will have extensive discussions with all the devolved Administrations to ensure that each appropriate piece of law goes to the right place.

Scottish Universities

15. **Tommy Sheppard** (Edinburgh East) (SNP): Whether he has met representatives of Scotland's universities to discuss the implications of the UK leaving the EU. [906703]

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): We have engaged with a number of higher education institutions, including groups such as Universities UK. Over the next few months, the Department will continue to engage with key stakeholders in business and civil society, including universities, through a series of round tables, bilaterals and visits throughout the UK. We have been clear we want to create an environment in which the UK as a whole can continue to be a world leader in research, science and tertiary education.

Tommy Sheppard: There are 4,512 students at the University of Edinburgh from other EU countries and several thousand other EU nationals engaged in research, teaching and administration at the university. I ask Ministers again: do they not realise that the refusal to guarantee the status of those people in our community

is placing in jeopardy much of the work of that great institution and is causing unnecessary anxiety in our community?

Mr Walker: I refer the hon. Gentleman to the answers I gave earlier on the Government's full intention to secure the rights of EU citizens in the UK and UK citizens in the EU. The Government recently announced that EU students applying for a place at an English university or further education institution in 2017-18 will continue to be eligible for student loans and grants for the duration of their course, and I believe the Scottish Government have made the same guarantee.

Article 50

17. **David T. C. Davies** (Monmouth) (Con): What the timetable is for the UK triggering article 50. [906705]

The Secretary of State for Exiting the European Union (Mr David Davis): The Prime Minister has made it clear that she will trigger article 50 by the end of March 2017. It is in everyone's interests that we take time to establish a UK approach and clear objectives for negotiations. Equally the Prime Minister has been clear that there will be no unnecessary delay. We have also been clear that we will trigger when the time is right for Britain and we will certainly, where possible, give people and businesses in Britain and other European countries the time to consider for themselves what the outcome will amount to. That is what we are doing.

David T. C. Davies: Does my right hon. Friend agree that this Government are absolutely right to deliver the Brexit that 17.2 million people voted for, and to do it in a responsible fashion that allows it to deliver the great deal for Britain that we know it is going to deliver?

Mr Davis: That is exactly right: it is what the Prime Minister said and it is what we intend—and I have to say that I doubt it is what the Opposition intend.

Sir William Cash (Stone) (Con): Is my right hon. Friend aware that in the last 24 hours the House of Lords has reported that there should be a vote in this House

"to debate and approve the negotiating guidelines, at least in outline"?

Does he accept that Parliament as a whole, including the House of Lords, has to not only respect, but also accept, the verdict of the British people and furthermore that it is for this elected House to determine its own procedures, standing orders and votes?

Mr Davis: My hon. Friend is right: we should respect the will of the British people. I have not had a chance to look at the Lords report yet, but I will comment on it when I do.

Anna Soubry (Broxtowe) (Con): As my right hon. Friend will know, a very important court case has been heard in the High Court in the last week. What plans has he drawn up, including legislation, in the event that he loses that case and that therefore it will be this place, including the House of Lords, that will trigger article 50, not the Government using the royal prerogative?

Mr Davis: Let me say gently to my hon. Friend that Ministers do not comment on court cases in progress.

Topical Questions

T2. [906678] **James Berry** (Kingston and Surbiton) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Exiting the European Union (Mr David Davis): Last week I updated the House on our progress towards leaving the EU. I have been clear that the Government's overarching aims are bringing back control of our laws to Parliament, bringing back control of decisions over immigration to the UK, maintaining the strong security co-operation we have with the EU, and establishing the freest possible market in goods and services with the EU and the rest of the world.

The great repeal Bill will end the primacy of EU law. It will minimise uncertainty and return sovereignty to the institutions of the United Kingdom, because that is what the referendum was all about—taking control.

We will work to ensure the UK's exit from the EU serves the interests of the whole country, from citizens to businesses. We will reap the opportunities exit provides all over the world and deliver an orderly and smooth transition, but I have been clear, as has the Prime Minister, that we will not be providing a running commentary on the negotiations; that would not be in our interests. Parliament will however be fully and properly engaged, as will the devolved Administrations.

We want to build a national consensus around our position and discuss our options with a range of stakeholders. Last week, I committed to a series of debates so that the House can air its views and we look forward to engaging with the new Select Committee. I congratulate again the right hon. Member for Leeds Central (Hilary Benn) on his election as Chair of that Committee.

James Berry: From the Mill bakery next door to my constituency office to the wards of Kingston hospital, thousands of EU citizens work and live in Kingston, and they are very welcome. What process does my right hon. Friend have in mind for ensuring their rights are protected post-Brexit, as well as the rights of British ex-pats living in the EU, something that none of the 27 Heads of State is yet to guarantee?

Mr Davis: As the Under-Secretary of State for Exiting the European Union, my hon. Friend the Member for Worcester (Mr Walker) has made clear already, we want to be able to guarantee the rights of all those European migrants in the UK. Many of them are already in the position of having indefinite leave to remain, or will have by the time we leave in two and a half years' time or thereabouts, so we are talking about a small fraction of those people, but nevertheless we take this incredibly seriously and we will seek to get the agreement with the other European countries that we will uphold their rights and British citizens' rights abroad as soon as possible.

Jenny Chapman (Darlington) (Lab): I don't know about you, Mr Speaker, but the British people have had enough of being misled over these issues. Will the Secretary of State tell the House and the country whether

his plan—as it evolves—will involve this country agreeing to continue to make payments to the European Union after we have left it?

Mr Davis: The hon. Lady had a great deal of trouble keeping a straight face while she was asking that question. That is because she knows it is one that I am not going to answer.

Jenny Chapman: I look forward to being able to ask the Secretary of State a question with a straight face in anticipation of getting a straight answer. Could he perhaps try to tell the House and the country how much he estimates will need to be spent on settling legacy commitments prior to the completion of Brexit? The *Financial Times* estimates—this is not a leak; it is an analysis—that our historical liabilities could cost up to £20 billion.

Mr Davis: I have no trouble keeping a straight face when dealing with the Opposition. I am afraid that, from time to time, they do things that are seriously not in the country's interests. Let me quote a rather more authoritative source than the *Financial Times*. The European Commission has guidelines on how it handles negotiations and what it puts in the public domain beforehand. It states:

“The negotiations and their texts are not themselves public. This is entirely normal for trade negotiations, not just those involving the EU. There are several reasons for this. A certain level of confidentiality is necessary to protect EU interests and to keep chances for a satisfactory outcome high. When entering into a game, no-one starts by revealing his entire strategy to his counterpart from the outset: this is also the case for the EU.”

The Opposition are trying to put us in a disadvantaged position with the European Union, and that is not in the national interest.

T3. [906679] **Sir Desmond Swayne** (New Forest West) (Con): Are opportunities being identified for British business that will arise from our departure?

The Minister of State, Department for Exiting the European Union (Mr David Jones): My right hon. Friend raises an important point. Many hon. Members are seeking to identify the challenges associated with exiting the European Union, but there will also be a great number of opportunities, not least because we will be in charge of our own affairs and our own trade policy. For that reason, my Department and the Department for International Trade are engaging regularly with businesses not only in the United Kingdom but around the globe.

T4. [906680] **Tulip Siddiq** (Hampstead and Kilburn) (Lab): In Camden, where I live, the Back to Business and FastForward programmes benefit enormously from the European social fund. Those programmes create a more inclusive labour market employing 400 people in my constituency, many of whom are disabled. Will the Minister outline what plans he has to protect the funding for such programmes, which promote social inclusivity?

Mr David Davis: Most EU funds will be guaranteed post-departure by the Treasury, as we said in August. After that, the decision will be one for the British people, the British Parliament, the British Government and the relevant Department. I am sure that they will take on board what the hon. Lady has said.

T5. [906683] **Nigel Adams** (Selby and Ainsty) (Con): Does the Secretary of State agree that the UK will continue to be a leading global finance centre outside the EU?

The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Robin Walker): Absolutely. We do not think that there is any doubt about that. London has once again been ranked as the No. 1 global finance centre in 2016. The next highest ranking EU location was not even in the top 10. Being part of the EU market is partly responsible for our ranking, and we are looking to maintain the best possible terms of trade with the EU market, but that is not the only factor. London clearly leads the world with the depth and expertise of its labour force, the breadth of its knowledge, services and infrastructure and its wide array of links to markets around the world. It is in the interests of the UK and the EU that that should continue.

T7. [906685] **Dr Roberta Blackman-Woods** (City of Durham) (Lab): I did not quite catch the Minister's response earlier, so will he tell us again what priority he is giving to ensuring that universities and research funding more broadly will not be adversely affected by Brexit, and that current research protocols will be protected?

Mr Walker: The hon. Lady makes an important point. As I said earlier, we want the UK to remain a scientific superpower. We have already seen significant guarantees from the Treasury in the lead-up to 2020. It will be in the interests of future UK Governments to ensure that we remain one of the world's scientific leaders.

T6. [906684] **Scott Mann** (North Cornwall) (Con): My right hon. Friend may be aware that according to Cornwall Council's own figures, only 1,300 jobs will be created from a £350 million EU spend between now and 2020. Does he agree that a much more tailored approach to regional funding could create more jobs more quickly for Cornwall?

Mr David Jones: My hon. Friend makes an extremely important point. As I indicated previously, the Chancellor has effectively guaranteed structural funding to 2020. It is important that such programmes deliver value for money and to that end the Government will liaise closely with the devolved Administrations and local authorities such as Cornwall Council.

Alison McGovern (Wirral South) (Lab): Given the Secretary of State's answer to Question 1 on financial services, I am sure he is well aware that Merrill Lynch has 1,000 staff in Chester and that Santander has more than 1,000 staff in Bootle. However, he has staff only in London and Brussels. Will he therefore commit to base staff from his Department in every region of England so that businesses can share their views directly with them?

Mr David Davis: This is not about the allocation of staff. If I put one staff member in every region, only one will be left in Whitehall. The simple truth is that we have been around from Belfast to Blackburn to the port of Tilbury and many other places in the UK and will continue to do so throughout the process, both up until the point at which we trigger article 50 and thereafter.

T8. [906686] **Mrs Maria Miller** (Basingstoke) (Con): Yesterday's employment figures show that this Government's successful policies are leading to more people being in employment than ever before. The NHS relies on thousands of EU nationals, not only highly skilled individuals, but cooks, consultants, cleaners and porters, so does the Secretary of State want to reassure the NHS that it will be able to continue to employ those EU nationals after Brexit?

Mr Davis: I reiterate that my Department's task is to bring decisions back to the United Kingdom so that the British Government and the British Parliament can make them in the interests of the United Kingdom. My right hon. Friend can be absolutely sure that those interests will not be interpreted into somehow denying staff to the NHS—just the reverse.

Alan Brown (Kilmarnock and Loudoun) (SNP): The Secretary of State said yet again that there will be no running commentary on the negotiations. Yesterday, the Chancellor announced plans to protect financial services workers over other EU nationals. Did the Secretary of State agree that strategy with the Chancellor or is it just proof that the Government do not have a clue what they are doing?

Mr Davis: As I have said several times in debates that the hon. Gentleman has attended, I will make as much information public as possible without prejudicing our negotiating position. That is what he is witnessing.

Several hon. Members rose—

Mr Speaker: The hon. Member for Stafford looks very happy. Presumably, like me, he is celebrating Arsenal's 6-0 victory last night.

Jeremy Lefroy (Stafford) (Con): I am, Sir. Will the Secretary of State reassure many factories in the west midlands and my constituency that the smooth, tariff and hassle-free operation of supply chains is of the utmost importance to him?

Mr Davis: I will indeed. We have been studying in some detail the effect on integrated manufacturing operations across borders to ensure that they are not jeopardised, whatever the outcome.

Nick Thomas-Symonds (Torfaen) (Lab): In a written answer to me yesterday, the Secretary of State for Wales talked about the full engagement of the devolved Administrations in Brexit negotiations. The best way to protect Wales's interests would be to put the First Minister in the Government's negotiating team. What good reason is there not to do so?

Mr Davis: I met the First Minister and the Finance Minister on Tuesday to talk about Wales's interests. That is how we will do it.

Mark Pawsey (Rugby) (Con): Companies in the supply chain to the motor industry, such as Automotive Insulations in my constituency, have benefited from multinational investment in the sector in recent years. What recent discussions have taken place to reassure the sector that the UK is a great place in which to invest?

Mr Davis: The Under-Secretary of State for Exiting the European Union, my hon. Friend the Member for Worcester (Mr Walker) was with sector representatives just a day or two ago and Nissan went to see the Prime Minister just this week.

Kirsty Blackman (Aberdeen North) (SNP): People in Scotland are scared about being left on a relatively small island without the protection of the EU and with perpetual Tory Governments in charge of employment law. Will this Government commit to fully devolving employment law so that we can better protect our workers?

Mr Davis: I have to say that it was this Minister who gave the commitment that we would not undermine or in any way reduce the protection available to British workers' employment rights in all the nations of the United Kingdom. Tomorrow, I am meeting Mike Russell, the Scottish National party's representative, in Glasgow to discuss this sort of thing.

Fiona Bruce (Congleton) (Con): Will Ministers reassure farmers in my constituency that in reviewing agricultural and environmental regulations they will have at the forefront of their minds the need for our farmers to produce the high-quality food that they do in a profitable way, just as any other business does?

Mr David Jones: My hon. Friend makes an extremely important point, and of course one benefit of leaving the European Union is that not only will we be able to adhere to stringent environmental requirements, but we will be able to design those so as best to suit the needs of this country and the agricultural industry.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): Both Nissan and Jaguar Land Rover have made it clear that access to the single market is crucial to their future

investment decisions in this country. What discussions has the Minister had with those companies to give them reassurance that access to the single market is the Government's highest priority?

Mr David Davis: More important than me, the Prime Minister had a meeting with Nissan only this week, and the communiqué that came out after it was extremely positive on both sides.

Martin Vickers (Cleethorpes) (Con): Brexit has been widely welcomed by leaders of the fishing industry in the Grimsby-Cleethorpes area. The industry was badly let down in the original negotiations in the 1970s. Can my right hon. Friend assure me that that will not be the case on this occasion?

Mr David Jones: My hon. Friend makes an extremely important point. The interests of the British fishing industry are at the forefront of the Government's mind. Indeed, we have already had meetings with the Scottish fishermen and had round-table meetings at the Department for Environment, Food and Rural Affairs.

Several hon. Members *rose*—

Mr Speaker: Finally and extremely briefly, Jim Shannon.

Jim Shannon (Strangford) (DUP): In Northern Ireland, my constituency has some of the best export businesses in agri-food and fishing, and they need attention. Minister, may I invite you to my constituency to hear what they have to say?

Mr Jones: I would be delighted to visit, as I would be to go to other parts of the country that have an important fishing industry.

Business of the House

10.36 am

Valerie Vaz (Walsall South) (Lab): Will the Leader of the House give us the forthcoming business?

The Leader of the House of Commons (Mr David Lidington): The business for next week will be as follows:

MONDAY 24 OCTOBER—Second Reading of the Health Services Medical Supplies (Costs) Bill.

TUESDAY 25 OCTOBER—Second Reading of the Criminal Finances Bill.

WEDNESDAY 26 OCTOBER—Opposition day (10th allotted day). There will be a debate on Concentrix, followed by a debate on Yemen. Both debates will arise on an Opposition motion.

THURSDAY 27 OCTOBER—A motion to approve the first report 2016-17 from the Committee of Privileges, followed by a debate on a motion on the Youth Parliament Select Committee report on young people's mental health. The subject for this debate was determined by the Backbench Business Committee.

FRIDAY 28 OCTOBER—Private Members' Bills.

The provisional business for the week commencing 31 October will include:

MONDAY 31 OCTOBER—Second Reading of the Cultural Property (Armed Conflicts) [*Lords*] Bill.

TUESDAY 1 NOVEMBER—Consideration of Lords amendments.

WEDNESDAY 2 NOVEMBER—Opposition day (11th allotted day). There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 3 NOVEMBER—Business to be nominated by the Backbench Business Committee.

FRIDAY 4 NOVEMBER—Private Members' Bills.

I should also like to inform the House that the business in Westminster Hall for 17 and 24 November will be as follows:

THURSDAY 17 NOVEMBER—A debate on the first report from the Environmental Audit Committee on soil health.

THURSDAY 24 NOVEMBER—A debate on the first report from the International Development Committee on UK implementation of the sustainable development goals.

Valerie Vaz: When I was first appointed to this job, I was told, "There's no power." I am therefore pleased that after I raised the issue of Marmite last week, we got a result by the end of the day. Bob Dylan has been awarded the Nobel prize for literature but has not contacted the academy, so we say to Bob, "Please contact the academy." I thank the hon. Member for Perth and North Perthshire (Pete Wishart) for his kind comments last week. As a composer, perhaps he can spot the subliminal messages to Bob.

We are governed by a Government of urgent questions and, if we are lucky, statements. Now we are to have a statement on the crisis in the funding of pharmacies. However, it took an urgent question by my hon. Friend the Member for Barnsley East (Michael Dugher), which you granted, Mr Speaker, to get the Minister to come to the House today. May I ask the Leader of the House, why a statement and not a debate? The Minister responsible has said that the Government have proposed a way to

reduce the £2.8 billion currently paid to the sector, but that the Pharmaceutical Services Negotiating Committee has rejected it. In February, the Health Secretary said that

"pharmacists have a very important part in the future of the NHS."—[*Official Report*, 11 February 2016; Vol. 605, c. 1775.]

So why the cuts?

On 25 April, the Health Secretary commended the important role

"that pharmacies can play in solving absolutely any problem that the NHS faces."—[*Official Report*, 25 April 2016; Vol. 608, c. 1170.]

And in July this year, he said that

"this is the right moment to rethink the role of pharmacies, and consider whether we can be better at tapping into the incredible skills that pharmacists have as trained clinicians, which I do not think we make the most of."—[*Official Report*, 5 July 2016; Vol. 612, c. 733.]

So why the cuts? The Health Secretary is a jokerman. If it's all good, why is he cutting the budget for the sector, much of which is made up of small businesses on which many communities rely as a lifeline?

For the second time this week, we have government by urgent question. Only last week I mentioned the reversal of the economic policy of the right hon. Member for Tatton (Mr Osborne), and here comes another reversal. May we have a full debate, not just a statement or an urgent question, on the sale of annuities? Dragged to the House on a U-turn so spectacular that we cannot see around the bend, the poor Minister responsible said that after extensive research, it was clear that a secondary market would not be able to offer this scheme. There were many unanswered questions. For instance, when did the Government first do the extensive research? Did the former Chancellor not look at the evidence in March 2015, or was this just a means of stimulating the economy using people's hard-earned savings while pursuing austerity measures? The answer, Mr Speaker, is blowing in the wind.

Will the Leader of the House make a statement to explain what the Secretary of State for International Development meant when she said that the Government cannot reveal their hand on negotiations to exit the EU because one does not do so when one plays poker? Poker, Mr Speaker? Are the Government gambling with the lives of the British people? Even Margaret Thatcher had a negotiating position. It was "No, no, no", or "I want a rebate". The Government say that they cannot reveal a negotiating position; we say that that is basic accountability. The only answer from the Government is that a hard Brexit's a-gonna fall.

The debate or statement on airport expansion in the south-east, which was scheduled for next week, has now been postponed yet again. The Prime Minister made her intentions clear, but only in a response to the hon. Member for Bedford (Richard Fuller) at Prime Minister's questions. She said that

"this Government will take a decision, but then a formal process has to be undertaken. The Government will identify their preferred site option. That will go to a statutory consultation, and then the Government will consider the results of that consultation".—[*Official Report*, 20 October 2016; Vol. 615, c. 802.]

I think that is Davies part 2. What of the timetable for implementation—the second part of the question that was not answered—and the further work on noise pollution, environmental issues and compensation from Davies

[Valerie Vaz]

part 1? Will those take place? Members of the Cabinet are on different sides of the debate—they are all tangled up in blue.

I want to place on record my thanks to the former Prime Minister and his wife Samantha for their unstinting support for epilepsy charities, much of which goes unnoticed.

Tomorrow, we remember the 50th anniversary of the Aberfan disaster in which 114 children and 28 adults lost their lives. I hope that wherever a flag is flown in our one nation tomorrow, it will be at half-mast.

Our colleague, friend and supporter of the vulnerable, Jo Cox, gave great service to her country through her public service, and so rightly deserves a plaque in this Chamber.

Jean, Gordon and Kim Leadbeter and Brendan Cox should not have had to bury their daughter, sister and wife, and her adored children should not have had to grow up without their mother. Our love to them all. May she rest in peace.

Mr Lidington: May I first deal with the two very serious points that the hon. Lady raised at the end of her remarks? I am sure that every single Member of the House will want to mark the appalling tragedy in Aberfan when the anniversary is commemorated tomorrow. None of us can ever forget—even if we were fairly young children at the time—the searing impact of the photographs and news coverage of what happened there. The images and the visible grief of the families are still clear in the memory. So too, as my right hon. Friend the Prime Minister said yesterday, is the fact that those who might have been able to prevent the tragedy in the first place did not act in fulfilment of their responsibilities and did not, until forced to do so, own up to their responsibilities until we had an independent inquiry some years later.

Solidarity with Aberfan will unite the House, as will sympathy with the family of our late colleague, Jo Cox. I know that the matter of the commemorative shield is very high on your agenda, Mr Speaker. I pay tribute to the Parliament choir, which exists as an all-party parliamentary group and, with the agreement of Jo's family, has commissioned a new choral composition that will be performed in her memory at a forthcoming concert.

On the political points, I was not sure whether the hon. Lady was complaining about there having been too many urgent questions. I felt that there was a certain retrospective character to her comments. On pharmacies, as she knows, there will be a statement by the Under-Secretary of State for Health, my hon. Friend the Member for Warrington South (David Mowat), after business questions this morning, in which he will set out in detail the Government's approach to community pharmacies. It is very important that we ensure not just that the money going to the national health service is sustained and increased, as the Government are doing, but that every last penny that goes to the NHS is spent to give patients the best possible value. We need to look at community pharmacy within primary, secondary and tertiary health care to ensure that we get the best possible value out of every penny of precious NHS funding that is spent.

On the hon. Lady's point about the sale of annuities, as my hon. Friend the Economic Secretary to the Treasury said yesterday, the Government made a thorough and honest assessment of the prospects for a genuine market in secondary annuities, and we reluctantly came to the conclusion that to have gone ahead with the measures originally envisaged would not have been of benefit to the very group of consumers who were looking to a secondary annuities market to provide them with some relief, because the products were simply not going to be available to give them the additional safeguards and opportunities that they were seeking.

I struggle to understand the Opposition's position on the negotiating position that the Government are adopting for the forthcoming European Union negotiations. I would have thought that whether we are talking about politics, business or any other walk of life, if we are about to start a very important and wide-ranging negotiation, the last thing that we should do is advertise the detail of our negotiating position so that the people with whom we are negotiating can see everything spread out in front of them. The Opposition need to wake up and realise that the people who would be most delighted if they got their way are the people with whom we will be negotiating across the table.

Finally, on the hon. Lady's point about airports, as the Prime Minister said, the Government will make an announcement in the near future about which of the options proposed in the Davies report we will adopt. The Davies report said that any of the three options that it proposed would be deliverable and sustainable. The Government will, of course, comply with the requirement of statutory consultation following that announcement, which the Labour Government put in place. That helps to account for the delay about which she is now complaining.

I have to say that if there is one thing that is blowin' in the wind this morning, it is the coherence of the Labour party's ideas about policy. I do not know whether Labour Members are sleeping well at night, but it is very clear to me that there is no place they're going to.

Several hon. Members *rose*—

Mr Speaker: Order. As usual, a very large number of hon. and right hon. Members are seeking to catch my eye. As colleagues will know, my normal practice is to call everybody on these occasions, but there are exceptions. Today, there is a statement on community pharmacy to follow, and there are two very heavily subscribed debates to take place under the auspices of the Backbench Business Committee. Therefore, it may not be possible to call everyone today, but if I am to have any chance of doing so, there is a premium upon brevity, which will be brilliantly exemplified by Mr Philip Davies.

Philip Davies (Shipley) (Con): May we have a statement urgently from the Government about the farce of allowing the child refugees into the country? The Home Office has admitted that two thirds of successful applicants as child refugees are actually adults. Today, Jack Straw has said that we need to do better on age checks, as the right hon. Member for Birmingham, Hodge Hill (Liam Byrne), did when he was the Immigration Minister. That is a serious concern to many of our constituents. May we

have an urgent statement on what the Government are going to do to make sure that the child refugees are actually children?

Mr Lidington: We do work closely with the French authorities to ensure that all those applying to the UK do actually qualify under the Dublin arrangements, which include the requirement for children to be under 18. We have to carry out the checks in a way that complies with High Court judgments on the matter. As my hon. Friend knows, the British Dental Association has taken the view that to carry out X-rays of claimants' teeth would not be a reliable indicator of age, as well as being, in its view, unethical.

Pete Wishart (Perth and North Perthshire) (SNP): May I also thank the Leader of the House for announcing the business for next week? I join him and the shadow Leader of the House in the tributes to Aberfan. Today is a very special day, with the by-election in Batley and Spen, and we recall all the horrific events around the murder of Jo Cox.

Today, we find that the Prime Minister is off to Brussels for her first trip with EU leaders since she became Prime Minister. She is advocating something I think she describes as a "smooth Brexit". May I suggest that, in our debates, we get our terms absolutely right for Brexit? We have hard Brexit and soft Brexit. I want to suggest crispy Brexit, soggy Brexit and maybe "I can't believe it's not Brexit."

The serious point is that we still have not had a debate in Government time on their plans to leave the European Union. We have had one in SNP time and one in Labour party time. We heard the Lords EU Committee say yesterday that the issue must be properly debated and scrutinised, and even suggest that we have a debate in advance of article 50 being triggered. So can we now—I am going to ask the Leader of the House this every week—have solid plans and proposals for when this House will get to debate what the Government intend to do?

The redrawn boundaries for Scottish Members of Parliament were produced this morning, and they would reduce the number of MPs from Scotland from 59 to 53. SNP Members would like to reduce that number to zero when we gain our independence and sovereignty, but in the meantime, while we are still here, I would like the opinion of the Leader of the House on one issue—I saw that he was in the debate briefly yesterday. How can it possibly be right that, in these Houses of Parliament, we now have more parliamentarians appointed by a Prime Minister than elected by the people? He is making that worse.

Finally, tomorrow we have the private Member's Bill tabled by my hon. Friend the Member for East Dunbartonshire (John Nicolson) on a very important issue. The "Turing Bill" seeks to posthumously pardon thousands of gay men who were caught up in all the anti-homosexual legislation. However, we have heard that the Government are withdrawing support for it, in favour of an amendment in the House of Lords. It should be here in the Commons that the issue is properly considered, by elected Members. All that the Government's action will do is lead to the withdrawal of support and further undermine the credibility of private Members'

Bills. Will the Leader of the House rethink that decision and make sure that the Government support the private Member's Bill tomorrow?

Mr Lidington: There have already been many opportunities to hold Ministers to account for the Government's approach to the European negotiations. We have just had questions to my right hon. Friend the Secretary of State for Exiting the European Union, who has also made a number of oral statements to the House about that since the referendum.

I am slightly surprised that the hon. Gentleman should appear to denigrate the importance of Select Committees in this House and the other place. It is simply wrong to believe that only a debate in plenary session qualifies as scrutiny. In my experience, having served as a Minister for more than six years, Select Committees can often be much more demanding on Ministers in terms of preparation and thinking through one's policy. We should respect the importance of those Committee hearings. My right hon. Friend the Prime Minister will give an oral statement next week about the European Council, and that will provide yet another opportunity for such questioning.

On the hon. Gentleman's point about his hon. Friend's Bill, the Government very much share his wish to see pardons given to people who were convicted of consensual homosexual acts when those were criminal offences. The Government are proposing that we should legislate both to provide posthumous pardons for people who are now deceased and to make it clear that those who are still living can apply under a statutory deregistration scheme for their conviction to be deleted from the record, so that they would then qualify for a pardon. The reason we cannot support his hon. Friend's Bill is that it does not take account of the need, in respect of people who are now living, to check that the offence of which they were convicted was genuinely consensual and did not involve, for example, a sexual offence against a minor, which would still be a breach of the criminal law today.

Several hon. Members *rose*—

Mr Speaker: What is now required, in each case, is a short question without preamble and a characteristically pithy reply from the Front Bench.

Amanda Milling (Cannock Chase) (Con): Last week, Briggs Equipment celebrated its 10th anniversary. To mark this occasion, it held an event where I got to meet 14 new apprentices. Will my right hon. Friend join me in congratulating Briggs on its anniversary and wish the new apprentices the best of luck with their new careers; and may we have a statement on the Government's 3 million apprenticeship target?

Mr Lidington: I am delighted to hear the news from my hon. Friend's constituency. The Government regard their 3 million apprenticeship target as a key element in increasing the skills and productivity of our nation. As the evidence from her constituency shows, sensible businesses realise that developing apprenticeship schemes is in their own commercial interest as well.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): Last year, the UK received £5.6 billion from the European Investment Bank for investing in skills, housing, schools

[Seema Malhotra]

and infrastructure across the country. With the UK currently languishing at the bottom of the G7 productivity league table, may we have an urgent debate on the impact of leaving the European Union and potentially losing our stake in the European Investment Bank on the UK's productivity, and the Government's plans to address this?

Mr Lidington: All these things will of course be elements in the negotiations. The Government have made it very clear that their industrial strategy is intended to address the very deep-seated, long-running productivity problem that we have.

Sir David Amess (Southend West) (Con): Will my right hon. Friend find time for a debate on returning veterans with mental health issues? I recently met representatives from Care after Combat, which has a very good success rate in turning round the lives of people who unfortunately end up in prison.

Mr Lidington: The Government want to do all within our power to make sure that those who have served, and currently serve, in the armed forces have the best possible access to treatment for mental health problems, and that appropriate action is taken to prevent people from developing them in the first place. I can assure my hon. Friend of the commitment of Defence Ministers and Health Ministers to what he advocates.

Ian Mearns (Gateshead) (Lab): I thank the Leader of the House for confirming the time allocation for the Backbench Business Committee on 3 November. Is there any element of protection for the time allocated on 27 October to the debate on the Youth Parliament's report on young people's mental health? May I also ask for an indication of any time allocations for Monday 7 November and Tuesday 8 November? I am surprised, by the way, that the hon. Member for Perth and North Perthshire (Pete Wishart) forgot to mention ready Brexit, but not to worry.

Mr Lidington: The time next week will be protected. I shall write to the hon. Gentleman about the other dates.

Mr Peter Bone (Wellingborough) (Con): I remember the days when Labour Members used to complain about how much time we spent on Europe. Really, Minister, is it not about time that we stopped banging on about Europe and just got on with it?

Mr Lidington: I note my hon. Friend's advice that we should stop banging on about the subject. If that is a belated addition to his birthday wish list, I would be happy to oblige. As a Government, we need to prepare our negotiating position thoroughly and then get the best and most ambitious deal possible on behalf of all the people of the United Kingdom.

Lilian Greenwood (Nottingham South) (Lab): *The Letters Page*, a literary journal that invites submissions in the form of hand-written letters, is edited by the author Jon McGregor and creative writing students at the University of Nottingham. It is usually published three times a year as a downloadable PDF file, but the

eighth edition is due to appear on 2 November in print as a limited edition boxset. Ahead of next Tuesday's Nottingham in Parliament Day, will the Leader of the House join me in congratulating *The Letters Page* on that momentous event, and does it not further confirm Nottingham's status as a UNESCO city of literature?

Mr Lidington: I am delighted to hear about the literary creativity of the hon. Lady's constituents and of the people of Nottingham. It is good to hear that the great literary tradition of D.H. Lawrence has not been extinguished but is alive and flourishing today.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): Sepsis currently claims about 44,000 lives in the UK every year. May we have a statement on the Government's newly announced public awareness campaign, so that we can establish how Public Health England plans to work with experts such as the UK Sepsis Trust to make sure that the campaign is as successful as possible?

Mr Lidington: Everyone in this House will want to take note of recent shocking cases where people have not had sepsis diagnosed early enough for effective treatment to be given. It is, clearly, deeply unsatisfactory that there should be any such case. Health Ministers will certainly want to ensure that there are improvements where they can be achieved, and I will draw their attention to my right hon. Friend's request for a debate.

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): May we have a debate on palliative care? Kilbride hospice in my constituency was recently opened by the First Minister of Scotland. It is a crucial resource for those most in need at the end of their lives, and such facilities should be supported right across the United Kingdom.

Mr Lidington: I, like the hon. Lady, demonstrate support when I can for the palliative care services in my constituency. One of the important improvements in attitudes towards healthcare in recent years is the acceptance that people who are in the final stages of their lives are entitled to be treated not just for their physical symptoms, but with the respect and dignity that is due to the whole person.

Mr Stewart Jackson (Peterborough) (Con): Last week, I hosted a meeting of my constituents in St Michael's Gate in Peterborough, many of whom will be evicted shortly as a result of a deal between Peterborough City Council and the north London estate agent, Stef & Philips. They will be replaced by homeless people from the council's homeless list, so may we have a debate on housing benefit regulations and the dubious and morally repugnant business model that prioritises housing benefit income for these people, rather than the interests of my long-standing constituents?

Mr Lidington: I am concerned to hear about what is happening in Peterborough. If my hon. Friend would care to provide me with the details, I will draw them to the attention of the responsible Minister straightaway.

Paul Flynn (Newport West) (Lab): The total number of deaths caused in America by the side effects of opioid drugs has now grown to a larger figure than the

total number of people killed there by road traffic accidents, guns and terrorism. Given that the use of those drugs is increasing in this country, and given that our usage of them amounts to a third of that throughout the continent of Europe, may we debate the terrible dangers that result from medicines that are more deadly than the maladies?

Mr Lidington: The hon. Gentleman has looked at drug use and drugs policy for many years, so I listen with some respect to what he says. There will be the opportunity to question Home Office Ministers about this on 31 October, and I suggest that he take advantage of that opportunity.

Mr Ian Liddell-Grainger (Bridgwater and West Somerset) (Con): May we have time in this Chamber to debate the rural economy? There is never enough time in Back-Bench debates or in Westminster Hall to discuss the rural economy, which will be vital to the United Kingdom when we leave the European Union. May we therefore have time to do so in this Chamber?

Mr Lidington: Although there will be opportunities to question my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs and her Ministers, my advice in the short term, given the number of hon. Members from all parts of the House who represent rural or partly rural constituencies, is to make an application to the Backbench Business Committee, because there should be strength in numbers.

Alex Salmond (Gordon) (SNP): May we have a debate on the international freedom of the press, just in case the BBC faces the closure of its Moscow bureau bank accounts by a state-owned bank in Russia—something that happens in authoritarian states but would never, ever happen in a liberal democracy such as the United Kingdom?

Mr Lidington: We all want to keep a close eye on action that the Russian authorities may take towards free media and, for that matter, civil society organisations inside their own territory. There is a history of the Russian authorities causing difficulties for journalists, broadcasters, civil society organisations and the British Council. That is something to be deplored at every opportunity.

Mrs Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): Following my debate in Westminster Hall yesterday on the Ministry of Defence future accommodation model, I have been inundated with concerned messages from military families overnight. Will the Leader of the House therefore support my request for a wider debate in the House on the future and security of military housing provision for our armed forces families, as part of our commitment to the armed forces covenant?

Mr Lidington: My hon. Friend spoke, as she always does, with great vigour and on the basis of significant knowledge in the debate yesterday. She will have had an answer at the end of the debate from the Under-Secretary of State for Defence, my hon. Friend the Member for Milton Keynes North (Mark Lancaster), who has responsibility for veterans. The Government will publish

its proposals for defence estates later this year, and that, I am sure, will provide Members with further opportunities to debate this subject.

Sue Hayman (Workington) (Lab): The Swansea bay tidal lagoon project would pave the way for £15 billion of investment in tidal lagoons, including one planned for the Solway firth in my constituency that could provide electricity for 1 million homes. We need tidal power as part of our future clean energy. When the Government's review of tidal lagoon technology reports next month, may we have a ministerial statement in support of that technology?

Mr Lidington: As the hon. Lady says, the results of that review are due to be reported in the next few weeks. I will make sure that my right hon. Friend the Secretary of State for Business, Energy and Industrial Strategy is aware of her request for a statement on the matter. I am sure that there will be opportunities in the House to debate these matters and for her to raise her concerns.

Mr David Nuttall (Bury North) (Con): May we have a debate on the process used to review the green belt? In Greater Manchester, the call for developers to submit expressions of interest in building on the green belt has resulted in vast swathes of green-belt land becoming the subject of speculation. That is causing great distress and anxiety for thousands of residents.

Mr Lidington: The Government's national planning policy framework makes it clear that green-belt land should be used for development only in the most exceptional circumstances. If a local authority wants to make such a case for exceptionalism, it has to provide the justification for that when it submits its draft local plan for examination in public, at which point an independent inspector tests rigorously the arguments that the local authority has made. These matters are, rightly, dealt with at arm's length from central Government Ministers, but that is the procedure that my hon. Friend and his constituents might want to look at.

Tom Brake (Carshalton and Wallington) (LD): Will the Leader of the House find time for a debate or possibly a ministerial correction on the subject of how difficult, or otherwise, it is for EU countries to export to Norway? In an earlier exchange, the Brexit Secretary said that it was very easy for Sweden to export to Norway. However, I am indebted to L. Alan Winters, professor of economics, who has said that one of the messages from a conference held in Sweden earlier this week was that

“Swedish exporters find exporting to Norway far more troublesome than exporting within the EU.”

Mr Lidington: The right hon. Gentleman will have other opportunities to challenge my right hon. Friend the Secretary of State for Exiting the European Union. I must say that I may be responsible for many things, but commercial relations between Sweden and Norway are not one of them.

Mrs Maria Miller (Basingstoke) (Con): Will the Leader of the House, in his unique role, review the Government's approach to their responses to Select Committee reports and speed them up? The Women and Equalities Committee

[Mrs Maria Miller]

has been waiting since May for a response to its gender pay gap report, and before that we waited four months for a response to our important report on transgender people.

Mr Lidington: I am grateful to my right hon. Friend for giving me notice of her question. I have looked into this matter. The report she mentions involves the responsibilities of a number of Departments, and I think that she received a letter from the Minister for Women and Equalities to alert her to the fact that there would probably be a delay in making a response. However, I share my right hon. Friend's disquiet, and I certainly do not regard it as defensible that her Committee should have had to wait so much longer than the normal period. I will draw her concern to the attention of the Ministers responsible, and I hope that we will be able to provide her Committee with the Government response to which it is entitled as rapidly as possible.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Fifty years ago, I was a newly appointed young lecturer at Swansea University, and I remember the deeply dark and wet day of Aberfan and the deaths of all those children. May I associate myself with the comments that have been made about keeping them in our thoughts? We should have a discussion in the House about how we look after the people involved—the families, the supporters and the communities—when such tragedies happen. It took a long time to respond positively to that terrible tragedy.

Mr Lidington: The hon. Gentleman makes a very fair and reasonable point. As he rightly says, it is often some time after the immediate period of shock and grief that the full traumatic impact of what people have lived through and what they have lost bears down on them. An effective response has to involve not just statutory services but—this is often most effective—friends and neighbours in the neighbourhoods where the people themselves live. I suspect there are lessons that can be learned from successes and failures in responding to various tragedies that have taken place over the years. I hope that he has the opportunity, possibly through the Backbench Business Committee, to raise that matter in the future.

Pauline Latham (Mid Derbyshire) (Con): May we have a debate, in this Chamber in Government time, on endangered species? Please will the Leader of the House not suggest Westminster Hall? I have tried applying for a debate there on rhino poaching for many weeks, and I have not been successful. This is a very important subject for the future of the world. I want my grandchildren and their generation to be able to see animals that are endangered.

Mr Lidington: I agree with my hon. Friend. With Environment, Food and Rural Affairs and Foreign Office Ministers in the lead, the Government are taking on the role of being one of the foremost international champions of better arrangements to protect not just endangered species but, crucially, the habitats necessary for their survival. As she knows, effective agreements require international consensus to work. That is what we are

seeking through CITES—the convention on international trade in endangered species—and the international organisations that have a role in this area.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Ten of my constituents are caught up in the Concentrix debacle with the tax credit office. In the past 24 hours, the tax credit office has called me about four cases, saying that it is shutting down the complaints on those cases prior to mandatory reconsideration being complete. May we have a debate about the tax credit office complaints procedure, because such an action breaches that procedure?

Mr Lidington: As I have said, there will be a debate on Concentrix in Opposition time next week. On the constituency case, if the hon. Gentleman wants to get the details to me later today, I will send them straight to the Financial Secretary.

Stephen Hammond (Wimbledon) (Con): The UK financial services sector employs 2 million people and is our largest exporter and our largest generator of tax revenue. Will the Leader of the House find time for a debate in this Chamber on the industry's importance to the UK economy and, indeed, to the Government's framework for transitional arrangements, so that we can thrive post-Brexit?

Mr Lidington: This may be something my hon. Friend is able to raise in the forthcoming debate on industrial strategy, but I am happy to join him in recognising the importance of the sector to the UK economy. I am sure that there will be opportunities, whether under business arising through the Department for Exiting the European Union or through the Department for Business, Energy and Industrial Strategy, to reinforce the importance of the message he has given the House.

Chris Stephens (Glasgow South West) (SNP): May we have a debate in Government time on the Government's response to the public consultation on reforms to the civil service compensation scheme? With more than 3,000 responses and 98% against the reforms, may I impress on the Leader of the House the concerns that many Members have on behalf of constituents who have delivered public services throughout the whole of their working lives?

Mr Lidington: I want to put on the record the Government's admiration for the way in which public servants of all grades and in all parts of our public services go about their duty. We have to recognise that, but we also have to recognise that pension schemes, like every other aspect of public expenditure, have to be paid for by taxpayers out of money taken by Government from their earnings. As the hon. Gentleman says, a consultation has been going on; Ministers will consider that consultation and respond in due course.

Mr David Burrowes (Enfield, Southgate) (Con): May we have a debate about services for vulnerable women, which I learned yesterday are being cut because they are not gender neutral? Women's charities made the point to me that the biggest risk factor for domestic violence is being a woman—domestic violence is not gender neutral. Will the Leader of the House and the Government

acknowledge that this is an issue not of access to trousers or toilets but of vulnerable women's access to services, which must not be sacrificed on the altar of gender neutrality?

Mr Lidington: If my hon. Friend will let me have some of the details upon which he has based his question, I will draw them to the attention of my right hon. Friend the Secretary of State for Education, who has responsibility for the Government Equalities Office.

Mr Speaker: Order. What is needed now are questions in single short sentences. If those are forthcoming they will be heard; if not, they will not be.

Nick Thomas-Symonds (Torfaen) (Lab): I associate myself with the remarks made about Aberfan and about my late friend and colleague Jo Cox.

On Saturday I will be attending the Remission Possible ball in honour of my young, inspirational constituent Emily Clark, who sadly died from cancer earlier this year. May we have a debate on the particular needs of young cancer patients when they suffer that terrible disease?

Mr Lidington: I associate myself with the expressions of sympathy and support for Emily's family and friends over this appalling loss. As a Government we need to make sure that the NHS works hard on policies that are more effective in preventing, identifying, diagnosing and treating cancer in children and young people. That should be the case for all cancers, but we should be aware of how heartbreaking such cases are.

Patrick Grady (Glasgow North) (SNP): Are the Government preparing for a Division on tomorrow's private Member's Bill, or are the Whips lining up compliant, obsequious Back Benchers to try to talk it out?

Mr Lidington: On—of all subjects—private Members' business, I have no idea whether people will seek to divide the House and whether Tellers will be appointed. The hon. Gentleman will have to indulge in the pleasures of delayed anticipation.

Nick Smith (Blaenau Gwent) (Lab): Farmers in Blaenau Gwent are being forced to deal with antisocial behaviour from packs of off-road bikers, so may we have a debate on the impact of off-road biking and people riding roughshod over our countryside?

Mr Lidington: I would deplore the behaviour that the hon. Gentleman has described. Many off-road bikers observe the law and accept their responsibility, when enjoying their pastime, to respect the rights and economic interests of the people who manage and live in the countryside. I hope that the particular problem he described can be sorted out locally with effective work by the police and local authorities, but I am sure that he will find opportunities to raise the matter further in the House if that is not possible.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): Yesterday colleagues and I met the Immigration Minister to discuss plans to build a new short-term immigration detention centre in my constituency while the Dungavel facility is closing. That would result in moving detainees hundreds of miles—

Mr Speaker: Order. I do not want a speech read out, I want a one-sentence question.

Gavin Newlands: May we have a debate on the UK Government's detention policy, which results in the UK detaining more people than anywhere else in Europe?

Mr Lidington: There will be Home Office questions on Monday 31 October. The hon. Gentleman may have the opportunity to raise his concern then.

Jim Shannon (Strangford) (DUP): Yesterday, I met Reverend Yunusa Nmadu from Christian Solidarity Worldwide. He said that Boko Haram continues to kidnap and brutally assault thousands of young Christian girls and marry them off. Will the Leader of the House agree to a statement or debate on this matter?

Mr Lidington: The British Government are doing all they can to support the Nigerian authorities, both in getting the return of the girls who have been abducted and ensuring there is effective action against the scourge of Boko Haram.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): England has witnessed a truly alarming rise in hate crimes against ethnic minorities and foreign nationals, and a 147% spike in homophobic attacks since the referendum. May we have a serious debate in Government time to discuss not only the problem but the action required to address it?

Mr Lidington: This matter has been raised with me during, I think, the past two business questions. I again say that I condemn, as do I think Members of all parties and on both sides of the referendum, the type of attack and abuse that the hon. Lady describes. It has no place whatever in our politics.

Steven Paterson (Stirling) (SNP): The Government have committed to a national shipbuilding strategy by the time of the autumn statement. Will the House have the opportunity to debate that, given the disgraceful delay in ordering the Type 26 frigates?

Mr Lidington: The Type 26 frigates are being built because there is a United Kingdom Royal Navy placing those orders in Scottish shipyards—something a separate Scotland would be unable to promise. There will of course be many opportunities in this House to debate industrial strategy and to look at shipbuilding as one element of it.

Peter Grant (Glenrothes) (SNP): Will the Leader of the House tell us when he intends to schedule the promised urgent debate on the floor of the House on the proposed Canada-EU Comprehensive Economic and Trade Agreement?

Mr Lidington: In due course.

Alan Brown (Kilmarnock and Loudoun) (SNP): Convicted criminal Lord Hanningfield left jail and returned to a job for life in another place. He was then back up in court in July this year for similar offences. Why did the parliamentary authorities step in and tell the court that it was a matter for them to address rather than the court? Will the Leader of the House commit to reform?

Mr Lidington: All this was debated yesterday, when we had a debate on the House of Lords. I do not think I have anything further to add to what my hon. Friends said on that occasion.

Mr Speaker: I thank the House for its co-operation.

Community Pharmacy in 2016-17 and Beyond

11.22 am

The Parliamentary Under-Secretary of State for Health (David Mowat): With permission, I would like to make a statement on the future of community pharmacy. In December 2015, the Government set out a range of proposals for reforming the sector. Our intent was to promote movement towards a clinically focused pharmacy service that is better integrated with primary care and makes better use of pharmacists' skills. I now wish to update the House on the outcome of this consultation and the measures we intend to take forward.

Let me be clear at the outset. The Government fully appreciate the value of the community pharmacy sector. There are now more than 11,500 pharmacies, an increase of over 18% in the past decade. Indeed, the overall pharmacy spend has increased by 40% over the past decade and now stands at £2.8 billion per annum. However, we do not believe that the current funding system does enough to promote either efficiency or quality; nor does it promote the integration with the rest of the NHS that we, and pharmacists themselves, would like to see.

The average pharmacy receives nearly £1 million per annum for the NHS goods and services it provides, of which about £220,000 is direct income. It includes a fixed-sum payment—the establishment fee—of £25,000 per annum which is paid to most pharmacies, regardless of size and quality. This is an inefficient allocation of NHS funds when 40% of pharmacies are now in clusters of three or more, which means that two fifths are within 10 minutes' walk of two or more other pharmacies. There are instances of clusters of up to 15 pharmacies within a 10-minute walk of each other. When the overall NHS budget is under pressure and we need to find £22 billion in efficiency savings by 2020, it is right that we examine all areas of spend and look for improvements.

The measures that we are bringing forward today have at their heart our desire more efficiently to spend precious NHS resources. Community pharmacy must play its part as the NHS rises to this challenge. I am today announcing a two-year funding settlement. In summary, contractors providing NHS pharmaceutical services under the community pharmacy framework will receive £2.687 billion-worth of funding in 2016-17 and £2.592 billion in 2017-18. That represents a 4% reduction in 2016-17 and a further 3.4% reduction in 2017-18. Every penny saved by this re-set will be reinvested and reallocated back into our NHS to ensure the very best patient care.

Furthermore, separately commissioned services by NHS England, clinical commissioning groups and local authorities will not be affected by this change. I want to see this commissioning of services to continue to grow. From 1 December, we will also simplify the outdated payments structure; introduce a payment for quality so that for the first time we will be paying pharmacies for the service they provide, not just for the volume of prescriptions they dispense; and relieve pressure on other parts of the NHS by properly embedding pharmacy for the first time in the urgent care pathway.

As we continue the path of reform, we will be informed both by the review of community pharmacy services being carried out by Richard Murray of the King's

Fund and by other stakeholders such as the Royal Pharmaceutical Society. NHS England is investing £42 million in a pharmacy integration fund for 2016-17 and 2017-18, which will facilitate the movement of the sector faster into value-added services.

Last week, for example, I announced two additional initiatives to improve our offer to patients. First, those who need urgent repeat medicines will be referred by NHS 111 directly to pharmacists—not to out-of-hours GPs as at present. Secondly, NHS England will encourage national roll-out of the minor ailment schemes already commissioned by some CCGs. This is expected to be complete by April 2018.

We are confident that these measures can be implemented without jeopardising the quality of services. In fact, we believe the changes will improve them. To safeguard patient access, we will be introducing a pharmacy access scheme in areas with fewer pharmacies and higher health needs. We are today publishing the list of pharmacies that will be eligible for funding from this scheme. Copies are available on gov.uk and from the Vote Office. The list includes all pharmacies that are more than 1 mile from another pharmacy. Those pharmacies will be protected from the full impact of the reductions.

In addition, we will have a review process to deal with any unforeseen circumstances affecting access, such as road closure. We will also review cases where there may be a high level of deprivation, but where pharmacies are less than a mile from another pharmacy, if that pharmacy is critical for access. This will cover pharmacies that are located in the 20% most deprived areas in England, are located 0.8 miles or more from another pharmacy and are critical for access. Additional funding over and above the base settlement will be made available as needed.

We have already announced NHS England's proposal significantly to increase the number of pharmacists working directly in general practice. A budget of £112 million has been allocated and will deliver a further 1,500 pharmacists to general practice by 2020.

As Members will know, the Government consulted the Pharmaceutical Services Negotiating Committee and other stakeholders, including patient and public groups. I am grateful for the responses that we received, which reinforced the value of community pharmacy and confirmed its front-line role at the heart of the NHS. The consultation also confirmed that there was a potential for the sector to add even more value. However, we are disappointed by the final response from the PSNC. We endeavoured to collaborate and listened to the committee's many suggestions over many months, but in the end, sadly, we were unable to reach agreement. Ultimately, the committee's role is to represent the business interests of its members, and I respect that. My role is to do the right thing for the taxpayer, the patient and the NHS.

Let me end by stating my firm belief that the future for community pharmacy is bright. These vital reforms will protect access for patients, properly reward quality for the first time, and integrate care with GP and other services in a far better way. That is what the NHS needs, what patients expect, and, I believe, what the vast majority of community pharmacists are keen to deliver.

11.31 am

Barbara Keeley (Worsley and Eccles South) (Lab): I thank the Minister for allowing me advance sight of his statement.

Community pharmacies play a crucial role in our health and social care system: indeed, 80% of patient contact in the NHS is in community pharmacies. The Government's decision to press ahead with damaging cuts which represent a 12% cut for the rest of the year, on current levels, and a 7% cut in the following year will therefore cause widespread concern and dismay. The public petition that was launched when the funding cuts were first proposed became the largest petition ever on a healthcare issue. It now bears 2.2 million signatures. The message is clear: people want their community pharmacies to be protected.

In the face of unprecedented demands on health and social care services, the importance of local pharmacies is greater than ever. They help to safeguard vulnerable people and signpost them to other services; they are very important to carers; and, crucially, they reduce demand on GPs and out-of-hours services. Do Ministers not recognise the extent of the support that those pharmacies offer, and the impact that their loss will have on communities?

As the Minister said, the Government's latest funding offer was rejected by the Pharmaceutical Services Negotiating Committee, because it was clear that there was little substantive difference between that settlement and their original proposal in December 2015, and that the outcome would be the same. Earlier this year the Minister's predecessor, the right hon. Member for North East Bedfordshire (Alistair Burt), said that up to 3,000, or 25%, of community pharmacies could close, and clearly the thousands of remaining pharmacies could be forced to scale down their services. If the Minister does not agree with his predecessor, will he now tell us how many community pharmacies he expects to close as a result of the Government's cuts? Pharmacies that do survive the cuts will be under significant pressure, which will result in job losses and service reduction. That is putting patient safety and welfare at risk.

The Government's plans are not only deeply unpopular; they are short-sighted, and will hit the areas with the greatest health inequalities hardest. A study by Durham University has shown that pharmacy clusters occur most in areas of greater deprivation and need. Will the Minister reassure us that the areas of greatest deprivation will not lose pharmacies on which they rely, and will not be disproportionately hit by the cuts? I was not reassured by what he said in his statement.

The cuts will have a significant impact on older people, people with disabilities or long-term illnesses, and, I reiterate, carers, who do not have time to look after their own health and often do not even seek GP appointments. The Minister has said nothing today about releasing an impact assessment. Given that the effect of the cuts is likely to be substantial, with rural, remote and deprived areas most affected, when will we see an impact assessment to justify them?

Community pharmacies help to relieve pressure on our already overstretched health and social care services, and in recent years they have delivered more than 4% of savings for the NHS in cost reduction and quality improvement year on year.

[Barbara Keeley]

It seems to me that Ministers are ignoring the conclusion of a recent PricewaterhouseCoopers report showing that community pharmacies contribute a net value of £3 billion through just 12 of their services—not all of them; just 12. Therefore, if one in four community pharmacies were to close, that value would be lost and the cost to the NHS would be significantly increased. Has the Minister considered the long-term impact that that will have on other NHS services?

We know that there is concern in many parts of the healthcare sector about these proposals. Can the Minister reassure us that all parts of the health service, including NHS England, support the proposals? Earlier in the week, he said that no community would be left without a pharmacy, but he was then unable to say which pharmacies would close and where. Will he repeat the pledge that no community will be left without a pharmacy?

We recognise the need, as does the Minister, to integrate pharmacy services better with the rest of primary care, but introducing cuts on this scale to community pharmacy services will not improve health services—it will damage them.

David Mowat: Frankly, a lot of that was scaremongering, which does not help what we are doing here and does not help with some of the difficult decisions we have had to make. Those difficult decisions are directed at modernising the service, bringing it up to date, making it much more dynamic in terms of added value and less static in terms of dispensing and all that goes with that.

I will answer some of the specific points that were made. There is a full impact assessment and it will be released immediately after the statement.

The hon. Lady asked about the PwC report. I have said on the record on a number of occasions that the report is an excellent piece of work. It does drive home yet again the value of community pharmacies, which we on the Conservatives Benches and in the Government accept. What it does not address is the extent to which those services could be delivered for less cost to the NHS. That is what I have to address and that is what we have done.

The hon. Lady asked whether NHS England supports the changes we are making. She might have heard the comments made by Simon Stevens, but I will read out, in answer to her question, a quote from the chief pharmaceutical officer of NHS England:

“NHS England, as the national commissioner of community pharmacy services in England, can reassure the public that the efficiencies which are being asked of community pharmacy will be manageable and there is sufficient funding to ensure there are accessible and convenient NHS pharmacy services in every community in England.”

Barbara Keeley: How many are closing?

David Mowat: The answer to that question is, I do not know. It is possible that none will close. I do not believe that 3,000 will close. However, I would say this. The average operating margin that the pharmacy makes on the numbers that I quoted earlier is 15%. That is after salaries and rent. The cuts that we are making, or the efficiencies that we are asking for, are significantly lower than that. Of course there is no such thing as an average

pharmacy, which is why I cannot guarantee that there will be no changes. What I can say is that, if there are mergers and if there is some consolidation, that demand does not go away—it goes to the other pharmacies in the cluster. To say that those pharmacies will be put under more pressure is plain wrong.

I say again that what we are doing is building an industry that is fit for the future, that is modern and that is adding value in a way it has not been able to do in the past.

Several hon. Members *rose*—

Mr Speaker: Order. Two points. First, Members who arrived after the start of the statement should not expect to be called. Secondly, there is extensive interest in this important statement—interest that I am keen to accommodate—but as I emphasised earlier there are to follow two heavily subscribed debates under the auspices of the Backbench Business Committee. Therefore, there is a premium upon brevity. We will be led in our brevity mission by one of the most senior and illustrious Members of the House, Sir Alan Haselhurst.

Sir Alan Haselhurst (Saffron Walden) (Con): Does my hon. Friend the Minister acknowledge that the NHS has become such a part of the nation's DNA that doctors' surgeries are frequently overloaded, that absolutely the right way forward is to have a rational, well-spaced network of pharmacies and that that is of particular importance in rural areas?

David Mowat: I do recognise that. My right hon. Friend made the point that the network is well spaced and that rural areas are protected. I would also make the point that, as I said in my statement, we are recruiting a further 1,500 pharmacists into the GP network. They will also play a big part in that integration.

Mr Ben Bradshaw (Exeter) (Lab): Are not these cuts the latest evidence of the unprecedented financial pressure the national health service is under? Is it not the case that cutting community pharmacy services is the very last place we should begin, as they take pressure off GP surgeries and hospitals and offer an excellent service? The Government should be investing more in them, not cutting them.

David Mowat: This year we invested a further £5 billion in the NHS, three times the rate of inflation. In June the OECD noted we are now above average in terms of NHS and social care spend in the OECD. However much we spend, it is right we look to do it as efficiently and effectively as possible, to modernise this service and make it better for patients, and that is what we are doing.

Anna Soubry (Broxtowe) (Con): The Minister knows my views: I do not think this 4% cut is a wise move. But I do note—and it is important that everybody reports this accurately—that that money is going to stay within the NHS, so it is not a cut. Can the Minister assure us about any incentives for pharmacies in the delivery of public health measures, notably preventive measures?

David Mowat: I thank my right hon. Friend for that comment and reassure her that for the first time we will be allowing pharmacists to access a quality fund, which means that the average pharmacy could earn up to

£6,000 or £7,000 over and above what it gets just for dispensing. The fund will include specific measures around public health.

Mr Speaker: My apologies to the hon. Lady; I call Dr Philippa Whitford.

Dr Philippa Whitford (Central Ayrshire) (SNP): Thank you, Mr Speaker.

We discussed this on Monday and, as I pointed out, Scotland has had a national minor ailments service, a chronic medicine service and public health prevention for many years within community pharmacies, and we have found them to be very effective. Research showed they could cut 10% of the pressure on GPs and 5% on accident and emergency.

The problem with the Government's proposal is that it is going to be a bit random; pharmacies are just going to be shutting on the basis that they cannot survive. Should there not be a planned system, to look at and discuss where they should be? It is not just a question of rural or deprived. It is also about transport; a mile away may be a real problem for those who are elderly and frail and for whom there is not a bus going in that direction. I welcome England taking forward these services, but my concern is the way in which it is going to be done; if it is just done due to cuts, it might not give England the answer it really wants.

David Mowat: I thank the hon. Lady for her point. She mentioned Scotland's minor ailments programme. The announcement I made on that about a week ago was in many ways modelled on the Scottish model, because we know that pharmacies can do much more on minor ailments than at present. That will be commissioned separately from the other things we are talking about today, and paid for separately from the integration fund. We are a little behind Scotland in that regard, and we are going to catch up.

Michael Gove (Surrey Heath) (Con): I congratulate the Minister on recognising what Labour failed to: that NHS money is taxpayers' money and the priority should always be patient care, not the profits of private equity firms. May I further congratulate him on making it clear that those living in our most deprived communities will be protected and have services enhanced as a result of this change, and may I invite him to say more?

David Mowat: I will not say much more because of time constraints, but I thank my right hon. Friend for his comments. He is right to remind the House that this sector is quite concentrated towards public companies. That is not to say there are not some individual pharmacists that will be affected, but about 25% of pharmacies are owned by two or three public companies.

Kevin Barron (Rother Valley) (Lab): I should declare my interest as chairman of the all-party group on pharmacy. I do not want to speculate about closures, as that has been done already, but if we get to a point where it might make sense for pharmacies to merge in different communities, my understanding is that the regulations are not yet in place for that. Is that true, and, if that is needed, when will it happen?

David Mowat: The right hon. Gentleman makes an extremely good point. They are not yet in place, but they will be by 1 December.

Mr Edward Vaizey (Wantage) (Con): I congratulate the Minister on his statement. It is worth reminding the House that many urban pharmacies are located in clusters and are very close to one another. It is therefore quite right that we should look at how they are subsidised. I am pleased that, as a result of these savings, he will be looking out for rural pharmacies, which are more dispersed. They are the ones that really need the help.

David Mowat: The access scheme to which I referred will apply to rural and urban pharmacies. Indeed, there is more urban than rural in it, but it will protect rural pharmacies in the way my right hon. Friend mentions.

Norman Lamb (North Norfolk) (LD): There is no escaping the fact that this amounts to a significant cut in prevention services, which is what always happens when the finances of the NHS are under pressure. I absolutely accept the need for reform of the financial incentives involved, to ensure that we get the best outcomes from the money being spent, but surely we should be investing more in prevention in order to ensure that the NHS is sustainable.

David Mowat: The quality system that I have mentioned is about potentially investing more in prevention and linking the best pharmacies—the high quality pharmacies—more closely to local authorities, public health schemes and all that goes with that. I make the point again that there is a requirement for efficiency savings, but we do not believe that they will affect access overall. We do not believe that this will affect the public's ability to use pharmacies as they do now. This will be part of modernising and digitising the service and providing resources for other parts of the NHS that need them very much.

Alistair Burt (North East Bedfordshire) (Con): Bearing in mind my responsibility for the difficult equation that my hon. Friend has had to solve by coming to the House this morning, I should like to thank him and welcome his statement, which finally brings clarity to these long discussions. Will he repeat very clearly the Government's absolute commitment to a strong community pharmacy network and to doing all they can to ensure that the NHS delivers on the essential commissioning of quality services? Looking ahead to the future, now that we have got past this, will he ensure that a good review of community pharmacy services is carried out, so that we can see what value they bring to the NHS? I am sure that, like me, he will find that sector extremely valuable to work with.

David Mowat: I thank my right hon. Friend for his fantastic work with the pharmacy sector. He makes the important point that we are trying to move the sector more into services and added value. The two announcements that I made two weeks ago are part of that, as is the work currently being done by Richard Murray from the King's Fund. That will inform how we spend the integration money and enable the sector to move more quickly into the sorts of services that my right hon. Friend is talking about.

Sue Hayman (Workington) (Lab): Allison's pharmacy in Cockermouth in my constituency helps to promote good health because it has a deep knowledge of the patients and their families. My concern is that, as a small pharmacy, it will be under more pressure from these cuts than the larger ones will be locally. Does the Minister recognise this pressure? Does he also recognise the vital community role that local pharmacies can play?

David Mowat: I repeat that we absolutely recognise the vital role that community pharmacies can play, and we want to make them move towards an even more vital role by providing more services, which is what pharmacies want to do, rather than getting all their money from their dispensing activities, as they do at the moment. High quality pharmacies will be in a position to really prosper in the new world that we are talking about.

Mark Pritchard (The Wrekin) (Con): I warmly welcome the Minister's statement. If there are closures, what additional support will be given to the pharmacies that are left, particularly to enable them to take pressure off GPs in the community?

David Mowat: The volume of business is gradually increasing. If a pharmacy in a cluster should close, that business will be redirected to other pharmacies in the cluster. They will then be in a position to expand, take on more people and all the rest of it.

Keith Vaz (Leicester East) (Lab): I declare my interest as a type 2 diabetic and as chair of the all-party parliamentary group on diabetes. The Minister is wrong to say that Leicester has too many pharmacies. The fact is that the population demands those services. Instead of making these cuts, why does he not spend that £25,000 on diabetes prevention, thus saving the national health service a huge amount of money in the future?

David Mowat: I have never said that Leicester has too many pharmacies. What I said in answer to the urgent question was that one road in Leicester—Loughborough Road, I think—has 12 pharmacies within half a mile, and that is quite hard to justify.

As for the right hon. Gentleman's other point about diabetes and long-term conditions, I mentioned the King's Fund work being done by Richard Murray and addressing long-term conditions is the sort of value-added service that pharmacies need to provide in future. The £42 million integration fund that we have set aside will enable that to happen.

Nusrat Ghani (Wealden) (Con): I welcome the news that this Conservative Government are spending £150 million more a year on pharmacies than the last Labour Government and will be paying pharmacies for not only dispensing prescriptions, but their quality of service. In Wealden, pharmacies have the double whammy of being rural and serving an older community, but they provide much-needed services and home deliveries. What news can the Minister share with me that I can share with pharmacies in Wealden?

David Mowat: The news that I can share is that pharmacies that are more than 1 mile apart from each other, many of which will exist in rural constituencies such as the hon. Lady's, will be largely protected under the scheme.

Paul Blomfield (Sheffield Central) (Lab): The Minister was right to describe community pharmacies as the essential front line of the NHS. What assessment has he made of the additional pressures and costs that will be put on other parts of the NHS as a result of this decision?

David Mowat: The King's Fund study and the £42 million integration fund are directly focused on services and on enabling pharmacies to become more integrated with GPs. In addition, I repeat that 1,500 more clinical pharmacists than we have now will be working for GPs in 2020. That is a huge difference.

Wendy Morton (Aldridge-Brownhills) (Con): I thank the Minister for coming to the House today and welcome his statement and update. It is right to consider improvements, but in doing so I urge him to ensure that the reforms are part of a broader policy on community pharmacies that seeks better to integrate with the NHS the vital services that they provide.

David Mowat: I give the hon. Lady that assurance. She used the word "integration", which is right at the core of the proposals, as is modernisation. This is a patient-first initiative and we are going to make it happen.

Toby Perkins (Chesterfield) (Lab): It is interesting that the Minister keeps referring to the evils of major chains, because it is impossible to listen to his statement and not realise that he is talking about supporting big pharmacies. Smaller pharmacies, which do not have such a wide patient base and do not offer such a wide range of services, will suffer. Does he acknowledge that small pharmacies will close as a result of the changes? Will he say more about where the savings will come from?

David Mowat: The scheme that we are putting into place is blind to ownership, so we will not take into account whether a pharmacy is a Boots, a LloydsPharmacy or something smaller. Given the gross margins that are currently being made by the average pharmacy, including smaller ones, I do not believe that the efficiency savings that we are asking for will cause widespread closures. It is scaremongering to imply that.

Richard Benyon (Newbury) (Con): Those of us who represent constituencies with both remote rural and urban communities understand the difficult issues that the Minister and his Department have wrestled with. Does he agree that this decision is one that would have to be taken by whichever party was in government at the moment because it is right to ensure that the service is modern, efficient and that it represents security for people in rural communities?

David Mowat: Yes—modern, efficient and oriented towards excellent patient care.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): My constituency lies within the South Tees clinical commissioning group's area, which is one of the pilots for the roll-out of the minor ailments service. The scheme was brought in due to the closure of minor injuries units at Guisborough and East Cleveland

and medical centres at Park End, Skelton and Hemlington—all in my constituency. We are now seeing a shortfall in national vanguard funding for the minor ailments service and lack of GP provision in the region. What on earth is going on with primary care?

David Mowat: I do not wholly understand the thrust of that question. I assume that the hon. Gentleman, like others in this House, is welcoming the fact that we are rolling out a national system on ailments, delivered by pharmacists. As the hon. Member for Central Ayrshire (Dr Whitford) said, that is the future.

Helen Whately (Faversham and Mid Kent) (Con): The Government are right to require pharmacies to make efficiencies, as the NHS is. I welcome the pharmacy access scheme, which I hope will help my local village pharmacies. I urge the Government and NHS England to press ahead with rolling out the minor ailments service, because it is important to make the most of the skills and capacity of pharmacies, in order to provide valuable services to patients and to relieve the burden on GPs.

David Mowat: I thank my hon. Friend for that comment, and I reinforce what I said earlier: NHS England plans to have this rolled out nationally by April 2018.

Martin Vickers (Cleethorpes) (Con): I recognise the difficult decisions the Minister has had to make, but rural pharmacies are going to be particularly hit. He has attempted to sweeten the pill with his access scheme, but it is only a two-year scheme. What support will be forthcoming beyond that?

David Mowat: This is the first time ever that we have given pharmacies a two-year planning horizon; usually, these negotiations relate to a one-year period. After the completion of this period, there will be further negotiations, at which point we will take forward what is right to do.

Mr Steve Baker (Wycombe) (Con): I congratulate the Minister on the way he has sorted out this mess. Is this unnecessary and wasteful clustering of pharmacies not a direct consequence of the former Labour Government's broken payment model?

David Mowat: I am not sure that takes us forward, but it is right to say that spending NHS money on payments of £25,000 to many pharmacies within half a mile of one other is the wrong way to spend money when we need more in cancer drugs funds, in GP surgeries and in accident and emergency—that is what we need to be doing.

Edward Argar (Charnwood) (Con): A large number of rural villages and small towns in my constituency are served by individual local pharmacies, which play an important role in the community. I welcome the Minister's comments about the access scheme. Will he reassure me that small pharmacies in rural areas such as mine will be among those to benefit from the access protections he has outlined?

David Mowat: Yes, I can reassure my hon. Friend on that. Indeed, I can make the specific point that the 25% that make up the largest pharmacies will not be in the access scheme; it is directed more at smaller pharmacies.

Lucy Frazer (South East Cambridgeshire) (Con): The Minister is right to identify that those areas with fewer pharmacies will benefit from protection, not only because the travel time to a pharmacy will be longer, but because the travel time to all support services will be longer. Will he therefore confirm that pharmacies in my rural constituency will benefit from the access scheme?

David Mowat: I do not have the specifics for my hon. and learned Friend's constituency in front of me. We have published the full list and it is in the Vote Office, and I am sure that when she has a look at it she will find that some pharmacies in her area are protected.

Sir Desmond Swayne (New Forest West) (Con): It is right to protect services by being more focused, but is there any other kind of commercial retail enterprise to which Government hand an establishment fee of £25,000?

David Mowat: Not that I know of, but there may well be. The facts are that the £2.8 billion that we currently spend is for services and for disbursing £8 billion-worth of drugs. It is a valuable service, but it is right that we look to see that that money is spent effectively and as effectively as in other parts of the NHS. It is the Government's job to make sure that every penny that we give the NHS provides maximum value for patients.

Nigel Mills (Amber Valley) (Con): May I declare an interest, in that my wife is a community pharmacist? I should therefore probably be cautious in welcoming this statement, for obvious reasons. Will the Minister confirm that the proposals to have a hub-and-spoke model, which would have been even more damaging to community pharmacies, are not part of this step forward?

David Mowat: I can confirm that no part of what we are talking about today is in respect of the hub-and-spoke model that my hon. Friend talks about.

Mr Speaker: I am most grateful to the Minister and to colleagues for their helpful co-operation in facilitating progress on this important matter.

BILL PRESENTED

HOUSING STANDARDS (PREPARATION AND STORAGE OF FOOD BY TENANTS IN RECEIPT OF UNIVERSAL CREDIT OR HOUSING BENEFIT)

Presentation and First Reading (Standing Order No. 57)

Frank Field, supported by Jeremy Lefroy, Caroline Flint, Dr Philippa Whitford, Sir Edward Garnier, Stephen Timms, Caroline Lucas, Sir David Amess, Tristram Hunt, Sir Peter Bottomley, Ruth Smeeth and Helen Jones presented a Bill to require landlords of tenants in receipt of universal credit or housing benefit to ensure that their rented accommodation meets minimum standards for the hygienic storage and preparation of food; contains adequate appliances, equipment and utensils for the cooking of food; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 4 November, and to be printed (Bill 79).

Backbench Business

BHS

[Relevant document: First Report of the Work and Pensions Committee and Fourth Report of the Business, Innovation and Skills Committee, BHS, HC 54.]

Mr Speaker: I should inform the House that I have selected amendment (a), in the name of Mr Richard Fuller and others. In a moment, I shall ask the right hon. Member for Birkenhead (Frank Field) to move the motion. May I just emphasise that there are 14 Back-Bench Members who wish to contribute to the debate, and so even those who are not subject to a time constraint in any formal sense will doubtless wish to tailor their contributions to take account of the level of interest in the House?

12 pm

Frank Field (Birkenhead) (Lab): I beg to move,

That this House notes the recent joint Report by the Business, Innovation and Skills and the Work and Pensions Committees on BHS; endorses that Report's criticisms of the governance of the company and of the holding company, Taveta Investments Limited; believes that the sale of the company to Retail Acquisitions Limited for £1 was clearly not in the interests of British Home Stores' employees and pensioners; notes the failure of Sir Philip Green over many years to resolve the deficit in the BHS pension fund; and calls on him to fulfil his promise to do so forthwith.

May I thank the Backbench Business Committee for giving us the opportunity to have this debate? I do so on behalf of both the Work and Pensions Committee and the Business, Innovation and Skills Committee, because we are debating a two-Committee report.

In light of what you have just said, Mr Speaker, may I say that I know there will be lots of people wanting to intervene and, more importantly, wanting to contribute to the debate? While I am, of course, more than happy to take interventions, if those interventions could be ones that are genuinely inquiring or critical of me, I would be really happy for them to be fielded—no pun intended; sorry. On behalf of the two Committees, may I also thank our advisers and staff, including Adam Mellows-Facer and Chris Shaw, who were the two key people who guided our work?

I am mindful of your comments, Mr Speaker, and anxious that everyone can get in during this three-hour debate. I have four themes to touch on. First, what do I see as the main findings of our joint report, which was agreed unanimously? Secondly, from the base of a successful BHS in the initial stages, what was Sir Philip Green able to achieve? Thirdly, I want to comment on what I see as this sad, slowly unfolding Greek tragedy. Fourthly, because the work of this House is never done, what lessons might we draw from the report for our future agenda? In saying that, I do not wish to say anything—I am sure that this is true of other Members who wish to contribute—that will draw attention away from the central concern of this debate: the 11,000 workers who cruelly lost their jobs; the 20,000-plus pensioners who are now in real doubt about what size pension they will get, even though they contributed to a set promised pension; and how the public's mind is affected by these operations, if they are an accurate representation of how we earn our wealth.

On the first theme, what do I see as the main findings of the report? Members will have their own views, and it will be great if they do as that will help us to build up a more comprehensive picture for the people who are following this debate. My first view, which was never knocked in any of our Committee proceedings, including our meeting with Sir Philip Green, is that literally nothing happened in BHS or Arcadia, and perhaps in much else besides, without Sir Philip Green deciding directly, or without people knowing what his mind was and that they would get his approval. Obviously I never knew Napoleon—given my age, Members might think that I could have touched the hem of the garment of Napoleon—but in my mind's eye, this was a character most like the Napoleon whom I read about in history books when I was at school. As there is always pressure for history to be rewritten, particularly from those who think it treats them unfairly, it is important to remember that when Sir Philip acquired BHS, it was a relatively prosperous business that had a pension scheme in surplus. The idea that somebody, out of the goodness of their heart, was charging to the rescue of some mega-failing of British industry is not borne out by the facts in our report or those that anybody else has published.

Nick Thomas-Symonds (Torfaen) (Lab): In light of the fact that the pension fund was left at the end with a £571 million deficit and the conduct of Sir Philip Green that my right hon. Friend has described, must we also look more broadly at corporate governance to determine how an individual was able to behave in such a way in this country?

Frank Field: That is a wonderful point to which I shall draw attention. I hope my hon. Friend and others will catch your eye, Mr Speaker, to develop that point.

John Glen (Salisbury) (Con): I pay tribute to the right hon. Gentleman for how he conducted the inquiry on a cross-party basis. Given his depiction of Mr Green as a Napoleonic figure, does the right hon. Gentleman share my concern that although Mr Green came to the Committee in June and asserted that he would fix the problem, several months later that does not appear to have taken place? Mr Green is reported in the media as saying that he will do so in the next couple of days, but the situation is very irregular, given the authority that he seems to have.

Frank Field: Again, that is an incredibly relevant point, and it links to the previous one. We were certainly left with the impression that the problem would be sorted shortly. There is no concrete proposal on the table to bring justice to the pensioners, and a question of corporate governance is raised about how someone can take over a company with its pension fund in surplus and a good order book. An interesting aspect of Sir Philip's evidence to us was that he said he could have annuitised all the pension liabilities when he took over BHS, but decided not to do so. Had he done so, we would not be in this position today.

Mr Dennis Skinner (Bolsover) (Lab): Only a small point: this Napoleon thing has reared its head. I had always thought that Sir Philip Green was more of a

Maxwell. He had the money and he had the yachts. He had the workers and he robbed them of their pensions. It is almost a parallel.

Frank Field: Sir Philip has threatened to sue me over my comments about that. I am still waiting for the writ to arrive. I long to be in court to have a trial by jury, but that will be for another day.

I return to what I see as the main findings. There was some pretty important engineering going on from the early years in respect of the profitability of the company. We were much amused in Committee when Sir Philip said that his business prowess extended to halving the cost of coat hangers. It would have been more interesting, of course, for him to have told us about his secret share dealing with one main supplier who during those early years, because they were party to BHS decisions, knew the costs of other orders for which tenders were coming in and was therefore able to bid accordingly.

I maintain that thanks to that measure, Sir Philip was able to get perhaps artificially low supply costs, boosting BHS profits during that period, so it looked even more profitable than it was. That individual shareholder, as I say, was involved in a secret share deal. When he came to sell his shares, he managed to sell them for £90 million. Going on from there, we know that this played a key part in allowing £400 million in dividends to be taken from BHS, which most observers would not necessarily have seen as anything extraordinary.

The next stage of this sorry saga—my second theme—is, what was Sir Philip able to achieve from that BHS base? Gaining ownership—control—of BHS allowed him to acquire the group of companies known as Arcadia. From Arcadia, he managed to sponsor a huge gearing operation. Was it £2.6 billion? Was it £2.9 billion? However, the key thing about the ownership of Arcadia, which came only from what appeared to be the adequate—or more than adequate—running of BHS, was that there were huge sums of money sloshing around Arcadia. All too soon, £1.3 billion of money geared—loans acquired—on Arcadia through a number of companies found its way up to Lady Green.

Charlie Elphicke (Dover) (Con): I thank the right hon. Gentleman for giving way on this important point. Is that not the heart of the issue? The ability of corporate bandits to asset-strip in this way, leaving employees, pensioners and deferred pensioners in the lurch, is one of the key things that needs reform. It is one of the key reasons why people feel this country works for the Philip Greens of this world, rather than the working-class kids of Dover, Deal, Doncaster and Darlington.

Frank Field: Not for the first time, the hon. Gentleman reads my mind, because I wish to go on to that issue. Despite all the razzmatazz and so on, there was nothing that the Committee could find—no evidence of this was presented to the Committee—that showed that Sir Philip Green was king of the high street. He was, and is, a very successful traditional asset stripper, and I think that many people will want to develop that aspect of the debate.

Many of the workers in Arcadia must feel that they may stand ready to be pushed into the same hole as the BHS pensioners and workers. However, I think that a check has been put in place, and how that has happened

is rather interesting. There was one of those wonderful moments during our hearings when one thinks, “Why is somebody telling me that?” Dominic Chappell—this triple bankrupt who was largely a creation of Sir Philip Green—told us that he had first refusal should the Arcadia group come up for sale, but that the only restraint was that Topshop would not be sold as part of that next sell-off. Of course, Topshop remains the crown jewels of Arcadia. It is the part of the Arcadia group that Sir Philip Green tried to take into America, and he succeeded. However, we now know that Sir Philip has had to sell part of his stake in Topshop to a company called Leonard Green—no relation whatsoever. It is inconceivable that that American financier would have agreed to buy into Arcadia without having the power to lock the tills, so the idea that the Arcadia companies, and particularly Topshop, will see moneys moving from them to the Green family has clearly been stopped.

Why, the House might ask, if that is the only part of Sir Philip’s empire that is making money, did he sell? It comes back to those mega-loans of between £2 billion and £3 billion. Recently, they have had to be refinanced. Given what our Select Committees have brought out, I think that Sir Philip had real difficulty finding a refinancing champion and had to give access to the crown jewels—Topshop—to refinance those loans, half of which probably went very quickly through a network of companies up to Lady Green and the Green family.

Let me move on to my third theme: the Greek tragedy that has unfolded before us. Sir Philip has many times made the criticism of me that I am biased and that in the very first interview that I gave on this issue on the “Today” programme, when I was asked the straight question of whether I thought he should lose his knighthood, I said yes. Now, perhaps I should not have been a politician—maybe I should have dissembled—but I actually answered based on what I then thought the evidence was, although I much wanted evidence to overthrow that original view. However, whether I had held that view either publicly or privately, as to the idea that the two Select Committees that this House selected to represent it on business and on work and pensions matters could somehow be manipulated by me—fine chance.

Mr David Winnick (Walsall North) (Lab): My right hon. Friend should consider the criticism of him made by Green as a badge of honour. He and I differ on a whole host of subjects, but he and my hon. Friend the Member for Hartlepool (Mr Wright), who chairs the other Committee, have carried out their duties with distinction, and that should be recognised by the House.

Frank Field: I do not have time to go down that road, but I am really grateful to my hon. Friend. He always emphasises how much we disagree when he is agreeing with me, but I hope that does not mean that we both have re-selection problems coming down the tracks.

However, let me get back to this theme of Greek tragedy. We are dealing with a man who has tremendous wealth—it is difficult to comprehend what wealth he has. Yet, we know that he could have paid up—paid a modest amount, compared with that wealth base of £3.5 billion or whatever it is—and walked away smelling of roses. Not only that, but he would have helped the House, through our Committee system, to begin to set

[*Frank Field*]

the debate about how we face the whole challenge of pension deficits—that new era into which we have come. That would have helped to answer the question raised by my hon. Friend the Member for Torfaen (Nick Thomas-Symonds): what lessons was Sir Philip drawing vis-à-vis corporate governance? In all those things, he could have been setting the debate. On pension deficits, and on the reform of private companies in particular, he has had nothing to say, but he could have helped us to lead the debate.

Charlie Elphicke: Is not that the heart of the issue? Philip Green says he is sorry, but it comes across as crocodile tears, because he will not put his money where his mouth is. He ought to make recompense.

Frank Field: Indeed. Whatever the legal issues, there is a mega, mega, mega-moral responsibility.

Let me conclude my third theme of this Greek tragedy. Here we see—we have seen him before us in this place—a man who has everything in life and risks losing everything important in life: his standing and how his friends regard him. He does so because he seems somehow unwilling to surrender a modest part of his mega-fortune, but that modest part would make such a difference to those pensioners who are still awaiting their fate.

I turn to my fourth theme: what is being tested through our report, starting with our debate today? First, Members will have a chance to comment on how two of their Committees have carried out their work. I really hope that Lord Pannick's rather appropriately named report, which would begin the Americanisation of our Committee system in which we would have no role, because all the lawyers would just take over and we would sit there like puppets, will be strongly resisted. I know other Members will want to talk about this "judgment", but Lord Pannick's report has shown that if you pay a lawyer, and they are friends of yours, they will come up with the opinion you want. That report does nothing for the legal profession. It is interesting that within moments of publishing this supposed report, Lord Pannick had to admit that he was very close friends with two of the key players whom we examined in this undertaking.

There are clearly questions about the Pensions Regulator that people will touch on today and the Work and Pensions Committee will look at. Are the organisation's legal powers up to the increasing challenge that it faces? Does it have the right staff? Is it run with the right culture, and if not, what needs to change? Of course, the latter would be much more difficult to deal with than changing legal powers or getting the right staff.

What are the lessons for the Government? My hon. Friend the Member for Torfaen (Nick Thomas-Symonds) has already mentioned one lesson, which I have now learned—perhaps I should have done so long ago. I had somehow thought that private companies govern the future destinies of only a few employees at a time. Wow, was I wrong about that, considering Sir Philip Green's empire in BHS, with all those 11,000 jobs destroyed, and the jobs at stake in Arcadia? My hon. Friend's point about corporate governance is mega. It is a theme that fits in with the Prime Minister's wish that in trying

better to protect the vulnerable, soft underbelly of British society, we must look at how capitalism behaves in this country.

I have two more brief points. First, how do we ensure the independence of the bodies that are put into operation to try to recover the assets of a company that has gone down like BHS? Very important questions have been raised in respect of the recovery operation for BHS. Secondly, if we needed to address the staffing, powers and approach of the Serious Fraud Office, given that we are still waiting to know how it is going to respond, how would the appropriate Committee, and then this House, do so in a non-threatening way?

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): My right hon. Friend is making a very good speech. He touched on the professional advice that was given to Sir Philip Green. Part of that issue is the ongoing problem that we have with how the big consultancies operate in our country—Grant Thornton in this case, and in others—and the fact that the Serious Fraud Office increasingly depends on those consultancies.

Frank Field: The quicker I finish, the quicker my hon. Friend the Member for Hartlepool (Mr Wright) will be able to deal with that matter and how his work on it has evolved.

This is the first time that I have stood before the House since I was elected Chairman of one of its Select Committees. I thank the House for electing me to that position. Despite the hard work, it has been a pleasure, particularly in relation to the work in which we, as comrades, have been involved during this inquiry.

12.23 pm

Richard Fuller (Bedford) (Con): I beg to move an amendment, at the end of the Question to add,

‘; and, noting that Philip Green received his knighthood for his services for the retail industry, believes his actions raise the question of whether he should be allowed to continue to be a holder of the honour and calls on the Honours Forfeiture Committee to recommend his knighthood be cancelled and annulled.’

I am fortunate to follow such a gracious speech by the right hon. Member for Birkenhead (Frank Field), and to move the amendment standing in my name and the names of 113 other Members of this House.

I took part in the inquiry into British Home Stores not only as a member of the Business, Innovation and Skills Committee but as someone who believes passionately in the good that business can do. I have seen in my own life, and in countries around the world, that the force of market economies helps everyone. It helps people who want to earn a living and build a future for themselves and their families, and it creates a stable basis for broader freedoms in society to take hold.

However, in the course of our weeks of inquiry it became apparent to me that when we look at British Home Stores in particular, and at corporate governance in this country more generally, we see that all the rules that help set the stage for our market economy presume that with the freedoms given to people who have enormous power over thousands of their fellow citizens, when times are tough, or when push comes to shove, those people will do not just the legal thing but the right thing—the honourable thing. To some people, “honour”

may seem an unusual word to use with regard to business, but in an effective business, ultimately, honour is all that one has. A person can amass a great fortune, but in such turbulent times for the market, they can lose it in a day, and all they are left with is their honour. Underpinning the amendment is the need to gauge, from the specifics of our parliamentary inquiry into British Home Stores, not whether Sir Philip Green's actions were legal but whether they were honourable. That is pertinent because he received his honour for services to retail.

In the course of our inquiry, a core issue was pensions. The right hon. Member for Birkenhead spoke in detail, as will other Members, about the shortcomings that have led to British Home Stores pensioners facing the prospect of lower pensions and the taxpayer facing the prospect of having to pick up the tab for the difference.

Another issue was the role of advisers. It was bizarre that among a fleet of well-paid advisers on a transaction, apparently the only voice that mattered was that of the adviser who said they were not an adviser. That may be okay if a person is dealing with just themselves and their family, but when they are dealing with people who are going to get up on Monday to try to earn a living in a shop, advice is important. We saw many times that the role of advisers was not just in giving advice; it was also in conveying an impression that this person was a person of substance. In an enterprise with £600 million of revenue, 11,000 employees, and responsibility for putting money into the pensions of 20,000 people, surely those running it should be people of substance—people with experience. What goes through the mind of a knight of the realm in saying that those livelihoods and those futures should be consigned to a three-time bankrupt? What goes through the mind of the owner of such a substantial business in thinking that the problems that he has faced, and found quite challenging, can more easily be solved by someone with zero experience of the industry that they are about to take on?

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): I was contacted by email by a constituent, Irene, who shared the following:

“I have two friends that worked in BHS in Glasgow and they are devastated at what has happened to them and their pensions. They worked there for years and don't have much chance of getting another job or being able to build up works pension...This has happened to my friends and their colleagues all because he risked his worker's pensions while he made huge profits. I feel that we most certainly should not be honouring people like that.”

Does the hon. Gentleman agree with Irene, and me, that this man does not deserve his honour after what thousands of hard-working people across the UK have endured?

Richard Fuller: I am very grateful for the hon. Lady's intervention, and I absolutely agree. I would say to people who worked for British Home Stores and want to be sure that we are dealing with issues that are tangible for them, and who are perhaps worried that the knighthood is a separate question, that we are debating those tangible issues. We are talking about what happened to their pensions and the fact that many people lost their jobs. Nevertheless, a symbolic, but still quite tangible, step that we can take in this House is to conclude that, as the hon. Lady says, such behaviours do not merit the continuation of an honour.

In their response this week, Lord Pannick and his colleague talked about governance issues. We were shocked to see that the response said that it was technically not

the responsibility of the board of a holding company to attend even a meeting that disposed of a subsidiary, with all those livelihoods attached to it. Not doing so may not have been illegal, but for Lord Grabiner not even to have attended the meeting where the business was disposed of to a three-time bankrupt strikes me as calling into question the character of the members of the board. What went through their minds so that they did not think that was the right thing to do? They were not supposed to sign people into the wilderness with the brush of a pen, and for a Lord to do that points again to the fact that honour has to mean something in the behaviour of our businesses.

I want the Government to consider some further points. I do not have an answer on the question of the payment of dividends when there are pension deficits, but we need to look at it. Another issue to consider is transparency in large private companies, compared with that in public companies. Should the role of chairman continue to be precisely the same as that of other directors, or should the chairman have a greater role and responsibilities? What are the responsibilities of advisers?

Colleagues in the House have spoken to me privately and said that they may well agree that Sir Philip Green is no longer deserving of the knighthood, but they are not sure that the House has a role to play in that. Respectfully, I disagree. We are here to assert a view on the opinion of the people, and I think it is perfectly valid that we should consider the issue in the context of our report. It is on our work that we are expressing a view. We do not make the final decision, but it is worthy and honourable for this House to have a view about Sir Philip Green. Over the summer, Sir Philip has had the opportunity to find his moral compass and do the right thing. In the absence of that, the House has no option but to support the amendment and the motion.

12.31 pm

Mr Iain Wright (Hartlepool) (Lab): It is a genuine pleasure to follow the hon. Member for Bedford (Richard Fuller), who played such an important part not only in the BHS inquiry but in all other inquiries carried out by the Business, Innovation and Skills Committee. I am really proud of the work carried out by the members of my Committee and the Work and Pensions Committee. We came together extremely well to work forensically and diligently on the hundreds of hours of oral evidence and to consider thousands of pages of written evidence. It is significant that the final report was agreed unanimously, without a single vote being required. Such work was made possible only because of the professionalism and hard work not only of the members of the Committees but of their Clerks. I am very proud of the report and stand by every single word.

What came out of the evidence was a story of massive contrasts and of huge inequality—of tens of thousands of low-paid workers, and those trying to get by in retirement on a small pension, losing out because of the greed of a very small number of people who enriched themselves and gorged on BHS to the tune of millions of pounds.

BHS folded this year, a year after Sir Philip Green sold it to Dominic Chappell, but its demise was on the cards a lot earlier than that. In the three-year period

[*Mr Iain Wright*]

between 2002 and 2004, BHS Group paid dividends of £423 million, even though operating profit for that period was significantly less than that amount, at £325 million. In 2004, BHS Group had dividends of £199.5 million, which exceeded the group's operating profit of £137 million for that year. The dividends of £199.5 million also coincided with a long-term loan of £200 million being taken out that year.

That dividend policy is revealing, and it set the scene for the eventual demise of the company. The payout to shareholders—predominantly the Green family—did not reflect a corporate turnaround and good transformation in business. BHS did not have the cash flow or the profits to fund the dividend. It denuded the company's reserves and, in the case of that final dividend in 2004, had to be funded by a long-term loan.

Sir Philip could say, quite reasonably, as he did to the Committee, that he received dividends for only a short period of time early on in his period of ownership. It was a long time ago, that is true, but the dividend policy is crucial to understanding the whole sorry business of BHS and the wider lessons that we need to learn.

Green was to enrich himself, his family and his friends at the expense of long-term and sustainable growth for the company. Certainly profits were made, but they were more akin to a short-term sugar boost than a nutritious diet that aided the long-term health and strength of the business. Upon taking over the company, he was able to cut costs—an achievement that should not be easily dismissed—but he was never able to boost turnover throughout his ownership of BHS. So much for the king of retail.

It is true that Sir Philip Green owned the company for a total of nearly 15 years, and that he retained ownership a full decade after taking the last dividends. In that regard, he cannot be described as a short-term corporate raider. But raid the company he did, and his ability to do so meant that he was then in a financial position to obtain the debt to acquire Arcadia and, through the same *modus operandi* that he operated at BHS, pay his family the biggest corporate dividend in British history. He took the rings from BHS's fingers, beat it black and blue, starved it of food and water and put it on life support, and then he wanted credit for keeping it alive.

BHS's balance sheet was made considerably weaker during Sir Philip Green's tenure of the company. His extraction of value early on in his ownership made the company less able to innovate, to retain a market share or to have a competitive place in the retail market that would allow the firm to generate profits and be in a better position to survive the growing pension deficit. That drip-drip decline provided the backdrop to Sir Philip's wish to sell the business.

It would be difficult to come up with a more unlikely or incredible knight in shining armour than Dominic Chappell. He was a former bankrupt, with no experience either in retail or in running a company of any sort of comparable size to BHS. He was introduced to the deal by a convicted fraudster for whom he was carrying out driving duties. He boasted that he had senior retail figures on board for key roles in the new business, when that was not the case. He stated that he would be investing his own money in the deal and that he had

£120 million of working capital available, when that was not true. His own investment bankers walked away when they discovered that he had lied about the nature of the deal.

Yet the due diligence carried out by the myriad advisers on the transaction did nothing to stop or even pause the deal. There was a remarkable amount of group-think among the supposedly independent advisers. Grant Thornton received four times the fee that it normally receives from similar transactions. Retail Acquisitions Ltd did not have the means to pay advisers for their services unless the deal with BHS went through. The fact that RAL did not have the cash to pay the invoices, let alone to provide the working capital for a loss-making £600 million business with a half-a-billion-pound pension deficit, should have rung alarm bells up and down the City as to whether the engagement should have been taken on. The fact that it did not clearly gives rise to questions about whether impartial advice was provided, or whether blind eyes were turned to ensure that the fees would be paid through a successful transaction, regardless of whether the company toppled over soon after that.

Goldman Sachs provided Sir Philip with "preliminary observations" and was not paid. The lack of any clear letter of engagement showed appalling levels of informality, given that tens of thousands of jobs were at stake. As the hon. Member for Bedford said, the fact that Dominic Chappell was able to say that Goldman Sachs was on board gave his bid credibility. There is a certain irony in the fact that the firm that was not paid, that had an ambiguous role in the transaction and that claimed that it was merely providing preliminary observations was the only one that really expressed concern about the transaction, noting that

"there were risks attached to the proposal in light of the lack of retail experience, the bankruptcy and the highly preliminary nature of the proposals and so on and so forth".

Goldman Sachs' attitude to document management seemed to be on a par with that of a dodgy and ramshackle cowboy operation, rather than that of supposedly the world's premier consulting firm. If that approach was deliberate, in the belief that an informal approach to the transaction would exonerate it of any involvement, it was wrong. Although it was ultimately not responsible for the decisions taken—that was the responsibility of Sir Philip Green—its involvement mattered. It was up to its neck in it, even to the extent of offering a £40 million credit facility.

The risk to their reputation should have made those advisers think again. Much store is placed on the high-quality advice given by such advisers—certainly, in the case of BHS, the use of such prestigious names gave parties credibility and legitimacy when they should have had none.

This was all made possible by weak and incompetent corporate governance. We on the Committee saw opaque structures, overlapping board membership of a complex web of companies and ineffective leadership at board level. Lord Grabiner, chairman of the ultimate selling company, played no effective part. He was not present at, or even invited to, a meeting of the Taveta board that took the ultimate decision to approve the sale of BHS to Chappell. Lord Grabiner showed no curiosity in the deal. He was docile and demonstrated no effective scrutiny, challenge or leadership. That was indicative of a culture, common in corporate governance scandals, in

which a domineering, overbearing and bullying individual was able to get away with things with little, if any, challenge.

That is a key reason for the Select Committee's decision to undertake an inquiry into corporate governance. Given our experience with BHS, we want to look at whether company law is sufficiently clear on the role of executive and non-executive directors and whether their duties are the right ones. We are examining how the interests of shareholders and other stakeholders are balanced, and how decisions of boards could be better scrutinised and open to challenge. Given BHS's status as a private, non-listed company, how should we align the corporate governance arrangements and requirements between listed and private companies more clearly, so that it is not in the interests of chief executives or directors to take firms private to hide them from effective scrutiny and transparency?

It may be argued that the Green family, as ultimate shareholders, could do whatever they wanted with BHS, and they did. But a company with tens of thousands of workers and former employees dependent on its long-term viability cannot be run as a personal fiefdom or a massive piggybank—even though BHS was run in that way—and corporate governance rules and regulations should, no doubt, be adapted to reflect that.

The duties of directors are somewhat vaguely defined. Section 172 of the Companies Act 2006 states that a director of a company must promote the success of that company in such a way as to have regard for

“the likely consequences of any decision in the long term...the interests of the company's employees...the need to foster the company's business relationships with suppliers, customers and others”

and

“the desirability of the company maintaining a reputation for high standards of business conduct”.

Mr Sheerman: The BHS employees who lost their jobs in towns such as Huddersfield say to me, “Why is it that the advisers, consultants and auditors who did not do their job in the banking crisis are, all this time later, still not doing their job as auditors and professional people?”

Mr Wright: As the hon. Member for Bedford mentioned, we need to look at more than just reputational risk. A lot of deals go through simply because such advisers are involved. Is that good enough?

To return to my point about directors, can anybody look at BHS and say that the spirit and the intention of section 172 of the 2006 Act were being enforced? In companies legislation, directors are equal in status, but in the corporate governance code, chairs and leadership are given much more priority. Given the shocking absence of leadership or challenge from Lord Grabiner, who was truly hopeless, and the weak and impotent corporate governance operating here, there is a strong case for enshrining the requirements of the code in legislation.

As the hon. Member for Bedford said, Sir Philip received his knighthood for services to retail. During our inquiry, however, it became increasingly evident that he was not particularly good at retail at all. True, he was able, in the early days, to sniff out a corporate bargain and cut costs to boost profit. There is nothing wrong with that; that is not a criticism. But during his

ownership, he did not boost BHS's turnover, he lost market share to more nimble and even to not-so-nimble competitors and he failed to anticipate the online retail revolution. By failing to innovate and invest in the brand, he made BHS—an important anchor in the high street—look like a remnant of the 1970s and 1980s in a cut-throat, competitive sector, where grabbing the customer's attention and retaining their loyalty are paramount.

Sir Philip lacked the success, the ingenuity and the business acumen of the likes of Charlie Mayfield, whose John Lewis group responded well to the internet and whose employee ownership model genuinely motivates staff. He could not match the virtues of Zara, which has increased market share through its superfast turnaround from design to manufacture and shop, which is based on the use of customer data and local suppliers, the rapid turnover of stock and an innovative online platform. Based on company performance, people such as Charlie Mayfield and the founder of Zara, Amancio Ortega, should, it seems to me, be classed as the true kings of modern retail—not Sir Philip Green.

BHS is one of the biggest corporate scandals of modern times. I am sure that the whole House has sympathy for the thousands of workers and pensioners who have lost their jobs and seen their pension benefits reduced as a result of greed, incompetence and hubris. The reputation of business has been tarnished as a result of that greed. The vast majority of businesses are not run and managed in such a way. It would be wrong to tar all businesses with the same brush, but it is vital that this mess is sorted.

Mr George Howarth (Knowsley) (Lab): I am grateful to my hon. Friend for the cogent way in which he has presented his argument. I have no difficulty in supporting the motion, which is in his name and the name of my right hon. Friend the Member for Birkenhead (Frank Field) and others. In principle, I agree with the amendment in the name of the hon. Member for Bedford (Richard Fuller) and others. My only question—my hon. Friend may be able to help me with this—is whether now is the right time to accept the amendment, or whether it should be left in abeyance until some of the other issues have been sorted out.

Mr Wright: Parliament will have its view on the knighthood. There is an urgent need to make sure that the pension problem is sorted. Sir Philip Green appeared before us on 15 June and said that he would sort it, but we are now four months beyond that. He is meant to be the consummate deal maker, who can buy and sell companies worth billions of pounds in a couple of days. If he is intent on sorting this, why has it not been done already? Regardless of what Parliament decides today, and regardless of the route taken by the honours forfeiture committee in respect of the knighthood, he has got a duty to sort this. Even at this late stage, Sir Philip should make amends for this whole sorry story and put right the wrongs that he engineered.

Several hon. Members rose—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Before we proceed with the debate, it is obvious to the House that we have a short time this afternoon. I expect this debate to finish at about half-past 2. I do not want

[Madam Deputy Speaker]

to put a time limit on such an earnest, decent and well-mannered debate, and I hope that Members will restrict themselves to some seven minutes. If everyone who has indicated that they wish to speak does so for about seven minutes, everyone will get a fair and equal chance. If not, I will impose a time limit.

12.47 pm

Jeremy Quin (Horsham) (Con): It is a pleasure to follow the wise words of the hon. Member for Hartlepool (Mr Wright), and it was a pleasure to serve with him on the joint Committees. May I associate myself with the remarks that he and the right hon. Member for Birkenhead (Frank Field) have made about our hard-working Committee Clerks throughout the process?

When the news of BHS broke, I felt bad about the loss of a high street icon, desperate for the employees affected—including those in my constituency—and very concerned about the pensioners involved. I have a confession to make to the House, however. My gut reaction was that a Committee inquiry would simply rake over the ashes of a sad event, with little to be gained. I was initially not convinced that the inquiry would be productive, but I was persuaded to take part. I am glad that I did, and I am glad that this inquiry has taken place, because we can lay concerns before the House.

The largest concerns, for me, are not particularly about the trading circumstances leading to the demise of BHS—although it seems, as the hon. Member for Hartlepool has said, as though there was little magic around the revitalisation of BHS's margins in the early years of its ownership by Sir Philip Green. Dividend payments, generous as they were and exceeding profits as they did, may or may not have undermined BHS through underinvestment. That would be hard to prove, but it is a perfectly sensible question to pose.

Ian Blackford (Ross, Skye and Lochaber) (SNP): Should we not be raising questions if any company pays out dividends in excess of its free cash flow? That should ring alarm bells, and perhaps there should be a test that companies need to meet if they behave in such a way.

Jeremy Quin: The hon. Gentleman, as so often, reads my mind. If he is a little patient, he will hear me make a similar point later in my speech.

On the period during which very generous dividends were paid, directors cannot be expected to have the gift of prophecy, but they can be expected to understand the fundamental trends driving the underlying profitability and sustainability of their business. I am far from convinced that that was the case in this situation. The most serious questions, as raised by the hon. Members for Hartlepool and for Torfaen (Nick Thomas-Symonds), are about the corporate governance of large private companies with millions of employees and pensioners.

Unlike my feisty friend, my hon. Friend the Member for Bedford (Richard Fuller), I intended not to refer to the individuals directly concerned in the sad demise of BHS, but to focus on the more general lessons to be learned. I am afraid that I have been drawn back to the circumstances of BHS after reading the joint legal

opinion produced for Taveta Investments Ltd by learned counsel last night. As the right hon. Member for Birkenhead said, the two lead QCs make a point of saying that they are friends of the chairman of TIL. I hope that their report, which is considerably longer than the report of the joint Committees that it analyses, was not unduly costly. The report basically starts by saying, "Let's pretend this is not a parliamentary inquiry, but some other kind of inquiry. Would that type of inquiry be set aside by the courts?" Having set up an irrelevant question, the opinion produces an irrelevant answer.

Michelle Thomson (Edinburgh West) (Ind): Does the hon. Gentleman agree that it is somewhat ironic for Sir Philip, who has complained bitterly about an outcome with which he does not agree, to be able to pay handsomely for an 81-page report from two eminent QCs, given that I imagine the pensioners and employees are not, unfortunately, able to resort to such a tactic?

Jeremy Quin: I suppose the answer depends on the quality of the report. Frankly, having read it, I find that it contains a series of straw men that have been set up for demolition. In my view, it does not help Members, the pensioners or anyone to understand the circumstances of the demise of BHS.

To put at rest the minds of learned counsel, the joint Committees did not object to a dowry being provided on the sale of BHS, and certainly did not question its legality. However, we questioned the sufficiency of the cash and the choice of partner in the circumstances that BHS faced. We did not question the concept of a company being sold for £1. Clearly, that is a matter for Taveta Investments (No. 2) Ltd, the selling company, which received the £1. It is unfortunate that TIL2, which is ultimately controlled by Lady Green, is still paying back to Lady Green the £200 million consideration for its acquisition of BHS in 2009. This consideration was satisfied by £200 million of loan stock provided to three overseas companies controlled by Lady Green, with a coupon of 8%.

We would need a much longer debate—I am very mindful that other Members wish to participate—to draw out all the straw men contained in the joint opinion of learned counsel, but several others are produced in the context of corporate governance. A rare point on which the joint Committees' perspective seems to be shared by learned counsel is on the—in our view, lax—governance of the sale, as was so eloquently described by my hon. Friend the Member for Bedford. However, learned counsel state that that is an irrelevance, because the shareholders in TIL could in any event provide a direction, so the directors were in no position to prevent the sale of BHS to any party. That may be true legally, but it should raise questions for this House. Learned counsel tell us that TIL is 88%-owned by Taveta Ltd, a company registered in Jersey, and 12% by six minority shareholders. We are informed that the ultimate beneficial owner of the Jersey company is Lady Green, and that under the articles, Lady Green, acting with any one of the minority shareholders, could have directed the sale of BHS at any time and on any terms.

The right to own and dispose of property under English law is absolutely fundamental, and Parliament would be wise to tread very softly, but I am concerned in this context about checks and balances—not only on

the sale, but more generally. What is the value of a section 172 provision, telling directors to have regard to other stakeholders, in these circumstances? What is the role and purpose of non-executive directors, especially when the 88% shareholder is not present around the boardroom table?

To my mind, it is not appropriate for directors serving private companies to decide that they can take an approach different from what is good corporate governance, purely because they can ultimately be directed. That would make it more important, especially on major or related transactions and on honouring commitments to pensioners, that they should bend over backwards to adhere to strong and demanding codes and be prepared to call out owners if they feel actions are taken that do not have sufficient regard to other stakeholders. There are thousands of very successful large and medium-sized private companies employing millions, and for those millions, ownership should be as transparent as good corporate governance.

There are other issues, from which I fear I have been sidetracked by the legal opinion, that the House should consider. As the hon. Member for Hartlepool mentioned, corporate governance codes should be applied not only to listed companies, but to those owned privately. On related party transactions, independent valuations or independent opinions are important when such transactions exceed *de minimis* levels. There is the issue of the utility of the requirement to have regard to other stakeholders in section 172 and how directors can be expected to do so when they owe responsibility elsewhere. There is the question of the appropriateness of dividend payments above certain thresholds, particularly if a pension scheme is in serious deficit. I was challenged on that point by the hon. Member for Ross, Skye and Lochaber (Ian Blackford).

There is the issue of the requirement for courts to be cognisant of pension deficits, as well as of creditors, when considering applications for corporate restructurings and capital reductions. In private mergers and acquisitions, where pension problems may be less transparent than in the listed market, consideration should be given to compulsory engagement with the Pensions Regulator and with the trustees. For both directors and advisers engaged in sale processes in respect of a company in which the Pensions Regulator has already expressed concern and a sale is not being pre-cleared by the Pensions Regulator, all parties should be very aware of the actuality of the counterparty to whom they are selling. English law requires no due diligence to be done on the buyer—nor, in my mind, should it do so—but common sense suggests a certain wariness to be wise.

In conclusion, there are lessons to be learned from this sad story. Above all, however, we are all focused on the loss of a well-loved icon, the employees who have been made redundant and the pensioners who are rightly worried, but whose plight may yet be mitigated by Sir Philip. Such an act would, indeed, be honourable and very welcome. I understand from the radio this morning that he is, not for the first time, planning to meet the regulators in the next few days. Time will tell whether pensioners have been waiting for a result or have been made to endure a particularly poorly directed “Waiting for Godot”.

12.57 pm

Mr David Winnick (Walsall North) (Lab): This is, indeed, a miserable business that we are discussing. We should not forget for one moment those who have been adversely affected—the 11,000 employees and the 22,000 pensioners, who do not know whether they will receive the sort of pension that they had the right to expect. One of the BHS stores was in the Walsall borough and, like the others, it has of course closed. The least that can be done is for Philip Green to act along the lines stated in the conclusion of this report—a satisfactory resolution to the problems of the BHS pension fund. As the report makes clear, there is no doubt that his massive private wealth should not in any way make that difficult for him.

I have risen to speak because I am very keen to support the amendment, which has been selected for debate by the Speaker. It is of course true that taking away Green’s knighthood, should it be recommended by the appropriate committee, will not make any financial difference to those adversely affected—they will not receive a penny more because the knighthood has been taken away—so why, if there is a vote, should we vote in its favour? I argue that for that honour to be taken away from Green would be a form of censure on him and, moreover, one that he would intensely dislike. As far as he is concerned, the removal of his knighthood would be far more of an indictment than all the words in the report we are discussing.

Mention is made in the report of the arrangements in Monaco concerning the business and tax. I am not entirely a stranger to those matters, because I raised the issue in a debate on taxes in the House in September 2012. I made the point then that although Philip Green undoubtedly pays his taxes in the usual way in this country—that is not in doubt and is not being questioned; he is not one of those who are not domiciled for tax reasons—that does not alter the fact that, in the main, the business is in his wife’s name, and his wife is resident in Monaco. That means that, in effect, the amount of tax paid on the vast business empire that Green is closely involved in—which, in common-sense terms, means he owns those businesses—is minimal. I find it difficult to understand how a person with tax arrangements like that, which are well known, well publicised and no secret at all, should receive a knighthood in the first place. That is a pretty damning indictment of what occurred, in my view.

As for Green’s vast amount of wealth, at that time I pointed out that he had paid himself a modest sum in bonuses that came to £1.2 billion—billion, not million. I do not know what other bonuses he has received since. Hardly a week goes by—some would say, hardly a day—when we do not pick up a newspaper and find details of his lavish lifestyle, which is a billionaire’s lifestyle if ever there was one. Is that not a form of provocation, apart from anything else, to the people who have been adversely affected, namely the employees and pensioners who have lost out and have a future of financial insecurity?

I will keep my remarks brief, and so say this in conclusion: I see Green as a billionaire spiv who should never have received a knighthood and who has shamed British capitalism. The least we can do today is to make our views clear and strong. Moreover, let us apply enough pressure, if that is not an inappropriate word, to

[Mr David Winnick]

try to persuade the appropriate committee that if there is one person who does not deserve a knighthood, it is Philip Green.

1.2 pm

Richard Graham (Gloucester) (Con): This debate has been called in several of our names, and I take particular pleasure in following the speeches of many earlier contributors, but especially those of the Chairman of our Select Committee, the right hon. Member for Birkenhead (Frank Field), and my colleagues on the joint Committees, the hon. Member for Hartlepool (Mr Wright) and my hon. Friends the Members for Bedford (Richard Fuller) and for Horsham (Jeremy Quin).

I will start by saying what the debate is not about. It is not an attempt to suggest that the deficit of any pension scheme in this land is entirely the fault of one individual, or, indeed, the responsibility of the owner of any sponsoring scheme. It is also worth noting that, of the some 6,000 defined-benefit pension schemes in the United Kingdom, about 1,000 are in difficulties of various kinds and very few indeed have surpluses. The situation of the BHS pension scheme is not particularly unique, but the circumstances around it are.

That brings me to my second point. The deficits of pension funds go up and down. They do so particularly quickly at a time when interest rates are moving fast. The value of assets is driven by bond yields; when those are depressed, and that is exacerbated by quantitative easing and monetary policy, pension deficits will clearly rise. All sorts of people are responsible for that, including the scheme's investment policy makers and investment managers; the costs of all those involved make a significant difference to the scheme deficit as well. I totally accept the argument in the 80-page report by Sir Philip Green's lawyers that longevity and the macro-economic environment make it difficult for schemes to improve their funding situation.

Ian Blackford: I agree with every comment that the hon. Gentleman has made, but does he not accept that part of the difficulty we are in with defined-benefit schemes has been the Government's policy of giving responsibility to the Bank of England in the quantitative easing programme, which is now at £435 billion? If we look at what has happened recently, the 50 basis point reduction in yields means about £120 billion on the defined-benefit pension deficit. The Government have created that by refusing to balance fiscal and monetary policy.

Richard Graham: I do not remotely accept the argument in that intervention. This is not a debate about the Bank of England's monetary policy. The hon. Gentleman would be well advised to read the transcript of the Work and Pensions Committee's hearing with the Bank of England Deputy Governor three days ago, which I chaired in the absence of the right hon. Member for Birkenhead—[*Interruption.*] The hon. Member for Ross, Skye and Lochaber (Ian Blackford) is not paying attention, as usual. He would be well advised to read that evidence. Getting rid of quantitative easing will not solve the pension scheme problems, and, in particular, will not solve the problems of the BHS pension scheme. With his approval, I will return to the subject we are discussing.

Before the hon. Gentleman intervened I was remarking that the circumstances of the BHS pension deficit were extraordinary, and that is what I want now to come on to. The BHS scheme went from surplus to large deficit in about 10 years, without any clear plan or any really significant action by the sponsor, without decent relationships between the trustees and the sponsor, with conflicts of interest between some of the trustees appointed by the sponsor that they largely did not recognise during our inquiry, and with contribution holidays in the years when Taveta Investments, the owner of BHS, was taking out large dividends. All that cannot, by any stretch of the imagination, be described as best practice. The plan put forward to resolve the deficit—a staggered series of injections over 23 years—without any evidence of a long-term commitment by the owners to the company, is also not best practice. Our report highlighted that there was an issue with the regulator approving very long-term solutions.

Then we come to the moment of the sale of BHS, when information was withheld both from trustees and from the Pensions Regulator. There was a certain amount of dispute between the seller and the buyer about pressure on the buyer not to communicate with the Pensions Regulator at all, which was reiterated in further evidence submitted to the Select Committee only yesterday by RAL, the buyer. Most significantly, there was no attempt whatever at pre-clearance of the sale with the Pensions Regulator. Most shocking of all to many of us is the concept from both the buyer and the seller that in effect BHS was being sold debt-free, yet it had such an enormous pension deficit. That is at the very least disingenuous. It was naive of the buyer and cynical of the seller.

That brings us to Sir Philip Green himself. He said on 15 June:

“I want to respond to Mr Graham...We want to find a solution for the 20,000 pensioners. We still believe that money into the PPF does not resolve it. Without getting into it...the schemes are quite complex...We will sort it and we will find a solution. I want to give an assurance to the 20,000 pensioners—I am there to sort this in the correct way.”

With that, none of us could disagree. The question, of course—and this is why today's motion and debate are important—is what has happened in the four months since. There has been some dialogue with the Pensions Regulator. That is absolutely clear. But the public want to know when this is going to be resolved. They are worried that after our report nothing is really going to happen and that an important and powerful man will not be held to account. Today is an opportunity for this House to stress our commitment to holding Sir Philip Green to account.

Andrew Bingham (High Peak) (Con): I had a pension scheme collapse in my constituency about 12 years ago, the Federal-Mogul scheme. Schemes go into the PPF and there are assessments, and all the while that that is going on there is uncertainty. Does my hon. Friend not agree that Philip Green should deal with the situation as he has said he would—well, first of all he should have his knighthood taken away—because all the uncertainty impacts on those poor BHS pensioners?

Richard Graham: I am grateful to my hon. Friend, and that is why—I intend to finish my remarks on this note—today's debate matters. It is not about grandstanding.

It is not about Parliament trying to demonstrate moral superiority over the behaviour of individuals. What it is about, I believe, is to say three important things.

First, to Philip Green we are saying, “You made a commitment. We accepted it in good faith and we expect you to fulfil it.” I believe that waiting too long is damaging to his reputation, whereas a quick resolution would be extremely helpful to him. Secondly, the debate is a chance to say to the pensioners and the future pensioners of BHS, “We held this inquiry and we will not let you down.” Finally, it is a chance to say to the employees of other large businesses and the people of Britain in general, “We understand your resentment of businesspeople who run their businesses in cavalier fashion without due regard to your interests.” We have held a complicated inquiry that has held to account the powerful owners of BHS and their advisers. I believe the consequences of our findings will be heard by businesses and echo as cautionary tales for years to come.

1.10 pm

Ian Blackford (Ross, Skye and Lochaber) (SNP): It is a privilege to speak in the debate. I thank the Committees for the report and the right hon. Member for Birkenhead (Frank Field) for securing this important debate.

The issue of quantitative easing has come up, and I have to say that the powers of analysis of the hon. Member for Gloucester (Richard Graham) have somewhat deserted him today. He cannot get away from the fact that having had a quantitative easing programme of £435 billion, there is no underlying investment in the real economy. The only conclusion we can logically draw is that business does not have confidence in the economy, and that is why the interrelationship between fiscal and monetary policy is important. We need to get back to a balanced scenario in which interest rates reflect a normal economy. That is what the Government have to take responsibility for and that is what the hon. Gentleman seems to ignore.

The UK Government need to see the work of the Select Committees and the outcome of the debate as a lesson, and to acknowledge that we need to take action now that protects us all from outcomes that we have seen with BHS. The BHS pension scheme, representing 20,000 past and present workers, is in deficit by perhaps more than £500 million, meaning that scheme members face reduced entitlements. That is what should be at the heart of this matter. The reduced pensions of the workers and all those who lost their job should be what concerns us today. Why should pensioners be put at risk and fail to be protected from what is now fully acknowledged as corporate greed? As legislators, we all have to look at ourselves and ask what we could have done differently to have ensured that this situation did not arise in the first place.

This issue highlights the fundamental need to address the regulation of the pensions industry. Approximately 11 million people rely on a final salary pension scheme run by a private sector company. Schemes have come under increasing pressure as funding has become stretched, with about 5,000 private sector defined-benefit schemes now in deficit to the tune of more than £900 billion, according to Hymans Robertson. Despite the view that the hon. Member for Gloucester takes, we cannot escape

the impact of quantitative easing and the lack of a balanced response from the Government. It defies logic not to have that.

As I highlighted on Second Reading of the Savings (Government Contributions) Bill, the previous Secretary of State for Work and Pensions, the right hon. Member for Preseli Pembrokeshire (Stephen Crabb), said in this House:

“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, despite questions from the SNP, there has been silence from the UK Government. Where is the response to the fundamental challenges facing pensions today and what some might argue is a crisis for defined-benefit schemes? When will the Government face up to the challenges and threats to many who are beneficiaries of those schemes? When will the Government respond in detail to what the former Work and Pensions Secretary said was “systemic risk”? That was no throwaway line; a senior Cabinet Minister was admitting what we know to be the case. Does the Minister agree with that assessment given to this House and will she address the point this afternoon? What are the Government doing to deal with their own analysis of systemic risk? Sadly, I suspect the answer is still nothing.

Nothing is being done. The Government have been caught like a rabbit in the headlights—caught doing nothing in the face of systemic risk that threatens the interests of pensioners up and down the country. In the light of the Government sitting on their hands, I welcome the recently announced Select Committee inquiry to examine the adequacy of the Pension Regulator’s powers. That must be welcomed, but why should we be reliant on the Work and Pensions Committee? Why are the Government not doing their job and addressing this issue?

Scottish National party MPs will work to strengthen the powers of the regulator to ensure that the Philip Greens of the world are dealt with effectively when they seek to avoid their pension responsibilities. It is, however, a duty of government to protect citizens from undue pensions risk and the systemic risk to which the Secretary of State referred. Ultimately, defined-benefit pension schemes need to be placed on a sustainable footing and employees must be protected. I look forward to seeing whether the Minister responds to this when she makes her speech, but perhaps I should not hold my breath. More likely, she will have a Government briefing of handwringing, and then she will wait for the debate to end and scurry for cover. After all, we do not expect real answers from this Government.

Brexit means that pension disasters such as BHS and Tata Steel will be much more likely challenges for UK companies. Only when companies are able to afford to keep their promises to employees can pension funds be regarded as safe. Even large and successful companies can fail. The Pension Protection Fund offers help in such cases, but Cass Business School forecasts that up to 1,000 pension schemes could end up in the PPF over the next few years. There are more BHS disasters to come if that is correct. There will be a combined deficit of £45 billion, which would be overwhelming.

Let us try to take this out of politics. The SNP has long called for the establishment of an independent pensions commission to ensure that employees’ savings

[*Ian Blackford*]

are protected and a more progressive approach to fairer savings is considered as we move to a period in which defined-benefit schemes are becoming a thing of the past. Why will the Government not do that? Why do we not establish a pensions commission that can consider all these issues in a holistic manner?

Let us come back to BHS—[HON. MEMBERS: “Yes.”] Well, of course Government Members do not want to talk about the Government’s responsibilities, because they have run away from them. They can scoff and laugh, but 20,000 pensioners at BHS are going to suffer and thousands of people have lost their job while the Government looked on from the sidelines. That is the reality of this Tory Government.

Let us come back to BHS, perhaps this time without the laughter from the Government Members. I hope the BHS workers are watching the response of Government Back Benchers. How disgraceful; how contemptuous of people in this country!

Richard Graham: Will the hon. Gentleman give way?

Jeremy Quin: Will the hon. Gentleman give way?

Andrew Bingham: Will the hon. Gentleman give way?

Ian Blackford: I will make some progress and then perhaps I will give way—[*Interruption.*] I will give way in a second.

Philip Green’s weak apology is a case of too little, too late. He lined his pockets and did not stop to think about his employees. On Tuesday 18 October, Philip Green decided to say he was “sad and very sorry” for the hardship caused by the BHS collapse and that he still wanted to sort out the pension deficit. Green has still tried to defend the indefensible and duck his duties to workers by shifting the blame.

Jeremy Quin: I am grateful for being allowed to intervene on the hon. Gentleman. The point that Government Members are making is simply that we have heard a very long speech about systemic pension risk. That may be an issue, but it could be an issue for another occasion. The Select Committees produced a worthy report of more than 60 pages specifically about BHS. I am relieved that the hon. Gentleman is actually addressing BHS, the employees who have lost their jobs and the pensioners who have been left with less benefits than they should rightly have expected. I am delighted he is finally getting to that part of his speech. We look forward to the rest of it.

Ian Blackford: I thank the hon. Gentleman. I am aware of the time and I am about to sum up. The point I was making is that we have been put in a situation whereby workers have suffered as a consequence of the actions of Philip Green, but the Government must not think that they can walk away from their responsibilities to regulate business and pension schemes in this country effectively.

I recognise that Sir Philip owes it to the BHS pensioners to find an urgent resolution, but we need to look at corporate governance in the UK to see what can be done to offer protection from the kind of corporate excesses that have taken place with BHS. The Prime Minister has talked about doing that, so she should

bring forward the proposals. While Philip Green’s hands are filthy, the Tory Government’s paws are not so clean either. After a lifetime of shying away from an effective crackdown on the corporate irresponsibility of the likes of Green, we are beginning to catch up in the United Kingdom. It is about time that the UK Government took action and the Minister gave us some answers.

1.20 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): I warmly congratulate the right hon. Member for Birkenhead (Frank Field) on securing this afternoon’s very important debate. I thank him, the hon. Member for Hartlepool (Mr Wright) and both Select Committees for their invaluable work in exposing the governance and decision-making issues that have contributed to terrible consequences for so many people formerly of BHS.

Reading the report made me painfully aware of the responsibilities of directors. Under section 172 of the Companies Act 2006, directors must have regard to the long-term consequences for their company of their decision making, and they must consider the interests of employees and customers, and the impact on the community. BHS should have been making plans to mark its 90th anniversary in 2018, instead of which all its stores have now closed, and its employees—some, like Mrs Patel, are mentioned in the report—who had spent most of their working lives building the value of BHS have seen their careers end in redundancy and uncertainty, rather than the secure retirement to which they had been looking forward and had a right to expect.

Richard Graham: I simply want to say that it is wonderful to see the Minister in the Chamber today. She is absolutely not scurrying away from anything—I have never seen her scurry away from anything in her life. Does she agree that on a day when we are debating a Back-Bench motion arising from a report by entirely cross-party Committees, the members of which worked incredibly well together, it is really disappointing to hear the SNP spokesman acting like an agitated Humpty-Dumpty talking about monetary policy?

Margot James: I thank my hon. Friend for his intervention and for his work. Disappointed I may be, but not surprised. My thoughts—and, I know, those of Members of all parties—are with the ex-BHS workers, pensioners and their families.

We have heard about two owners of BHS: Philip Green, who bought the company for £200 million in 2000—it was profitable in the early years—and Dominic Chappell, who even Sir Philip in his ITV interview last week admitted had no retail experience, and was categorically the wrong buyer and the result of a horrid decision. In his powerful speech, my hon. Friend the Member for Bedford (Richard Fuller) laid bare the consequences of the decision to sell to Dominic Chappell.

A key theme in the report is the sharp contrast between the impact of BHS’s demise on workers and pensioners, and the payments received by senior executives in BHS and RAL and their advisers. The report also highlighted serious weaknesses, as has this debate, in the corporate governance of the companies concerned. The Government are very concerned about these issues.

The Prime Minister has already made it clear that we will review corporate governance, including further reforms on executive pay, as part of work to build an economy that works fairly for everybody, not just the privileged few, about whom we have heard so much this afternoon. Strong and transparent corporate governance is vital to provide trust in business and to foster good decision making by companies. The Government intend to consult later this autumn on options to strengthen the existing framework.

The hon. Member for Hartlepool made some salient points about the gap in governance between a public and a large private company. His Select Committee's inquiry into corporate governance will provide an opportunity—

Hannah Bardell (Livingston) (SNP): On a point of order, Madam Deputy Speaker. I thank you for indulging me and hope you will excuse my possible ignorance of the parliamentary process, but I am somewhat confused by the Minister's responding halfway through the debate, before all Members have had the opportunity to bring forward the concerns of their constituents.

Madam Deputy Speaker (Mrs Eleanor Laing): The hon. Lady has herself made clear in asking that question that she has not served for very long in this House, so no one would expect her to have a perfect knowledge of procedure. However, this is a Backbench Business Committee debate, so the Minister and the spokesmen for the two main Opposition parties can choose at what point they wish to enter the debate. The spokesman for the Scottish National party has already entered the debate, and the Minister has come into the debate now. The spokesman for the official Opposition will come in at a later stage. It is entirely up to them and to the occupant of the Chair as to when that happens. I want to ensure that there is enough time for the Minister to take on the points that have been made and those that will be made later in the debate.

Margot James: I was just coming on to welcome the inquiry into corporate governance announced by the Business, Energy and Industrial Strategy Committee, which I am sure will add to the evidence that we need to take sound decisions on how to strengthen our corporate governance framework for big private companies as well as for public companies.

On the vexed issue of BHS pensions, the fate of the pension scheme and the circumstances leading up to the current problem are of key interest to many, and especially to the ex-BHS employees and its pensioners. Sir Philip has recently been quoted as saying how sad and sorry he is for all the hardship and sadness caused to the people who worked there and the pensioners. He has said, too, that he is in a "very strong dialogue" with the Pensions Regulator to find a solution for the BHS pension deficit. In common with my hon. Friend the Member for Gloucester (Richard Graham), I urge Sir Philip to sort it out quickly so that the workers and pensioners can have greater certainty about their future pensions. Surely they deserve that much.

Alongside any discussions about a potential settlement, the Pensions Regulator has continued to investigate the handling of the BHS schemes. That has involved reviewing almost 100,000 documents, and it remains on course to

reach a conclusion soon. As part of that, the regulator is considering whether it can use statutory anti-avoidance powers against a number of parties, and it expects to reach a conclusion in the coming weeks. Nevertheless, I recognise that the BHS case has generated much interest in the regulator's role and powers and in whether they are sufficient.

Melanie Onn (Great Grimsby) (Lab): Is the Minister aware of any formal proposal that Sir Philip has put forward to the Pensions Regulator?

Margot James: I am not aware of the specifics, but I thank the hon. Lady for raising that important point. I assure the House that neither the Government nor the regulator is complacent when it comes to the regulation of schemes or the powers needed to tackle and deter this sort of misbehaviour.

Ian Blackford: Will the Minister give way on that point?

Margot James: No, I am going to continue.

If we need to bring forward further legislation in light of all the evidence, including that emerging from the BHS investigation, we will do so. In the meantime, we must allow the independent regulator the time it needs to prepare any case and to follow the statutory process wherever it goes.

Jim McMahon (Oldham West and Royton) (Lab): Will the Minister give way?

Margot James: I will, but, mindful of the fact that many Back-Bench Members want to enter the debate, only for one last time.

Jim McMahon: I appreciate that. A great deal has been made of the need to wait for the regulator to come to a conclusion, but this is also about leadership. Will the Government show some leadership and clearly put on the table the view that the actions of Philip Green are not acceptable in a fair society, and condemn him on that basis?

Margot James: I sympathise with the strength of the hon. Gentleman's feeling, but certain legal aspects may or may not arise in future, so I must be a little guarded in what I say. I hope that he will forgive me for that.

I assure the House that investigations of the conduct of BHS directors and the management of the pension schemes are well under way. The accelerated Insolvency Service investigation of the activity of former BHS directors is ongoing. It is one of the biggest investigations ever undertaken by the agency, and the Government have made additional resources available to support what we regard as vital work. If evidence is uncovered that indicates that the standards of any of the directors' conduct fell below what was to be expected, action will be taken. The Financial Reporting Council has announced an investigation of the audit by PricewaterhouseCoopers of BHS's accounts for the year ending 30 August 2014, and the Serious Fraud Office is continuing to review material and liaise closely with the Pensions Regulator

[Margot James]

and the Insolvency Service to identify any information that gives rise to a reasonable suspicion of serious or complex fraud.

I understand that Members and the public are keen to see the outcome of the investigations, as indeed are the Government, but it is vital for the investigating bodies to be given time to examine, consider and compile the significant body of evidence. These are very complicated inquiries, given the number of investigations involved and the complexity of the documentation that is being received. I assure the House that, should the evidence support it in the end, there will be enforcement, and action of a tougher nature will be taken.

That is all that I propose to say this afternoon. I look forward to hearing the rest of the debate.

1.32 pm

Ms Karen Buck (Westminster North) (Lab): I am proud to be a member of a Select Committee that was part of the joint Select Committee process that led to the reports that have brought us here today. I congratulate both Select Committee Chairs on their leadership over recent months, and on their excellent speeches today. I also commend the superb speeches that Conservative Members have made today. Ably assisted by our excellent staff, the Select Committees have conducted a robust, indeed truly forensic, inquiry into the BHS scandal, and I think that that has been good for the reputation of the House.

I do not have a cynical bone in my body, but even I am slightly taken aback by the fact that it was today's debate on the Committees' report that brought Sir Philip Green into the public eye again in the last week or two, most recently when he indicated that he was closer to making a settlement for BHS pensioners. I welcome that, but it does show that a report, and the business of the House of Commons, can have a direct impact on affairs such as those that we are considering.

I do not always agree with the new Prime Minister. However, when she was asked in a recent television interview, "What makes you angry?", she was absolutely right to reply,

"the powerful abusing their position."

As we have heard from Members today, that should make us all angry. The sorry tale of British Home Stores is an exemplar: it is a tale of someone who accrued staggering personal wealth but then failed to meet his wider obligations to the company that had enriched him; a tale that ended with 11,000 jobs lost and 20,000 people—including my constituents and those of many other Members who are present—facing cuts amounting to, in extreme cases, up to three quarters of their pensions.

Some of those people were approaching pension age, and, in the last years of their working lives, were unable to take action to remedy the shortfall in their income. They still do not know how much money they will be able to draw on in order to pay their mortgages or rents and live out the rest of their lives. That is absolutely shocking. People deserve security in their retirement, and when they are let down we should be very concerned. As our report makes clear—this is something that I think gets lost—the pension contributions that companies

make are not charitable donations; they are the means by which employers meet their deferred pay obligations, and it is those that have been breached.

I know that Sir Philip Green feels much maligned by the Committees' investigation of the BHS sale, because he made that extremely clear when he was in front of us, but until and unless he provides proper redress for the pensioners, he has absolutely no right to do so. We have heard from many Members today about the scale of the enrichment and the extent to which the company was milked for dividends during its profitable years in the early part of the last decade. It is not for me to talk about how the company's assets proved to be less robust than had been expected, or how profits taken in the good years left the company more exposed to the subsequent tougher climate, because that has been well done by others. What concerns me is what happened to the pension scheme after it moved from the surplus that it was in when the company was bought in 2000 to a deficit of £345 million in 2015 and £571 million by the time of its collapse.

What we know is that BHS and Sir Philip Green refused to make the employer contributions that were necessary to secure the sustainability of the pension scheme over the year, which caused concern to the board of trustees. Dr Margaret Downes told us that she was sufficiently worried about the declining state of the scheme during the second part of the last decade to seek assurances from the company about its long-term commitment to the scheme, including payment of the requisite contributions. The assurances were not given, and the contributions were not made.

In the summer, Sir Philip Green told our Committees that he had no involvement in the discussions about the pension scheme before 2012. He claimed to be unaware of the problem, and basically blamed the trustees. He suggested that they had made "stupid, stupid, idiotic mistakes", and had been "asleep at the wheel" of the pension scheme. He indicated that he would have been willing to make much larger contributions had he only been aware of the growing deficit. Our Committees were deeply sceptical about those comments.

During the now infamous summer evidence session—I believe that it was later to become a surprise YouTube hit—we were asked to believe that someone who had a reputation for the micromanagement of BHS had known nothing whatsoever about the state of the pension fund. When he did find out, of course, he became actively involved in trying to do something about it, and at one stage, as we have heard, that led to a proposal for an unprecedented 23-year recovery programme based on a contribution that BHS saw fit to make rather than one driven by the needs of the trustees. That ended in the sale of BHS and its subsequent collapse, and it constituted a lack of due diligence that even those with absolutely no understanding of business will know to be truly shocking.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): The hon. Lady mentions due diligence. When I attended the Committee sessions, it seemed as though the blind were leading the blind. This was bigger than just Green; the trustees' lack of governance was extraordinary.

Ms Buck: The entire process of the lead-up to the sale to Retail Acquisitions Ltd, which involved a range of participants, was truly stunning in its lack of robust

inquiry and checks. I hope that the lesson will be learned by all the agencies concerned, by Government, and by business. These are issues of judgment and personal responsibility as well as issues of law, all of which were sorely missing from that process.

It is little wonder, then, that Simon Walker, director general of the Institute of Directors, which is normally an assiduous defender of the free market, said that the circumstances of the collapse of BHS were “a blight on the reputation of British business”.

British business has much to be proud of. As we have already heard, we want to have an environment in which business flourishes and risks can be taken. I completely endorse that. Sometimes, there will be failures. Indeed, pension funds have gone into deficit in many cases—BHS was not alone in that regard—but British business needs to ensure, and be part of a process whereby, its reputation as a whole is not sullied by the shocking and cavalier behaviour of some of the outliers, whether in respect of employment law or the handling of pensions.

In the past few years, and particularly since the 2008 financial crash, we have seen shockwaves of anger and alienation throughout our political system. That has been the case in much of the developed world. There is a sense that the game is rigged and that the wealthy and powerful have their own rules and are not held to account, whether for incompetence, greed or, sometimes, worse. The 2008 crisis highlighted that sense, but it did not begin there and it did not end there. There must be consequences for this sort of behaviour, for the sake of the reputation of good business. There must be consequences, otherwise Government cannot look themselves in the face. They cannot be held in high regard if they do not hold people to account. Those consequences must be proportionate and achieved through due process, but they must be there. That has been excellently set out by my colleagues on the Select Committees. They have set out the changes that are necessary in the law, in corporate governance and in the process by which dividends are paid out when pension funds are in deficit.

The House must scrutinise all those measures and consider introducing them. However, there must be individual accountability. What I want to see more than anything—more than further damage to Sir Philip Green’s reputation, more than his humiliation, more than the removal of his knighthood—is the money. I want the damage that has been done to his reputation in the Select Committee process and in this debate finally to bring him to the table to do the right thing, so that he can hold his head up high, the pensioners can get the deal that they deserve, and all of us who have been engaged in the scrutiny of the sorry tale of BHS will know that that work has been vindicated.

1.42 pm

Amanda Milling (Cannock Chase) (Con): As a member of the joint Committees that conducted the inquiry into the collapse of BHS, it is a pleasure to speak in the debate. It is also a pleasure to follow the hon. Member for Westminster North (Ms Buck), a fellow member of the Committee, and my hon. Friend the Minister, whom I welcome to her place. She had a slightly different role beforehand—she was my Whip.

Before being elected to this place, I worked in business. Like my hon. Friend the Member for Bedford (Richard Fuller), I am pro-business and pro-enterprise, but not at any cost. I have been appalled by the catalogue of events that led to the demise of BHS and by what we learnt in the Business, Innovation and Skills Committee about working practices at Sports Direct. Both are bad for business and, I am afraid, both are bad for the reputation of business, to pick up the point made by the hon. Member for Westminster North.

Rightly, reputable businesses have also been appalled by both situations. The irresponsible behaviours of a few endanger the reputations of the majority that operate responsibly. That is why I fully support the position of the Prime Minister and the Government that we need to make our economy work for everyone. As she said on the steps of Downing Street,

“we’re the party of enterprise, but that does not mean we should be prepared to accept that ‘anything goes’”.

That is not, as I see it, an attack on business—far from it. There is a desire to protect the reputation of business. After all, we do not want to see the irresponsible behaviours of a few tarnishing the reputation of good business. We need to look only at the banking crisis and the resulting lack of trust in banks, from which, let us be honest, they are still trying to recover, to see the dangers of reputational damage resulting from such events.

Michelle Thomson: I rise to note something on the banking crisis and to refer to the Minister’s remarks earlier. Does the hon. Lady agree that, with issues such as the banking crisis and how the state deals with the continuing RBS saga concerning the Global Restructuring Group, how quickly and effectively agencies deal with the matters that we call out is pivotal?

Amanda Milling: The hon. Lady makes an interesting point. She has a lot of personal interest in looking at RBS and the banking industry. From my perspective, the Government have been very quick in responding to the collapse of BHS and in recognising that there is a need to review corporate governance. I will come on to that in a bit more detail shortly.

The devastating events that resulted in the tragic collapse of BHS raise several questions about whether the framework of corporate governance is satisfactory, especially in relation to large private businesses—those with large workforces and large pension liabilities. This is about protecting our economy, protecting the taxpayer from picking up the bill and, most important, our responsibility to do everything we can to protect employees.

Many right hon. and hon. Members have discussed the consequences of the collapse of BHS. They have looked at the employees and the members of the pension scheme. I would like to focus on the employees. Eleven thousand people lost their jobs as a result of the collapse of BHS. But for those people it was not just about losing their job; it was about the impact on their lives and that of their families. Many of those people have mortgages to pay and are worried about whether they can keep a roof over their head and that of their family.

Richard Fuller: May I echo what my hon. Friend is saying? My right hon. Friend the Minister for Apprenticeships and Skills, who cannot be here today,

[Richard Fuller]

mentioned to me that the BHS store in his constituency was for many years one of the most profitable BHS stores, but no due regard was given to those employees or pensioners. They were essentially cast aside, as everyone else was. The impact is being felt throughout the country—in town after town, store after store.

Amanda Milling: I thank my hon. Friend for his intervention. He makes an important point. The stores are across the country. I do not have one in my constituency, but many right hon. and hon. Members do. Hundreds of people were employed at each store.

As I said, this is not just about the employees; it is also about their families. Far more people than the 11,000 employees have been affected by the collapse of BHS. As the hon. Member for Rutherglen and Hamilton West (Margaret Ferrier) mentioned, the effect has been devastating. This has been a horrid period for the people who no longer have jobs at BHS and are facing difficulties in finding new employment.

Alison Thewliss (Glasgow Central) (SNP): I agree with the case that the hon. Lady is making. Does she agree that not just the people in the stores who were directly employed by BHS, but the catering and cleaning staff and everyone in the supply chain will be adversely affected?

Amanda Milling: The hon. Lady makes an incredibly valuable point. It is about the supply chain. Recently, Rugeley B power station shut in my constituency. That affected not just the employees but the contractors and the wider supply chain. It had a real knock-on effect.

The joint Committees' inquiry has highlighted that the events that led to the collapse of BHS suggest the need to review the regulation on corporate governance, particularly with regard to large private businesses. The inquiry has also suggested that there is a need to create a more level playing field between large private and publicly listed companies in terms of transparency and codes of conduct. As the hon. Member for Hartlepool (Mr Wright), the Chair of the BIS Committee, has mentioned, it will be conducting an inquiry to look at corporate governance and the roles and responsibilities of directors, addressing the issues that have been highlighted in the BHS inquiry.

I am pleased that the Government are committed to reforming corporate governance. It is clear that we need to review the practices of large private businesses, the role of directors in decision making and the responsibilities of directors to consider how they protect the interests of their employees and the members of their pension schemes. Therefore, I welcome the Minister's remarks and I hope that she and the Government will consider the inquiry's observations and recommendations and the points made by right hon. and hon. Members this afternoon.

To conclude, we have a responsibility as policy and law makers to learn lessons from the collapse of BHS. I look forward to the Government publishing their consultation this autumn.

1.49 pm

Dr Lisa Cameron (East Kilbride, Strathaven and Lesmahagow) (SNP): I thank the right hon. Member for Birkenhead (Frank Field) for introducing this important

debate and pay tribute to the cross-party Members involved in the Committee reports, including my hon. Friend the Member for Edinburgh West (Michelle Thomson).

In July of this year, the British Home Stores shop in my constituency closed. The long-standing store was the third largest retail unit in our East Kilbride Plaza mall. The store did avoid the first round of closures, but staff were left with huge uncertainty about what would happen in the interim, and it was eventually closed. That was a very sad day for staff and constituents. I have frequented the store since childhood and walking by the empty unit is still strange and a stark reminder to our community of the injustice that unfolded and the loss of jobs and pensions.

While our local staff oversaw the closure of our BHS, former owner Sir Philip Green reportedly continued his Mediterranean holiday aboard his £100 million superyacht. I understand that he owned BHS for 15 years before selling it to Dominic Chappell for £1 in 2015. Sir Philip Green has rightly come under fire for taking a massive more-than-£400 million in dividends from the department store chain and selling it in such a manner to a man without retail experience. A damning report from the Business, Innovation and Skills and the Work and Pensions Committees found that BHS was subject to systematic plunder by Green and Chappell and labelled Green the "unacceptable face of capitalism".

These constituents of mine lost their jobs and pensions. The ordinary people are the losers. They gave their service and good faith both locally and to the company. So real questions must be answered by this House on multinational corporate governance structures and pension regulation. The UK Government must take action and not allow such situations to be repeated in the future.

We in this House must tackle asset stripping. The current situation does not protect working people—those who have families to look after, those who have people to care for and those who have done the right thing and have contributed to pensions and to society only to be taken advantage of and be failed. SNP MPs will work to strengthen the powers of the regulator, to ensure that the Philip Greens of the world are dealt with effectively when they seek to avoid pensions responsibilities.

There is a real need to address inequality and to work with businesses and industry to provide appropriate regulation. Many of my affected constituents have contacted me to ask that Sir Philip Green be stripped of his knighthood; his keeping the title adds salt to their wounds and the injustice of this situation.

Margaret Ferrier: Does my hon. Friend agree that, although Sir Philip deserves to be stripped of his knighthood, we also need to address the very real issue that exists: that of all the Philip Greens of the world being able to treat workers in this manner? They need to be made an example of by the Government.

Dr Cameron: I agree. Workplace regulations should be addressed.

A further matter to be addressed in terms of Sir Philip Green's knighthood is whether his actions were honourable. Both I and my constituents say no.

I conclude by requesting that the House support the amendment and take appropriate action. We should demonstrate to the constituents of East Kilbride, Strathaven

and Lesmahagow who have been so badly affected that we hear and heed their voices and fully support them at this devastating time.

1.54 pm

Michelle Thomson (Edinburgh West) (Ind): I would like to begin my contribution to this important debate by joining others in thanking the Chairs of the combined Select Committees and pointing out that any suggestion that their report was not a robust, detailed, evidence-led inquiry can be rebutted. It ran for months and had many sessions; the session with Sir Philip Green alone lasted for six hours.

I support the view that, from its initial purchase, Sir Philip saw the dash for cash from the business as the Green family's primary purpose. Even in the early days, there was limited evidence of a successful retailer improving turnover or market share. I am sure other Members will continue to highlight the various ways that money was redeployed to the Green family, often away from the clutches of the UK taxman, such as by the payment of dividends and the treatment of various assets. I have no doubt that they were all entirely legal, but were they irrefragable?

We have heard much already about the nature of corporate governance. Our report describes it as having a variety of roles, including balancing "the interests of...many different stakeholders".

We have also heard reference to the UK corporate governance code. It states that

"one of the key roles for the board includes establishing the culture, values and ethics of the company."

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): I thank my hon. Friend and all the members of both Committees. I had the pleasure of sitting in and listening to quite a lot of the interrogation and I thought it was first-class.

Despite the problems we have heard about, such as those to do with corporate architecture and regulation, does my hon. Friend agree that Adam Smith was right when he said we cannot divorce business practice from human behaviour, and that the problem here is that the human behaviour of Philip Green has undermined corporate governance and any positive culture?

Michelle Thomson: I thank my hon. Friend for that intervention. The code goes on to say in the sentence I was quoting:

"The directors should lead by example and ensure that good standards of behaviour permeate throughout all levels of the organisation."

The code applies only to listed companies with a premium listing of equity shares, but that does not absolve a private owner from any responsibility. Time and again opportunities were missed to address the growing pension deficit and it cannot simply be argued that the deficit was a result of the global financial crisis and increased longevity. Sir Philip had accountability for addressing the deficit and could have chosen to do so on a number of occasions, as other schemes managed to do.

The QCs' report cites many examples of the Green family's legal rights as the majority shareholder, but says very little about the responsibilities to pensioners and employees that that brings. I am sorry, but Sir

Philip cannot have it all his own way. It was a lack of judgment that allowed the pensions situation to continue, and a lack of judgment that progressed a sale to a wholly unsuitable third party.

The non-executive chairman was at pains to point out that the code does not apply to private companies, and the QCs' report notes that the chair of the board has merely the same duties as the other directors. Legally that is true, but might I inquire as to what exactly the remuneration of £125,000 as chair of the board was for? I support the suggestion of the governing body for governance, the ICSA, which suggests reforming the code to include private companies. We have heard a number of calls for that today.

In terms of the general culture of organisations, there is always a key risk if a level of power is concentrated in just a few key individuals, there is weak leadership which chooses to surround itself with people who are reluctant to disagree for fear of falling out of favour, and there are cultural failings within the organisation that are common knowledge but remain unchallenged. We all have a duty to speak out in these cases, because by remaining silent we become complicit in the contract of the bully and the bullied.

In the case of BHS, the final decision on sale was made without the non-exec chair asking about the credentials of the purchasing company, why it was believed to be the best outcome for the employees and pensioners, or whether the third party had a credible turnaround plan—and, incredibly, they were not invited to the ratification meeting. There was only one non-exec director at the meeting: the son-in-law of Sir Philip Green, whose stated brief was to represent the interests of Lady Green.

I challenged some board members to name a time—any time—when they successfully challenged Sir Philip Green. Their response was muted. I could literally count the seconds ticking by as each respondent looked for an example.

Our report notes that

"absolute power, in business as in politics, is a dangerous thing".

It was certainly absolute power that enabled Sir Philip and the Green family to run BHS as their personal fiefdom, to exclude independent directors from key decisions and to bully weak senior managers, and this contributed to the ultimate failure of BHS and to its ultimate failure in its duty of care to the pensioners and employees.

I shall finish by making a brief comment about the amendment. This UK legislature is already struggling to demonstrate its relevance to many people. It must be able to give a voice to people on the important issues of the day. The saga of BHS is being played out in the media, and not only recently. We have seen the success story, the "loadsamoney" parties, the knighthood, the record-breaking dividends, the decline and the eventual sale of the business. People watching at home have, with every justification, asked, "How can this be? How can an owner of a company act with such impunity in the matter of 11,000 jobs and 20,000 pensions?" Hindsight is a wonderful thing, and who among us does not recognise circumstances in which we would do things differently? I am sure Sir Philip Green regrets the

[Michelle Thomson]

circumstances now, but we are talking about a knight of the realm, and that position must surely require a higher bar of ethical behaviour.

Joanna Cherry (Enningburgh South West) (SNP): My hon. Friend is making a powerful speech. Has she, like me, received dozens of emails from constituents who are concerned that Sir Philip Green should be held up as an example? I shall read out just one of the emails I have received.

“As someone in business, who takes pride in the efforts we make for our staff and customers, it’s really hard to understand why someone like Sir Philip would be allowed to retain his knighthood. Surely, we should not be placing such traits as aspirational for the public.” Does she agree with that sentiment?

Michelle Thomson: I absolutely agree. Many of us will have received hundreds of letters and emails from our constituents on this subject.

It is on this point that the argument turns for me. The corporate governance code is not there to provide a loose set of rules that companies are invited to think about now and again. It is fundamentally a framework for behaviour in business. Business is not just about the bottom line; it is about providing jobs and sustaining communities, and the best businesses are based on partnership. Sir Philip Green knew for many years that BHS was in trouble and he failed to do the right thing. His actions, and his inaction, led directly to the loss of 11,000 jobs and affected the lives of 20,000 pensioners. He seems to believe that BHS being a private company negated any accountability or responsibility for the lives of people who depended on him and, ironically, who made his success.

2.2 pm

Martin Docherty-Hughes (West Dunbartonshire) (SNP): It is lovely to see you back in the Chair, Mr Deputy Speaker. I can advise you that I will not be as loud as I was last night.

I stand to contribute to this debate in unfortunate circumstances, in that, like many colleagues in the Chamber, I speak on behalf of a number of constituents who have been profoundly affected by the collapse of BHS through loss of employment and uncertainty over their pensions. Before I proceed, however, I would like to put on record my thanks to the Chairs of both Select Committees, particularly the right hon. Member for Birkenhead (Frank Field), who has had to undergo public vitriol from someone who clearly does not deserve a knighthood. He is to be commended and very much thanked. I also thank my hon. Friend the Member for Edinburgh West (Michelle Thomson) for her determination to continue her work on the Select Committee.

My constituency was home to a BHS store in my hometown of Clydebank for nearly 40 years, and the day the store closed for good was the end of an era and a sad day not only for the community but, more critically, for those who had given loyal service to a company that did not value them in return. When the collapse of BHS became public and the announcement was made that stores, including the one in Clydebank, would be closing, I visited the store to offer my support and to hear the staff’s concerns for the future. As I am sure many Members will recognise, such visits are never a pleasant

experience, and genuine concern was expressed about what the future held for them.

It was at that time that the true picture began to emerge of the handling of the BHS pension fund and of the existence of a massive deficit of nearly £500 million. For the staff who had contributed to the pension scheme and who had just found out that they were to lose their jobs, the bewilderment and shock that this situation had been allowed to occur was undeniable. This situation has filled me with anger over the injustice to all those who believed they had a secure future in older age, only to have it announced that they could lose up to 10% of their pension when reaching pensionable age.

I was heartened to hear in the House today that there might be some resolution in this regard, and I hope that it comes quickly. Nevertheless, it is completely unacceptable and a downright disgrace that the staff—the majority of whom, critically, are women—have found themselves in this predicament. I would go so far as to say that it has been nothing short of criminal. The professional and dignified manner in which the staff behaved stands in striking contrast to that of Mr Green and his dodgy cohort of warmehrs, including the trustees, who are all culpable in this debacle. They should be ashamed of themselves for the manner in which they have behaved, but sadly I suspect that they are too busy quaffing their champagne and sailing to Monaco on their yachts to give a damn about the mess they have created.

I would like to take this opportunity to praise the store management in Clydebank, local organisations, the local authority—West Dunbartonshire Council—the Department for Work and Pensions and Scottish Government agencies such as Scottish Enterprise, which worked in concert to assist the staff when they found themselves seeking alternative employment. I was informed recently that every member of staff who sought alternative employment was given the support and advice required to be successful in their application, which was a great relief to me and I am sure helped the staff and their families to sleep a little better. This is an example of all levels of government coming together and using whatever levers they had at their disposal to counter the adverse situations that our communities face. I am full of praise for the organisations that helped to deal with the impact and aftermath of the BHS debacle, but serious questions must be asked as to why this situation was allowed to unfold in the first place.

Alan Brown (Kilmarnock and Loudoun) (SNP): My hon. Friend has encapsulated the human element of this situation fantastically well in his description of the people working for BHS. I commend him for that. I too had a BHS store in my constituency, and many staff members lost their jobs and had their pensions affected. Another aspect of this involves the buildings. Kilmarnock now has another building on its high street with a “To Let” sign on it. That affects the surrounding shops and the footfall to them. The effect on surrounding businesses is another consequence that has not been considered.

Martin Docherty-Hughes: I agree with my hon. Friend that that affects constituencies the length and breadth of the UK.

I would like to commend the recent joint report by the Business, Innovation and Skills Committee and the Work and Pensions Committee, which looked into the Pension Protection Fund, pension regulation and the sale and acquisition of BHS. The report should make

uncomfortable reading for those involved in the governance of the company. On many occasions, I watched and listened to the Committees' proceedings from the Public Gallery. The report must be acted upon by the Government, and I ask the Minister to confirm that this will happen as a matter of urgency. The Government must now show real leadership in tackling this problem. The *laissez-faire* policies of the UK Government must be consigned to the 19th century where they belong—along with Philip Green's knighthood.

Words are no longer acceptable; action must be taken now or we will be in danger of more companies going the same way as BHS. That would have serious and profound consequences for our economy, which, due to the ongoing uncertainty over Brexit, is already under serious pressure and struggling to cope. Without action, the Philip Greens of this world will continue to undermine public confidence in private business and have a serious impact on private enterprise. Simon Walker, the director of the Institute of Directors, has stated:

"The reputation of corporate Britain has not recovered from the financial crisis and there are important questions that need to be addressed on issues including transparency, executive pay and board diversity."

We cannot allow business to mess about with the people's future income, and the UK Government must up their game on pension regulation, and indeed on pensions altogether—but that is for another debate entirely.

I very much welcome the announcement of a further inquiry by the Work and Pensions Committee, which will look at the adequacy of the Pensions Regulator's power to deal with issues such as these and at how best they can be prevented from happening again. I fully support the strengthening of the regulator's powers as a means of ensuring that no one is able to avoid their pension responsibilities, and I know that my Scottish National party colleagues and I will be working hard to make that a reality. I therefore await the Work and Pensions Committee report with great interest and hope that it concludes that the regulator should be in a strong position to protect employees from their rogue bosses.

Turning to the amendment calling for the Honours Forfeiture Committee to strip Philip Green of his knighthood, central to my contribution in this debate has been the welfare of those who have been adversely affected by Mr Green's actions and also that the Government must get to grips with unscrupulous businesspeople to ensure that this does not occur again. I well understand the frustration and anger directed towards Philip Green. Indeed, I have already made my feelings towards this individual known during this debate, and it is right that we should seek to inform those with the authority to do so to strip him of his honour. Following my participation in the debate on the House of Lords debate last night, it should come as no surprise that I am no fan of an honours system.

Finally, we owe it to the British BHS workforce to hold Philip Green to his promise to resolve the deficit in the BHS pension fund. I am making a personal commitment to my constituents that I will not stop fighting for them until the matter has been resolved and they receive what they fully deserve.

2.10 pm

Hannah Bardell (Livingston) (SNP): Having listened to colleagues and read the conclusions of the report by both the Work and Pensions and the Business, Innovation

and Skills Committees, two principles come to mind that cut to the core of the debate. What we have seen from Sir Philip Green and the collapse of BHS is a lack of responsibility and, moreover, a lack of respect. I commend both Committees, their members and their staff for a comprehensive, factual and damning report on the fiasco of the BHS collapse. Mr Green lacked respect for BHS employees and their families when he mismanaged the business to the point that it could only be sold for £1. He then abandoned all responsibility for their pensions and the failed company that fell apart under his leadership. The report makes for grim reading, particularly when it states that

"the total dividends paid by BHS Ltd were £414 million in the 2002–04 period, almost double the after-tax profits of £208 million. BHS Group, the parent company, paid dividends of £423 million in this period... We were told that the Green family received £307 million of this. This effectively removed value from the company, precluding its use for purposes such as investment or pension contributions."

Our constituents are bearing the brunt of that recklessness and greed. A constituent of mine, Tracey Hurst, reached out just yesterday to share the impact that the BHS collapse has had on her life. Having worked for BHS for 17 years, she remained there until it collapsed and closed completely. She refers to herself as a loyal member of staff who stayed until the very end. She was not bitter, but disappointed and concerned for her colleagues, many of whom have been unable to find new jobs. Another constituent, Laurence Robertson, contacted me to say that he feels strongly about such greed at the expense of the average person. Another constituent reached out to express how he and his family had always loved shopping at BHS but had been disgusted to discover what he called Sir Philip's absolute greed and complete lack of compassion. Many have asked that Mr Green be stripped of his knighthood, which seems only fair given that many have been stripped of their jobs and pensions under his leadership.

Joanna Cherry: BHS was a much-loved institution on Edinburgh's Princes Street for many years. I remember visiting it with my mum as a wee girl in the days when there was even a food hall, which was quite a long time ago. Does my hon. Friend agree that this House owes it to the staff of BHS, who served their communities so loyally for many years, to ensure that sanctions are imposed for what occurred and that this cannot happen again?

Hannah Bardell: As ever, my hon. and learned Friend is absolutely spot on. A knighthood for thousands of pensions does not seem unreasonable. The 32 BHS stores that closed across Scotland included branches in Livingston, Hamilton, Kirkcaldy and Leith, and the closure resulted in more than 700 employees losing their jobs and livelihoods, and a place of work to which many, like my constituent Tracey, gave a huge chunk of their working lives.

When employees lose their jobs and pensions, their families are hit by that loss. Sir Philip understood the importance of providing financially for his family—he understood it very well. In fact, the entire Green family hugely benefited from BHS. Reports say that the Green family made around £2.7 billion in total out of BHS and Taveta. Mr Green paid substantial dividends offshore that financially benefited his wife. BHS employees want to be able to provide for their families, but Mr Green is clearly blind to the parallel. Sir Philip has done pretty

[*Hannah Bardell*]

well out of BHS and other investments. He has a helicopter, a jet and three yachts. I have nothing against someone spending their hard-earned money as they please, but that should not come at the cost of our constituents' pension pots. If Sir Philip's responsibilities do not include ensuring that his employees receive what they have earned, they will certainly not be enjoying the same luxuries as he; they will not even have a pension to retire on.

Beyond responsibility and respect, Philip Green's actions and those of Dominic Chappell and the BHS directors simply fly in the face of good business practice. BHS's collapse, coming amid trade negotiations for Brexit, reflects the dire need to encourage fair and inclusive business practices across the UK. This debate is about not only placing blame on Sir Philip Green, but doing what is right for BHS employees, who have been cheated out of their jobs and pensions, and other future employees. It is about ensuring that there are fair business models and regulations so that such a collapse can never occur again.

The Work and Pensions Committee's announcement that it will examine the adequacy of the Pensions Regulator's power in a further inquiry is a constructive start to the mission. My SNP colleagues and I have called repeatedly for the establishment of an independent pensions commission so that we can create an architecture under which the Philip Greens of this world can no longer run away with people's hard-earned money. Now that EU workers' rights will no longer be guaranteed and transferred to UK workers, it is more important than ever that we are proactive and ensure that our constituents are treated fairly by their employers. As the UK Government embark upon Brexit negotiations, there may be no running commentary, but we can be sure that there are running and ongoing concerns. Employees will remain uncertain about their rights, and the Government have a duty of care to all workers, including those put out of a BHS job and pension.

The Prime Minister claims that she will ensure that workers' rights continue to be guaranteed in law as long as she is Prime Minister. I say to her and her Government that we require rights to be guaranteed far beyond her term or any of this Government.

Alison Thewliss: My hon. Friend makes an excellent case. Would workers' rights be enhanced if employees were allowed on company boards?

Hannah Bardell: I absolutely agree with my hon. Friend. The Prime Minister has mooted that idea and I hope that she receives the support of her party.

Returning briefly to Sir Philip, as he is for the time being, he has responded to the criticism that has been waged against him by saying that England

“is a place where you get a lot of jealous, envious, you know, negative people.”

What a shoddy and shameful way to describe anyone, particularly when they are customers and consumers. I hope that Mr Green is listening when I say that my colleagues in the Chamber from England, Scotland and elsewhere in the UK are not jealous or envious of his gross mismanagement of BHS, but I think I am right to say on behalf of hon. Members from all parties that we

do feel negative—negative about how hard Mr Green's former employees, who are our constituents, will be hit by that mismanagement and his failure to make amends.

It all comes back to responsibility and respect. Sir Philip did not respect the hard work, loyalty and livelihoods of his employees, my constituents and the constituents of Members from across the Chamber. Just as a company is responsible for its employees, Parliament is responsible for its citizens. This is about responsible business practices and responsible regulatory practices. This is about holding businesses and individuals to account by any means possible and sending a strong, clear message that we will not accept such shoddy practices from our businesses towards our people.

Strip Philip Green of his knighthood. Take him to task. Maybe get him to sell a few of his superyachts so that my constituents and everyone else's can get the pensions and retirement that they worked so hard for. We must have a proper, strong regulatory framework so that this dereliction of duty can never happen again.

2.19 pm

Liz McInnes (Heywood and Middleton) (Lab): It is a pleasure to follow so many great speakers. I thank my right hon. Friend the Member for Birkenhead (Frank Field) for his work and chairmanship of the Work and Pensions Committee in producing this joint report, alongside my hon. Friend the Member for Hartlepool (Mr Wright), whom I thank for his chairmanship of the Business, Energy and Industrial Strategy Committee. I also thank those hon. Members who have contributed by serving under their leadership on both Select Committees to help to conduct this investigation of the handling and failing governance of BHS.

It was my privilege to be in the Public Gallery when Sir Philip Green was called to appear before the Committee. It was an education for me to witness at first hand his dismissive and belligerent attitude, variously referring to my hon. Friend the Member for Westminster North (Ms Buck) as “your Lady” and requesting that the hon. Member for Bedford (Richard Fuller) should “stop staring” at him. The title “Sir”, for those who choose to accept it, is bestowed upon those deemed to be deserving of the honour. With the title comes an expectation that a person will conduct themselves with respect and dignity, but that was sadly absent from Sir Philip's performance on that day.

I would specifically like to concentrate on the BHS pension fund, rather than the possible stripping of Sir Philip Green's knighthood. If he does lose his honorary title, I guess we will have to accept that it was an “honest mistake” to bestow the title upon him—unfortunately some honest mistakes, such as unloading BHS on to a serial bankrupt, are just bigger than others. Should Sir Philip be stripped of his knighthood, I suggest that, as a symbolic gesture, it is given to one of Sir Philip's redundant employees. I would like to nominate Mr Grant Atterbury, who has chronicled the demise of BHS and his own experience of the shop floor in a series of very sad, funny, touching and eloquent articles via the pages of *The Guardian*. Mr Atterbury is still looking for work, and he writes:

“If anyone happens to know of any good jobs going that might suit a deeply cynical 43-year old whose key skills include folding towels and writing slightly bleak yet comical portraits of ramshackle department stores, do please get in touch.”

He lives in Kent, just in case any Member has a job that they might be interested in offering him.

Let me return to pensions. I am pleased to hear that negotiations have started in order to find a solution to the pensions problems faced by those who worked at BHS, but I raise concerns about the speed of and commitment to the process. Sir Philip has made a vow to “rescue the pension scheme”, but unfortunately, according to the Pensions Regulator, it has yet to receive a “credible” offer to implement a deal. The Pensions Minister said yesterday that neither he nor the Government have received a written offer, which leaves 20,000 pensioners still uncertain about their investment and future, and how they will survive in retirement.

The joint report states:

“Sir Phillip Green systematically extracted hundreds of millions of pounds from BHS, paying very little tax and fantastically enriching himself and his family, leaving the company and its pension fund weakened to the point of the inevitable collapse of both.”

That is clearly unethical, immoral and in breach of section 172 of the Companies Act 2006, which states:

“A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard...to—

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the company’s employees”.

I think there is cross-party agreement that Sir Philip failed to meet any of those requirements on any level. We in the House have an obligation to make sure that the regulatory body ensures that that section of legislation is implemented and that law is carried out.

It is imperative that a deal can be done and that Sir Philip makes a credible offer as soon as possible. He is on record as saying he did “everything possible” to stop BHS from going under. He should now be doing everything possible to protect these families from the hardship that his mismanagement may have left them in. As we have heard, he left BHS with a £571 million pension deficit, after taking it over in surplus. He took £400 million in dividends from the company and then sold the department store for a single pound, leading to 11,000 job losses and the final store’s closure last August. He has an obligation to those who worked hard in good faith within the BHS company to secure the settlement that is necessary to ensure the long-term viability of the pension scheme. During his appearance before the Select Committees, Sir Philip promised that he would “sort” the pension scheme. I say to him now: Sir Philip, get it sorted.

2.25 pm

Clive Lewis (Norwich South) (Lab): First, I thank the Backbench Business Committee for organising this debate on such a timely subject. I also thank the combined Select Committees for their report, as that work has brought us here today. They deserve great credit for having so patiently and thoroughly investigated this whole sordid, shabby affair. I also thank colleagues who have participated in today’s debate, particularly my hon. Friend the Member for Hartlepool (Mr Wright) and my right hon. Friend the Member for Birkenhead (Frank Field), both of whom, through their fantastic chairmanship of their Select Committees, have shone a

light on some of the systematic abuses by Sir Philip Green and his accomplices. I should also mention the suggestion made by my hon. Friend the Member for Heywood and Middleton (Liz McInnes) of stripping Sir Philip Green of his knighthood and awarding it to one of his former employees, a self-confessed cynic—how could we blame him for being a cynic after what has happened in the past few years?

I have referred to contributions made by hon. Members today, and it is clear that this issue cuts across party lines. There is a great deal of anger in the House, which reflects the anger that many of those who elected us are feeling. Sir Philip Green treated BHS as his own personal plaything. He failed to invest in the company’s branches, he neglected the brand and he ran down the pension scheme. In effect, he used the company to line his own pockets and then jumped ship like the proverbial rat from a sinking ship. Despite that woeful, even wilful, neglect of this historic company, he still retains his knighthood for “services to retail”.

The House has rightly expressed widespread incredulity at that state of affairs, a view that I share entirely. All human societies have found ways of honouring those who have acted with great distinction. We recognise those who receive such honours as people who have enriched all of our lives—people whose lives challenge us all to try to emulate theirs. Although it is clear that Sir Philip Green has, by his actions, tarnished the honour that we, as a society, have given him, he has tarnished his own good name far more gravely. Stripping him of his knighthood will not create jobs for the 11,000 who lost them. It will not fill the £571 million deficit in the pension fund. It will not fill the hole left on high streets up and down the country. It will not pay back the £6 million owed to Her Majesty’s Revenue and Customs. Nor will it ensure that firms in BHS’s supply chain, many of which are small businesses, the foundation stones of our economy, are paid what they are owed.

Our first priority is to save the pension fund. As far as I am concerned Sir Philip Green can keep his honour, provided he pays back the pension deficit in full from his own ample wealth. He should make good his wrongs with deeds, not just the good intentions that he offered the Select Committee. But if all we do today is posture in condemnation of one man, we are doing little except indulging in competitive scapegoating. I am sure I speak for many people in this country when I say this: the most extraordinary thing about this whole affair is that legally, Sir Philip Green has done nothing wrong. Had he broken the law, and were he just a criminal caught with his hands in the till, it would have been up to the courts to act, but he is not a criminal, and there is no suggestion that he is. This House can rightly condemn the actions of the man, but we cannot escape our own responsibility for this affair. Where are our laws made? Here. Who makes them? We do. Who is responsible when powerful men shamelessly rip off the weak, and yet they have not broken the law? We are.

Ian Blackford: I am very heartened to hear the hon. Gentleman’s remarks. Does he not share my disgust that the Government have failed to learn lessons from this debacle, and have failed to put any proposals forward so that we ensure that we do not have any other situations such as BHS again?

Clive Lewis: I will address that point a little later in my speech. I think the Government have said that they intend to change their tune, and that they are now the party of the workers. We shall see whether they genuinely are, but I will not be holding my breath.

Mr Jim Cunningham (Coventry South) (Lab): There have been a number of occasions when there have been similar incidents. Only about 12 months ago, nearly 1,000 jobs went at City Link on the outskirts of Coventry. I tried to get a ten-minute rule Bill through, and it was defeated. It is about time that we had some really tough legislation on these issues.

Clive Lewis: I thank my hon. Friend for that comment—it is one that many of us on the Labour Benches agree with. We want to see action, not words. When scandals such as this break, we here cannot have it both ways. We must either shrug our shoulders and say, “Tough luck, guys, that’s the way the game works, you lose,” or say, “We will legislate to make sure that this never happens again.” Will we do that? Will we look at the role of the auditors who signed off on BHS as a “going concern” just a year before it was sold off for a £1 like a second-hand yo-yo? Will we look at the role of the huge city financial advisers who waded through the sale of BHS to Chappell, or at the pillaging of the pension scheme, that, let us remember, is not unique to British Home Stores? This is the story not of one bad apple spoiling everyone’s reputation, but of a system that is bent, and we know in whose favour.

Good businesses are the lifeblood of our economy, but, as honest, responsible, hard-working business people up and down the country know well, the system often allows good businesses to be undercut by bad businesses. When companies are used to extract wealth rather than to create it, it hurts everybody.

In the near future, the shape of the modern economy will be transformed. Let us make sure that that transformation is truly for the benefit of all and that we do not need to come back to the House again and again to express our outrage at yet another scandal and yet another rip-off of the ordinary people of this country. The rules of the game need changing.

I am delighted to see the cross-party condemnation of Sir Philip Green’s conduct. I am also delighted—if not more than a little surprised—to hear the Prime Minister claiming to have thrown out the laissez-faire fanaticism that has dominated her party’s thinking for the past 30 years. We on the Labour Benches welcome any move towards an economy founded on fairness and democracy. It is, after all, what our party has always stood for. It is not what the Conservative party has

always stood for. Are we really to believe that the party of billionaires and tax avoiders is the one to transform our economy in the interests of fairness?

Let us take one example: the Prime Minister’s modest proposal to give workers a voice by allowing them representatives on boards. We welcome that suggestion. Giving workers a voice is what our party has always stood for, but I am not convinced that the proposal goes far enough. Are we to believe that an individual worker or two would have been able to stand up to the likes of Sir Philip Green? A voice is useless without teeth. However, even the Prime Minister’s own Cabinet will not support that modest proposal. Members of the Cabinet are, I surmise, more honest than the Prime Minister, more aware of which side their bread is buttered.

I hope that Sir Philip Green is better held to account as a result of today’s debate. I hope even more that it serves as a wake-up call on deeper problems and proves to be a turning point in how our economy is governed. I welcome the Prime Minister’s rhetorical conversion to our party’s values, but the question that she and other Conservative Members must answer is this: they have talked the talk, but can they walk the walk?

2.34 pm

Frank Field: I have one message. Today, the House of Commons has illustrated to the country how we work: reports are commissioned, delivered and debated here. The message that we all want to go out is that merely producing a report is not the end of the tale. In many cases, we have to follow up the report. The message to those who have lost their jobs and whose pensions are uncertain is that this place will not give up until we gain the maximum justice that we can. As my hon. Friend the Member for Norwich South (Clive Lewis) has just said, there is a full agenda on how we reform pension law and company law, and we have already started that task.

Amendment agreed to.

Main Question, as amended, put and agreed to.

Resolved,

That this House notes the recent joint Report by the Business, Innovation and Skills and the Work and Pensions Committees on BHS; endorses that Report’s criticisms of the governance of the company and of the holding company, Taveta Investments Limited; believes that the sale of the company to Retail Acquisitions Limited for £1 was clearly not in the interests of British Home Stores’ employees and pensioners; notes the failure of Sir Philip Green over many years to resolve the deficit in the BHS pension fund; and calls on him to fulfil his promise to do so forthwith; and, noting that Philip Green received his knighthood for his services for the retail industry, believes his actions raise the question of whether he should be allowed to continue as a holder of the honour and calls on the Honours Forfeiture Committee to recommend his knighthood be cancelled and annulled.

Industrial Strategy

2.36 pm

Chris White (Warwick and Leamington) (Con): I beg to move,

That this House has considered industrial strategy.

May I thank what we call the BBCom for approving my application for this debate? Let me also thank the hon. Members for Hove (Peter Kyle), for Edinburgh West (Michelle Thomson) and for Hartlepool (Mr Wright) for supporting this debate. We often debate policy in this Chamber, but it is rare for us to debate the creation of a new Department and what it will in fact mean.

In my maiden speech, I referred to my constituency, Warwick and Leamington, as being at the centre of the country, both geographically and demographically. We have good schools, colleges and two highly respected universities on our doorstep. We have many businesses, which are household names, a skilled workforce and low unemployment. The constituency has a strong reputation in the technology sector, particularly in the video games industry, and the wider region has a heritage firmly based in manufacturing.

This month, on a visit to my constituency, I was pleased to see the site that will house a new factory for Vitsoe, the furniture manufacturer and exporter. It is on the very spot that was home to the Ford foundry until it sadly closed in 2007.

Mr Jim Cunningham (Coventry South) (Lab): The hon. Gentleman's constituency is next to mine, and he will know that Jaguar Land Rover has its main development plant in Coventry, probably employing around 5,000 to 6,000 employees. Equally, he will also know that the Chinese have put more investment into the black cab company, which is constructing a new site in Coventry. That gives us a good demonstration of some of the industries that have been created in the midlands.

Chris White: I welcome that intervention. The hon. Gentleman and I have attended some of those very interesting institutions and worked together at Warwick University, one of our leading international universities.

I am pleased that Tata has based its new technology centre in Leamington, which shows what effect inward investment can have on our constituencies and our country. Despite the collaboration—the links between our educational institutions and business, its location and its workforce—how much more could we do as a constituency and as a country if we had the strong foundations of an industrial strategy?

Since working in the automotive sector, I have always had a passion for manufacturing, not least as co-chair of the all-party manufacturing group. I am a member of the Business, Energy and Industrial Strategy Committee—I am pleased to see its Chairman, the hon. Member for Hartlepool (Mr Wright), in his seat—and we are currently taking evidence on this concept.

We have recently heard evidence from the right hon. Member for Tatton (Mr Osborne), the former Member for Twickenham and Lord Heseltine, who all assured us in their own different and special ways that we have had an industrial strategy all along. Perhaps they are right, but I would like to use this speech to say how I think an industrial strategy could be reformed to meet some of the present challenges that we face.

In the last Queen's Speech debate, I spoke on industrial strategy. I remember that most of the other speakers spoke about sugar tax, an important issue at the time. I must admit that I was not entirely overwhelmed by the Government's enthusiasm for what I was saying, so no one is more delighted than me to see the inclusion of the words "industrial strategy" in the name of a Department.

There has been a sense of scepticism about industrial strategy. [*Interruption.*] That was more warmth than I received for my remarks in the Queen's Speech debate. Industrial strategy has been given negative connotations. Let us consider British economic performance, for example, in the post-war period. Britain's relatively poor record between 1950 and 1979 has generally been blamed on the lack of competition, with traditional firms being unwilling to adopt technological or process advances. Wilson's "white heat" of the scientific revolution was replaced by a heavy reliance on the financial sector. Neglect in the past has seen a weakening of our supply chains and a huge shortfall in the skills that a world-class industrial base requires to satisfy both demand and opportunity.

We need to have a strategy and structure in place, a need made even more urgent following the EU referendum. In addition, highly capital-intensive advanced manufacturing requires long-term planning. There is a burden on companies to invest in skills and equipment, and a burden on the state to help create stability for long-term decision making—macroeconomic, fiscal and regulatory.

For manufacturing to grow, an emphasis needs to be placed on encouraging investment and greater long-termism. Although initiatives such as the midlands engine and the northern powerhouse are laudable, they need to be supported by strong tangible policy, and that policy will be less effective if it is piecemeal. For example, capital allowances were popular with industry, but were discrete in their design. A coherent strategy can work for the midlands, the north and the south, driving growth, building economies and providing sustainable employment and the subsequent reduction in community and individual inequalities.

Any new industrial strategy must fit the times we live in, the domestic economy, the global marketplace and developing themes such as Industry 4.0. In September 1965, the then Secretary of State for Economic Affairs produced the national plan, which sought to cover

"all aspects of the country's economic development for the next five years".

The plan was more than 450 pages long and looked at everything from the running costs of schools to the future development of the electronics industry. The plan was comprehensive in scope, but our economy no longer operates under such a structure and the plan would have negative consequences if replicated today.

The lack of success of documents such as the national plan does not mean that there should not be a national industrial strategy now for the UK, or that there is not a case for a coherent document to be drafted by the Government, outlining the support that they intend to give the sector and Departments. In countries such as Germany, long seen as a model industrialised nation, there has been little need for the Government to pin down formal strategies or statements because this

[Chris White]

philosophy is so entrenched and embedded in all activity. In Britain, there has been a tradition of volunteerism when it comes to economic organisation.

Jeremy Lefroy (Stafford) (Con): Does my hon. Friend agree that in Germany, in the Kreditanstalt für Wiederaufbau—KfW—which has been in place since the late 1940s and provided long-term support to small and medium-sized enterprises, we have a model that could be replicated here, perhaps in the form of a UK investment and development bank?

Chris White: I thank my hon. Friend for his contribution, but I gently suggest to him that that slightly misses the point. It is just one element of an industrial strategy.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Will the hon. Gentleman give way?

Chris White: I would be delighted to give way, so long as the hon. Gentleman keeps to the subject.

Mr Sheerman: Is Germany the only model that the hon. Gentleman is examining? The challenge that we face, with only 10% of our people in the manufacturing workforce, is that with a smart bit of kit it is possible to manufacture anywhere in the world. That is a wonderful opportunity. Does he not think that Germany is an outdated model to follow?

Chris White: With the economic advances in our technology and with institutions such as the Warwick Manufacturing Group and other such groups, including in the hon. Gentleman's constituency, we need to invest in research and development to make sure that we maintain the cutting edge and lead in those technologies.

Central Government, or perhaps more accurately Whitehall, generally responds well to objectives and targets, which provide focus and concentrate minds. A cohesive document would allow the public and business to hold the Government to account. Debate would be unavoidable and long-term consensual policy would prevail. The document, or statement, would lay out policies to support manufacturing for the medium term—around 10 years, say—giving clear objectives for the economy.

Mark Tami (Alyn and Deeside) (Lab): Does the hon. Gentleman agree that Governments have tended to intervene when a sector is failing, but they have failed to support a successful sector because we in this country step back and say, "Why should we support it? It's doing fine on its own."? Is that not one of the big problems that we have faced for many years?

Chris White: The Government should intervene before a sector is failing. We always seem to miss the problem when it occurs, which makes it much more difficult to resolve, not least in some of our strategic industries.

The Government need to state how they intend to achieve their objectives through a long-term framework. Although it is recognised that manufacturing does not make up the majority of the economy, it can be seen as a driver for other sectors in respect of efficiencies,

processes, skills, exports and so on. It requires more explicit planning than other sectors, which can be seen as interdependent, with the state playing a more active role. This should not come, however, at the expense of creativity or productivity, and it should assist rather than hinder.

One of the most consistent calls from manufacturing has been for the Government to articulate a long-term commitment to the sector and to give an indication of the policy framework they are likely to operate in the medium-to-long term. That should be a rolling document, updated regularly and taking into account fluctuations in the wider global economy and in the sector in the UK. It should be debated in Parliament to provide transparency and accountability. It should address a wide range of challenges. How effective is the British Business Bank in terms of access to finance? What capital is required to radically change manufacturers' investment decisions? Can incentives be created to encourage business to invest? What progress is being made with green manufacturing?

Education is a vital component of the strategy. There is currently little planning associated with supporting the development of STEM subjects—science, technology, engineering and maths—in primary education, which is a major factor in creating the skills gap the industry is now experiencing. Those subjects are the bedrock of degrees and apprenticeships, but they are left to the latter stages of education—often too late to influence a child's decision-making process.

Mr Sheerman: Does the hon. Gentleman know that tens of thousands of young people in further education colleges up and down our land are desperate to get into apprenticeships, but they cannot, because they cannot get their GCSEs in English and maths? When will the Government introduce a practical maths GCSE to unblock that blockage? Will he persuade them to do that?

Chris White: I will leave the Minister to answer that question in his remarks.

In a truly global trading nation, more provision should be made for studying languages. What is the number of children at school studying Chinese or Russian? How can it be improved? A welcome manifesto commitment—the hon. Gentleman has touched on this—was to increase the number of apprenticeships to 3 million by 2020. How are we going to take down the barriers that prevent that from happening?

Infrastructure is an essential part of the strategy, not least in improving the quality and reliability of supply chains. That should include the comprehensive development of a digital infrastructure that is fit for purpose. Other elements of the strategy would, of course, include an energy policy, procurement, immigration, export—including the role of supporting bodies such as UK Trade & Investment—catapult centres, research and development, through-life engineering services and the wider contribution from Whitehall.

Social enterprises may not be the first issue that springs to mind in this context, but they are a sizeable part of our economy. The positive impact social enterprises have on local communities is of huge value, and it is through an inclusive approach to shaping our industrial strategy that such sectors can be supported.

George Kerevan (East Lothian) (SNP): Will the hon. Gentleman way?

Chris White: I am sorry; I will not give way again.

Clearly, an industrial strategy needs to establish a framework—from how many children are studying STEM subjects at primary school, right through the industrially strategic pipeline to how many businesses are exporting. Where have targets been met, and where is further intervention required? As the strategy becomes more embedded, those things will not come as shocks, but more as minor adjustments to the levers of policy. We used to say quite a lot about the long-term economic plan. We need an economic plan, and underneath any economic plan, we need a strong and robust industrial strategy.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. May I suggest to Members that if we work around eight minutes, everybody will get the same?

2.52 pm

Mr Iain Wright (Hartlepool) (Lab): Thank you for that guidance, Mr Deputy Speaker—I need to have a productivity improvement of about 20% immediately.

It is a real honour to follow the hon. Member for Warwick and Leamington (Chris White). I think we have exactly the same principles, motivations and objectives when it comes to having an industrial policy. He is a fantastic member of the Business, Energy and Industrial Strategy Committee. I thank him, other members of the Committee, and the Backbench Business Committee for allowing this important topic to be debated today.

I welcome the Prime Minister's rhetoric about having a "proper" industrial strategy. We on the Committee have embarked on an inquiry into industrial strategy to assist with the development of policy. A number of fundamental questions need to be addressed to ensure that we have a modern, competitive, productive, sustainable and profitable business base in this country. What is the correct and optimum level of state intervention in economic and business policy? It would be ludicrous and naive to suggest that the Government do not intervene every single day through legislation and regulation that affect the prospects of hundreds of thousands of businesses.

How can that intervention be done in as strategic and co-ordinated a manner as possible? The primary consideration for business in any industrial strategy, or indeed any Government policy, is long-term certainty—something the hon. Gentleman has already mentioned. How can we ensure that the broad sweep of industrial policy transcends Parliaments and can withstand changes of Government? We have to acknowledge that there is a mismatch between the long-term requirements of business and short-term political pressures. Ministers of all Governments and of all persuasions are prone to the temptation of announcements, initiatives and reviews. Governments are keen to give the impression of action and activity, even if that is not often matched in reality. How better to give an impression of zeal and purpose than to announce a review of something?

Richard Fuller (Bedford) (Con): The hon. Gentleman talks about the importance of the long term as he yet again stumbles into the same mistake that politicians

make generation after generation—believing that they know what industrial strategy is but do not bother to ask their colleague for whom it might be something different. My experience of business has been in technology. The only long-term thing in technology was the knowledge that tomorrow will be different from today. How on earth are the Government, with their lumbering, slow way of manoeuvring, supposed to keep up with the entrepreneurs who have created so much progress in society?

Mr Wright: We can have many debates on industrial policy—we have and we will.

The hon. Gentleman touches on the second big theme of my speech, which is: What do we mean by picking winners? Let me go back to the notion of long-term business considerations and wishes for policy stability at the expense of short-term political culture. We have seen this already with the new Government. The new Prime Minister has announced that we need to have

"a proper industrial strategy".

In doing so, she seems to have jettisoned much of what has gone before. In a letter to me this week, the Secretary of State said that there needs to be

"a much stronger relationship between Government and business. For that reason, now is not the time for the Government to set out its approach in detail".

Although that provides clear blue water between the current Government and what went before when David Cameron was Prime Minister, it hardly provides the reassurance of certainty for business. At a time when the process of Brexit is leaving business with unprecedented uncertainty and giving pause to future inward investment into this country, greater detail should have been provided. It is a cause for concern that over three months after the new Department was formed, the Secretary of State is still insisting that he cannot set out the Government's industrial strategy in any kind of detail. Equally, important steps on large strategic matters such as airport expansion and new energy generation are taking far too long, especially when Britain needs to demonstrate to the world that we remain open for business.

Another key principle of what we need for a successful industrial strategy is effective cross-Government co-ordination. Industrial strategy will be a failure if it merely resides in No. 1 Victoria Street. As previous Administrations have demonstrated, unless the relevant Department—the Business Department, the DTI, or whatever it is called—is headed by a big beast, whether a Heseltine or a Mandelson, the notion of effective co-ordination across Whitehall turns into dust. Early signs from the new Administration are encouraging. Most importantly, the new Cabinet Committee on Economy and Industrial Strategy is chaired by the Prime Minister herself. This should ensure co-ordination and effective leverage from No. 10 and demonstrate to other Departments that the Prime Minister is very interested in this issue and will be pushing to bang heads together if they do not demonstrate due respect to an industrial strategy.

That said, the Cabinet Committee still has to combat a silo-based and defensive approach from Departments. I think that the Secretary of State recognises that. As he said in his letter to me,

"to be successful, the industrial strategy will need to deliver an upgrade to our infrastructure",

[Mr Iain Wright]

and yet the Treasury will not relinquish control over infrastructure spend. He also stated that a successful industrial strategy will need to

“improve our education and training system to provide the skilled workforce that will be needed in the future”,

and yet the Department has lost control over skills policy. Lord Heseltine, giving evidence to our Committee last week, said that

“industrial strategy starts in primary schools”,

and yet when we met the Permanent Secretary this week and asked, “To what extent does BEIS have influence over the design of primary school policy in order to link it with industrial policy?”, he conceded that the Department had no such influence. I am yet to be convinced, based on experience of successive Governments, and having had the privilege of serving as a Minister myself, that Whitehall Departments will have as a primary objective the effective implementation of an industrial strategy. I hope that the Minister can demonstrate otherwise.

A further key way in which effective Government co-ordination can be demonstrated is through smart procurement. There may often be a tension between Departments in securing goods and services at the cheapest cost, and in considering the use of British-based and British-made products, which may sometimes be more expensive. I would contend, however, that it is often a false economy to buy off the shelf from overseas at the long-term expense of an effective British manufacturing sector. This month’s announcement that the hulls of the replacement Trident submarines are to be built with French steel, at a time when the British steel industry has been pushed to the brink of extinction, shows vividly an acute failure of industrial policy. I am not for one moment endorsing the idea of protectionism. That approach insulates domestic companies from the harsh realities of having to compete in the global economy on cost, innovation and quality, and it ultimately dooms them to obsolescence. However, given the great success story of many parts of British manufacturing, why is not every single public organisation’s fleet using Nissan cars built in Sunderland or Vauxhall vans built in Luton? How is the procurement process nurturing British industry, and how will a proper industrial strategy ensure that that becomes the case?

Richard Fuller: I am grateful to the hon. Gentleman for giving way a second time. He said that he was not talking about protectionism, but then he outlined, chapter and verse, a protectionist position that we should buy British products. How is that not protectionism?

Mr Wright: I think that smart procurement can engineer proper prosperity, but I warn the hon. Gentleman that what I have to say next will give him spasms. It relates to the link between a proper industrial strategy and foreign takeovers, and how the state can intervene to perhaps limit the range of foreign takeovers.

In her speech launching her campaign to be Conservative party leader in July, the Prime Minister said:

“A proper industrial strategy wouldn’t automatically stop the sale of British firms to foreign ones, but it should be capable of stepping in to defend a sector that is as important as pharmaceuticals is to Britain.”

I welcome that approach. One of Britain’s virtues is its openness and the fact that that openness lends itself to dynamism and a willingness to consider new ideas and innovate new products. That ultimately leads to better competitiveness, yet there is a risk that this country will sell off the crown jewels, which would be detrimental to the long-term success of British business. We are at the heart of a dynamic and connected global economy, but we are at greater risk of investment in capital allocation decisions that affect British industry being made far away from these shores by parent boards headquartered overseas.

Indeed, within days of the Prime Minister entering No. 10, it was announced that SoftBank was buying Cambridge-based Arm Holdings for £24 billion. That was not an old-fashioned, obsolete, loss-making businesses, and it did not require a bail-out from the state. It was a successful British company in the growing global tech revolution. If the tests for stepping in to defend a sector that is important for Britain were not at work in that instance, it is difficult to see when they would be applied. Indeed, what would those tests be? For every instance of a welcome takeover, such as Tata’s purchase of Jaguar Land Rover, there are numerous examples of takeovers where industrial capacity was moved offshore, such as Kraft’s takeover of Cadbury. What are the criteria for stepping in and intervening?

Mr Sheerman: That is music to my ears. When I was a young man, I worked for Imperial Chemical Industries. These days it is called Syngenta and it has a big plant in my constituency. The leading agritech company in the world was taken over, including all its sites, not by a normal company, but by ChemChina, which is a part of the communist Government of China. That is not a normal takeover, but what are this Government doing about it? I have not heard anything.

Mr Wright: That is a fair point and it gets to the heart of what we mean by foreign takeovers and their link to industrial strategy.

I am conscious that colleagues want to make their own speeches, so I will finish. The Government have yet to articulate what is meant by picking winners, whether they be individual companies, sectors or technologies. There seems to be a move away from our previous sectoral approach, but there is no clarity with regard to the criteria. It is increasingly obvious that the Government are not entirely clear about what an industrial strategy looks like. Starting with a blank piece of paper gives the Select Committee a welcome opportunity to contribute meaningfully to the development of policy, but it does not provide much reassurance or certainty to the firms that are working hard to create wealth and prosperity for this country—and certainty is what they are crying out for at the moment.

3.4 pm

Stephen Hammond (Wimbledon) (Con): It is a pleasure to follow the Chair of the Select Committee, the hon. Member for Hartlepool (Mr Wright). For a long time, the words “industrial strategy” struck fear into the heart, and raised the hackles, of many on the right of the political spectrum. Those words called to mind the era of excessive government intervention and anti-market philosophy, with the Government picking winners—usually

winners that were declining—deciding on nationally strategic industries, and pursuing anti-competitive practices and industrial relations policies that stifled competition.

Kelvin Hopkins (Luton North) (Lab): When it comes to industry, the most interventionist Government in Europe is Germany. It is also the most successful economy in Europe.

Stephen Hammond: That very much depends on how we define intervention; we might come on to that later in the debate.

To meet the challenges of the 21st century, especially in post-Brexit Britain, industrial strategy should be about four things: the Government creating the ecosystem or the environment in which industry can succeed and in which national productivity—a huge challenge—can be increased; ensuring that our country has the skills that it needs; ensuring access to finance; and boosting and promoting industries of competitive and comparative advantage.

When we talk about the ecosystem or environment, we almost inevitably talk about infrastructure. One of the achievements of the previous Government was that even in a time when we had to pay down the deficit, infrastructure was reckoned to be the key factor for economic growth. Public sector support has, rightly, been provided for all sorts of developments over the past few years, most notably in transport, energy, housing and broadband communications. The National Infrastructure Commission, which made it possible to look across sectors and move away from the previous silo approach, has had a great impact.

As the hon. Member for Hartlepool pointed out, an urgent priority for the Government has to be a consideration of not only how we strategically assess, but how we deliver. That is partly about smart procurement and making the Government an intelligent client. Our inability over the years to specify design has meant that costs have inevitably increased, so the cost base and project management costs have been much higher than they would otherwise have been. The Treasury optimism bias or risk quotient, depending on what one calls it, has had to be increased throughout. By driving into the Infrastructure and Projects Authority some of the skills needed for the delivery of smart procurement, we will be able to reduce costs and make projects more attractive and fundable.

We need to get the private sector much more involved than it has been so far. If we travel anywhere else in the world, we will use roads and bridges that are privately owned and run, and the fact that they are privately owned and run does not make them any less useful. A commitment to infrastructure must be a cornerstone of any modern industrial strategy, so I gently say to the Minister that I hope he will push his colleagues for the appointment of a new Minister for infrastructure, preferably with some responsibility for industrial strategy, and preferably a Member of this House rather than the other place.

Our departure from the European Union will give us a couple of fortuitous possibilities in what some of us think will be a difficult time. The EU procurement rules are some of the most onerous and bureaucratic anywhere in the world. Getting rid of them from our procurement system will undoubtedly help small industry and the

supply chain. State aid has been a way of thwarting, as well as supporting, a lot of investment, and we will no longer have to abide by all the state aid rules. I hope that the Minister will say later that he accepts that challenge.

Andrew Bingham (High Peak) (Con): I have an example in my constituency of state aid preventing development. That development would help companies, and if we can do so, they will grow and create jobs upon jobs. The current situation seems ludicrous and we would be well rid of it, in my view. Does my hon. Friend agree?

Stephen Hammond: There will be some real opportunities. We will have the chance to re-examine our regulatory regime and competition policy to ensure that the UK is at the forefront of not only oversight, but competition.

If the movement of labour is restricted, there will be an acute skills shortage in this country, so we urgently need to look at ways of curing that. The Government have been at the forefront of one of such initiative, namely specialist academies for major infrastructure projects that allow us to build some of the skills that we have lost, but we need to do more. The Crossrail tunnelling academy is a prime example, and several other major rail projects are establishing academies alongside their projects. We would do well to continue to push that forward.

The recent Institution of Civil Engineers “State of the Nation 2016: Devolution” report recommends the creation of regional pipelines for infrastructure to identify where opportunities exist so that industry and academic institutions can invest in the training required.

In the longer term, there are two things the Government should urgently study and consider. The first is giving 14 to 18-year-olds an understanding of the fact that academic skills are not the only requirement for success in life, and that other things should be set alongside such skills. Why not have a national vocational qualification, alongside GCSEs and A-levels, to attract people into engineering? Equally, it would be perfectly possible for the Government to set up outreach projects that go beyond the theoretical and teach the application of STEM subjects.

Secondly, on finance, I hope the Minister will take the opportunity of our being rid of the state aid rules to consider some of the possibilities open to us. Almost inevitably, sovereign debt is chosen as the way to fund projects, because the weighted average cost of capital is cheaper. However, many countries look at possibilities in the private sector, such as pension funds, venture capital and sovereign wealth funds. The UK still seems to be suspicious of such funding. We should encourage the UK pension industry and other industries to set up direct investment funds. Equally, with the new freedoms they will have, the Government should explore setting up regional infrastructure and industry bonds, or regional equity schemes. This could be the new popular capitalism—the Mayism of the new century, just as popular capitalism was the Thatcherism of the 1980s. That will mean that people can invest in their country and region, and invest in their country’s success.

George Kerevan: The Scottish Government have already set up a Scottish investment bank, managed by Scottish Enterprise, which has significantly increased equity investment in small businesses.

Stephen Hammond: I am delighted to hear that. I am sure that the Scottish Government will want to take the opportunity of raising a sovereign wealth bond as well.

George Kerevan *indicated assent.*

Stephen Hammond: I see that the hon. Gentleman agrees. My point is that we could now do this regionally, probably by using local enterprise partnerships as a delivery mechanism.

With any infrastructure policy, there is the challenge of what the Government need to do to organise the machinery of government that will support it. The National Infrastructure Commission represents a great strategic advantage to this country. The Minister has already heard me talk about the need to ensure that the IPA delivers on making the Government a smart client. Equally, the Government should look at the machinery in place and then sweat that machinery to ensure industrial success. Many of the LEPs can play a role in helping with regional skills and financing.

Finally, many incubators have already been set up in universities, which is fabulous. My hon. Friend the Member for Warwick and Leamington (Chris White) mentioned the one in his constituency, and there are others around the country, such as the agri-corridor in East Anglia, and particularly those in Cambridge, Leeds and Manchester, and across the north. However, we now want accelerators, which are for the next stage up. Businesses that have been in an incubator and have received some support are sometimes left to drift, and that is where universities can play a big role by bringing forward accelerators to help those businesses to reach the next phase of growth. We have talked a lot about picking winners, and if I had not spoken for longer than my eight minutes, I would have said much more about that. The Government need to ensure that universities focus those accelerators on our areas of comparative advantage. I know that the Minister—wearing not only the business hat he has on this afternoon, but his universities hat—will make that point to them. I am grateful for the opportunity to have spoken in the debate.

3.13 pm

Michelle Thomson (Edinburgh West) (Ind): I certainly look forward to hearing other contributions to this debate and to taking part in the Business, Enterprise and Industrial Strategy Committee's inquiry on this important area.

In October 2015, in light of problems with the UK steel industry, I asked the then Minister if she regretted the Government's lack of an industrial strategy. She said, "You could have had all the strategies in the world and it wouldn't have made any difference." I guess we can add this to the list of topics on which the new Prime Minister and the right hon. Member for Broxtowe (Anna Soubry) disagree.

I welcome the Prime Minister's decision to implement an industrial strategy and to recognise that the fact that that is difficult does not mean we should not bother trying. A coherent and forward-thinking industrial strategy can set the foundations for economic growth and improve productivity, but only if it is done properly.

This debate will be full of questions. We need to ask what sort of industrial strategy the country requires, what the Government's most effective levers are for improving economic growth and productivity, where Government intervention can have the biggest benefit for research and innovation, when we should get out of the way of business and when we should get involved. We also need to consider timescales, as we have heard. When can we realistically expect a White Paper or Green Paper on the industrial strategy? Will it be by early next year? We need to bear in mind that, even if we get full realisation by the end of the first quarter of next year, that will be only three years before the next general election. I reflect on the comments of the hon. Member for Hartlepool (Mr Wright) that Governments have been consistently making policy and then moving away from it with the fashion of the time. Industrial strategy will be even more of a challenge, given the all-consuming task of co-ordinating Brexit at the same time.

Although we do not yet have a White Paper, we have had speeches and letters from the Secretary of State setting out some of the areas that the industrial strategy needs to cover. He has noted the need for a long-term sustained approach to policy making, as well as the development of an enduring policy framework that provides a stable and predictable environment for business.

In principle, I do not disagree. Many businesses in my constituency and beyond made long-term investment plans on the assumption that they would have unfettered access to the largest market in the world—one that is right on their doorstep. They therefore would, I am sure, appreciate knowing sooner rather than later whether their rights to trade in Europe will be equal to those of their competitors. That point was highlighted really clearly by the Japanese Government, who said:

"Uncertainty is a major concern for an economy".

They went on to note that Japanese businesses had

"invested actively in the UK, which was seen to be a gateway to Europe."

Investor certainty is vital. The Brexit vote has shown how incredibly difficult it is to implement a long-term strategy that is resilient enough to withstand the change in fortunes of Ministers and Governments. A focus on evidence-led policy making could provide some ballast against the constant upheaval that exists in a parliamentary democracy.

Even when there is evidence in favour of a policy, however, more needs to be done to ensure that it is, in fact, implemented. Look at airport expansion in the south-east of England. We know there is evidence that that needs to happen to support businesses right across the UK. We have research on the costs and benefits, and several options are on the table, yet we still do not have a decision on which runway to build or extend. The link between timescales, vital infrastructure and decision making needs to be recognised. We know that the decision is being delayed for political reasons. This is a prime example of political priorities getting in the way of sensible industrial policy. We could also mention here the Green Investment Bank, which is based in my constituency of Edinburgh West. As soon as it made a profit, plans were made to sell it to the private sector. Those examples do not demonstrate a long-term, sustained approach to policy making, so I hope that they are considered when the strategy is put together.

The Secretary of State has also highlighted the need to build on and reinforce the UK's existing industrial strengths while developing a local approach to strategy—noble sentiments indeed. Given that stated commitment to localism and desire to build on existing areas of strength, perhaps he will look again at some of the mistakes made by his predecessors in government. I and many others were disappointed to see funding to reduce carbon emissions and tackle climate change scrapped or reduced by the previous Chancellor. Whether we look at the cancellation of the proposed carbon capture and storage plant in Peterhead, the cuts to efficiency schemes or the withdrawal of support for onshore wind generation, we see that the Government have demonstrated neither a local approach nor a desire to build on one of Scotland's undoubted economic strengths.

That disregard for local and long-term policy considerations and the failure to support national and regional economic strengths have had a major impact on the Scottish Government's attempts to harness the country's natural advantages, in turn putting at risk plans to reach a target of generating 100% of Scottish energy needs from renewables by 2020. A milestone was reached this year when, for one full day, 100% of Scotland's energy needs were met by renewable power. That was an exciting glimpse into a possible future that could be supported by a sensible industrial strategy from the UK Government.

Another example of short-term politics taking priority over economic needs was the cancellation of the popular post-study work visa in Scotland. This was a highly popular route for overseas graduates from Scottish universities to stay in the country. Many of the people who obtained this visa contributed a great deal to the Scottish economy and wider society. Universities Scotland conservatively estimated that Scotland lost out on at least £254 million pounds of revenue between 2012 and 2015 as a direct result of scrapping this visa route.

Scottish politicians in this Chamber have repeatedly declared that they would like more control over immigration policy in Scotland and the return of the post-study work visa. Scotland has shown its commitment to helping those in need by finding homes for a third of all Syrian refugees who have settled in the UK in the past 12 months. The long-term economic benefits of such a policy are obvious; the political will exists and the local need is there.

Finally, I just want to touch on the idea, also suggested by the Minister, of an upgrade in corporate governance. During our previous debate about BHS and Sir Philip Green, the topic of corporate governance was brought up several times. For too long, the focus of corporate governance has been on financial profit without any reflection of ethical values. Professor Christopher Hodges of Oxford University has led thinking about how improved corporate governance can lead to more ethical business practices and move everything forward.

To sum up, there is often a tension at the heart of industrial strategy between horizontal policies, which cut across all sectors, and vertical policies that focus on specific sectors. Prioritising specific sectors can see wider industry suffer, and if no sectors are focused on at all, the strategy runs the risk of being unfocused and unsuccessful. In evidence submitted to the Business, Energy and Industrial Strategy Committee, the Korean technology company Samsung said:

“In a fast-moving digital economy, the Government should not seek to direct or manage innovation, but instead should seek to create the conditions which promote innovation.”

If all other sensible ideas fall foul of political pressures, I hope that this one principle will remain.

On balance, I welcome the Government's commitment to an industrial strategy. I hope it will not only lead to greater economic growth and productivity, but rectify some of the mistakes of the previous Government.

3.22 pm

Mr Steve Baker (Wycombe) (Con): It is with considerable trepidation that I rise to speak in a debate led by my hon. Friend the Member for Warwick and Leamington (Chris White). The last time I did so, I think I persuaded the Government to accept only the first clause of his three-clause social value Bill, but he kindly asked me to serve on the Bill Committee, by which time the civil service had vastly expanded it into something of a Christmas tree Bill. I very much hope that on this occasion there will be a different outcome, but it was of course a great pleasure to serve on that Committee.

Competition on the merits is a perfectly reasonable industrial strategy for the Government to adopt. It is the one that creates the most wealth and it has been proven to lift people out of poverty. I encourage any Member and anyone listening to have a look at the website HumanProgress.org and its Twitter feed for bite-sized snippets that illustrate just how well entrepreneurship, strong property rights and freedom to contract in a market economy not only facilitate production but engage other social forces that are healthy. It is social co-operation through the mechanism of competition in the market. Other mechanisms have always brought about poverty and misery. The goal of the Government's domestic policy should be to lower anti-competitive market distortions, and it is on that concept that I wish to focus my remarks.

Anti-competitive market distortions adversely affect economies and contribute to high costs. If we reduce distortions in both the UK and the world we could, according to the Legatum Institute's productivity simulator, see a significant increase in productivity and public welfare. One of the great problems with domestic suggestions is that they increase the level of ACMDs, which can lead to higher costs and push more people into poverty.

I would like to offer a taxonomy of ACMDs from a paper in the competition law journal, *Concurrences*—No. 4 of 2014—entitled, “The effect of anticompetitive market distortions (ACMDs) on global markets” by Singham et al. The authors classify those distortions into six areas, and I offer them not as a menu from which interventionists might pluck their preferred action, but as a description of areas in which Governments take policy choices that push people into poverty by prejudicing competition.

The first and most obvious is the type 1 distortion, described as

“government laws, regulations or practices that eliminate competition completely. Examples might include a local content regulation that eliminates foreign production from competition, or a capital adequacy regulation set so high that some banks are forced to exit the market.”

That produces monopoly or oligopoly.

[Mr Steve Baker]

Type 2 distortions are

“government laws, regulations or practices that lessen competition. These are laws, regulations or practices that make markets less competitive, but do not necessarily foreclose competitors from the market entirely.”

Those distortions

“elevate the costs of certain companies.”

George Kerevan: I thank my colleague on the Treasury Committee for giving way. Does he accept that there is a middle way whereby Government can encourage competition, as we have seen with the superb Catapult centres, which are an example of an industrial strategy that works? By offering prizes for competitive solutions to technical problems, it is possible to create the ecology that the hon. Gentleman seeks.

Mr Baker: Well of course, the great prize in a free market should be a profit, which one is allowed to keep and invest in further production. I do not wish to bore the hon. Gentleman or the House, but by the time I get to point 5, he will see that I will turn to competition authorities.

I was saying that type 2 distortions that lessen competition create dead-weight costs in the economy. Examples would include distribution laws that increase costs for certain suppliers. Types 2a and 2b can be split up—[*Interruption*—but I shall not go through them all. The hon. Gentleman has generously indicated that reading from this fascinating paper is perhaps not the most engaging speech for him, so I shall cut some of it down.

Type 3 distortions

“apply different rules to different firms”.

One would have thought that in a society governed by the rule of law, no one would stoop so low, yet they do. Other countries around the world—particularly, I am afraid, India and the Philippines—have such regulations.

Type 4 distortions

“are largely caused by state-owned enterprises”,

which include “government privileges in licensing” and distortions relating to the pricing practices of state-owned enterprises and to “abuse of regulatory process”; while type 5 are

“largely due to action or inaction by competition agencies”.

I will happily share with the hon. Gentleman some of the detail on how competition authorities, either by acts of omission or commission, fail properly to promote competition.

Type 6 distortions are

“caused by anticompetitive state aid or support”

whereby firms are given

“subsidies and other subventions that may or may not be anticompetitive”.

The point is that it is now well known in academic literature that various categories of Government interventions make us poorer. They can be subjected to a taxonomy, and their costs can be estimated—[*Interruption.*] I apologise if the hon. Member for Newcastle upon Tyne Central (Chi Onwurah) does not like me using a particular word.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): I declare an interest in that I have worked for a competition regulator, Ofcom. The hon. Gentleman is suggesting that a lack of competition is always the fault of the Government, either by doing or not doing something. Does he not recognise that it is possible—indeed, it is what the literature shows—that companies acting in monopolistic ways or capturing markets are themselves responsible for a lack of competition?

George Kerevan: He’s read his Adam Smith.

Mr Baker: I have; I am grateful to the hon. Gentleman, my colleague on the Treasury Committee, for saying that. I absolutely have, but perhaps not the same extent that he has. I certainly cannot quote the passage that I know he has in mind.

I say to the hon. Member for Newcastle upon Tyne Central that I certainly did not suggest that a lack of competition is due only to the Government. I think she has applied her own ideas about what I stand for in order to come to that conclusion. I shall certainly read *Hansard* very closely tomorrow to see whether I suggested that. What I am suggesting is that in a taxonomy of six different categories of anti-competitive market distortion set out in a serious journal of competition law, two sub-categories of one category relate to mistakes that can probably be seen to be made by competition authorities. They are not perfect; no human institution is perfect, including competition authorities.

We are undergoing a process of becoming more open to trade, as indeed we should—seeking comparative advantage, seeking to supply new markets, and seeking to buy from new markets in order to drive down prices. However, the experience of trade negotiators whom I have consulted is that if we go and talk to nations in which the largest segment of the economy is agriculture, we find that we cannot do a deal with them if we take agriculture off the table. Why? Because of the extent to which we subsidise it. We must ensure that agriculture is well looked after, within the expectations that the Government have set; we must ensure we can continue to supply food. What we must not do, though, is try to negotiate with other nations if we ourselves are substantially distorting our own domestic markets in such a way that they cannot hope to compete with us.

I want to impress on the Government—there is substantial literature about this issue—that it is conceivable that both domestic and global productivity could be radically improved for the long term by means of a productivity and consumer welfare Act, which would entrench the very best of competition policy in British law in order to eliminate anti-competitive market distortion.

3.31 pm

Peter Kyle (Hove) (Lab): It is good to serve under your chairmanship again, Mr Deputy Speaker. It is also good to follow the hon. Member for Wycombe (Mr Baker), because his was a very different speech from the one that I intend to make. I hope that the two will prove complementary in some way.

I begin by thanking the hon. Member for Warwick and Leamington (Chris White). It was good of him to initiate the debate, and very generous of him to invite me to co-sponsor it and accompany him to the Backbench Business Committee to make the pitch for it. It is

extremely timely, and his opening speech served the tone of the ensuing discussion very well indeed.

“Industrial strategy” is a contested term, and one with which some Members on both sides of the House struggle, because almost every post-war Government who have tried to implement such a strategy have come up against one difficulty or another. However, I think it is quite simple if we focus on the strategy side of what needs to be delivered and what business needs. That is the bit that many businesses want the most, and it is the bit that the Government, in various different ways, have often failed to deliver.

“Strategy” means, quite simply, identifying with clarity where we are, spelling out with clarity where we want to go, and being aware of the bridge that links the two together. If the hon. Member for Bedford (Richard Fuller) were still in the Chamber, he would, I hope, have noticed that I did not use the words “long term”. In fact, it is always a mistake to spell out exactly how long a journey of this kind will take, because different parts of the strategy will take different periods of time.

Business needs clarity and consistency. I think the House will be informed if I give two examples from Governments—not just this Government but a previous one as well—that involve both clarity and consistency. Sadly, they are not good examples from which we can learn, but examples that we need to avoid in the future. I begin, unfortunately, with a contemporary example. In the past week, members of the Business, Energy and Industrial Strategy Committee have received a letter from the Secretary of State for BIS. I apologise to the Minister; I still call it BIS, because I think the new title, BEIS, sounds a bit like a kitchenware product. At the moment it seems to be a gadget that does something with a wet lettuce, but we will see how it goes.

This is what the Secretary of State wrote in his letter about the industrial strategy that he will unfold and lead:

“Many of the key components of our industrial strategy will not be about particular industries or sectors, but will be cross-cutting. It will be relevant to people and businesses across the UK—for people as consumers and employees, and for businesses as investors and drivers of growth. It will also respond to and seize the opportunities presented by the transformations we are faced with in 2016—both domestically in our exit from the European Union, and in wider global trends.”

I am sorry, Minister, but that is a mission statement. It is not a strategy. It encompasses consumers and domestic, nationwide, international and global businesses. There will be a strategy for every aspect of business. Every business—from the self-employed right the way up—will be encompassed in one strategy. The Minister is nodding to say that it will be delivered; I think it will be wonderful, and I look forward to seeing how all that can be encompassed in one strategy. I support the notion of an industrial strategy, and I hope that it can be delivered. However, from that starting point, I start to have sympathy with the scepticism of the hon. Member for Bedford. I would never have imagined that.

I turn to the position of the last few Governments. The industrial partnership approach was introduced by Vince Cable in 2014 when he was Secretary of State. In 2014, his Department in the coalition Government introduced—I quote from the website at the time: “An industrial partnership” that

“brings together employers across an industry sector to lead the development of skills, with a focus on growth and competitiveness. There are currently 8 partnerships covering the aerospace, automotive, creative, nuclear, digital, energy & efficiency, science and tunnelling (construction) industries.”

It went on to say that all those partnerships would be “funded up to March 2017”.

Unfortunately, the funding for that programme was cut in September 2015. Not six months after Vince Cable left office, the funding for the flagship industrial strategy of that time was cut.

Just last week, I received a response to a parliamentary question. The question was:

“To ask the Secretary of State for Business, Energy and Industrial Strategy, what role Industrial Partnerships will play in delivering the Government’s Industrial Strategy.”

The response was:

“The Department for Business, Energy and Industrial Strategy indicated that it will not be possible to answer this question within the usual time period.”

That non-answer says more than many of the real answers that I have had from the Department. It is not prepared to implement the strategy as we see it at the moment. We do not know what the strategy is, or how it will go forward. We do not even know whether any strands of previous strategies will be taken forward.

What does that mean to businesses on the frontline? In the past two years, we have had a clear sectoral approach to business strategy by one Secretary of State, but six months later it was changed by a Government who had no industrial strategy and refused to use the words “industrial strategy”. Now we have a Department with “Industrial Strategy” in the name. That is all over two years. Businesses are having to respond to that profound change in a rapid space of time.

Mr Baker: Along with anti-competitive market distortion, regime uncertainty is a problem. Exactly the phenomenon that the hon. Gentleman outlines causes businesses to make less profit than they otherwise would. I am sure that he would agree that it would be better if the Government did less.

Peter Kyle: I am sure the hon. Gentleman would agree that we would both want the Government to do more of the right things. So why do I not have a stab at spelling out what the right things are? There needs to be a focus on what businesses that create growth and quality jobs and generate tax want. What do they need in order to support their business? Many do not need any help from Government, but all are affected by Government policy in one way or another, because every business uses this country’s infrastructure, whether that be the internet, the roads or other transport networks. Government policy has an impact on businesses, whatever those businesses are. Getting the strategy right and listening to the voice of business as that infrastructure unfolds is at the core of how we can go forward.

What do businesses want from Government? The one thing that links all the things they want—we could go through many of the issues that are mentioned to us by businesses and industry groups that helpfully contact us, such as the EEF—is skills. It is good to have the Skills Minister here responding on behalf of a Department that—

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): Universities Minister.

Peter Kyle: I beg the Minister's pardon. I apologise. I am grateful that the Minister is here. He is split between Departments and can perhaps answer on this cross-cutting part of his brief. Skills are the issue that one comes across from every business. Unfortunately, responsibility has moved from the Business Department to Education. Is it conceivable that that could mean that business will have a louder voice in the House as the skills agenda unfolds over time? I think it is inconceivable.

What can Government do that businesses cannot do? There are—and I hope this answers the point made by the hon. Member for Wycombe—some things Government can do that others cannot. How can the Government inspire, encourage or enable businesses of the future? First, through infrastructure. Secondly, let us look back to 2000, when Tony Blair and Bill Clinton, via video link, together announced the mapping of the human genome. That was achieved by two Governments working together on a scale that no individual business could match, and certainly never without a patent. All the innovation that has spread from that single gesture by two Governments has spawned many industries since in academia and the private sector—for instance, in pharmaceuticals—and medical advances.

Those are the types of things that businesses need to be looking to. Government can do those things as part of a strategy, and I look forward to the Minister responding accordingly.

3.40 pm

The Minister for Universities, Science, Research and Innovation (Joseph Johnson): By speaking relatively early in the debate rather than at the end, I want to signal that the Government do not intend at this stage to have the last word on the country's industrial strategy. Such plans, which must command the support of successive Administrations, must be built on strong foundations of engagement, discussion and careful consultation across the Government and, indeed, across the country. As has been said, they should not be imposed from 1 Victoria Street or, indeed, anywhere else in Whitehall.

The industrial strategy is under development, as hon. Members have observed, so now is not the time to set out detailed plans for our approach. We expect to publish a discussion paper around the time of the autumn statement and then a response from the Government in the new year, 2017.

Mr Iain Wright: When?

Joseph Johnson: In the new year.

Mr Wright: And the paper?

Joseph Johnson: At the autumn statement this year.

Let me give Members a broad overview of the context in which we are developing the industrial strategy and a flavour for some of the principles guiding us as we do so. First, however, I want to thank my hon. Friend the Member for Warwick and Leamington (Chris White) and the hon. Members for Hove (Peter Kyle), for Edinburgh West (Michelle Thomson)—who is no longer in her place—and for Hartlepool (Mr Wright) for securing the debate and making such powerful contributions.

The UK economy has delivered a huge amount of growth and employment over recent years. Unemployment has been reduced from 8% in 2010 to 5% now, while full-time employment has climbed from 70% to 74% over the same period—a faster rate of employment growth than France, Germany or the USA. But, as the Prime Minister has made clear, our economy is not working perfectly. Gains are not always shared across the country and too many people are losing out. We want to deliver an economy that works for everyone.

George Kerevan: Will the Minister add to that catalogue of statistics that exports have flatlined for the past five years?

Joseph Johnson: Our export performance is one of the features of our economy that we are seeking to improve through our industrial strategy, and I am looking forward to explaining a bit more about how we will do that.

The UK has the second lowest productivity in the G7, a fifth below the G7 average, and closing just half that gap would add £250 billion to the economy by 2025. A proper industrial strategy can play a key role in that, by delivering real benefits to the work and lives of businesses, consumers and employees.

Kelvin Hopkins: I, too, am concerned about our low productivity. Does the Minister not accept that a factor in that is cheap labour? If wages are low, that does not encourage companies to invest and become more efficient. We have a history of driving down wages or keeping them too low.

Joseph Johnson: Wages by and large correspond to the value added per hour worked that a company is willing to pay for. What is important is that we increase the average skills level in our workforce, so that we have a skills base that is globally competitive and able to command the wages in a market economy that we want people to have.

When Governments fail to look ahead and make the right long-term decisions on fundamentals such as tax, infrastructure, research, education and skills, they are abdicating responsibility. Such plans require us to take not a partisan approach but one that seeks to establish common ground. I am delighted that so many Members from all parts of the House have participated in the debate today, and I thank them for doing so.

I want to say a bit more about the principles guiding our approach to industrial strategy. The first thing to say is that developing a proper strategy takes time. It is not something that we can drop out overnight. We need to engage with a wide range of organisations and people to design and deliver a strategy that can have a real and lasting impact. That means engaging with Members, including through the Business, Energy and Industrial Strategy Committee's welcome inquiry on industrial strategy. It also means spending time over the coming months engaging with businesses of all sizes and sectors, investors, local leaders and consumers, so that we can reflect their views and build on their knowledge and experience.

Our industrial strategy will necessarily be wide ranging, but that should not be at the expense of clear focus, so I would like to say a few words about where we will be

concentrating our efforts. First, building on proven strengths is a cornerstone of good strategy, and as many Members have observed, this country has no shortage of them. For a start, let us acknowledge our powerful record on science and innovation. Only America, with a population nearly five times our own, has more of the world's top universities, Nobel prizes and registered patents. The UK has the most productive science base in the G7 and has overtaken the US to rank first among comparable major research nations for field-weighted citation impact, a key measure of research quality. This is hugely important. Science, research and innovation are essential to our future and must be at the core of any effective strategy for the long term.

Hannah Bardell (Livingston) (SNP): The Minister is talking about the science and technology research sector. Will he acknowledge that leaving the EU will create huge risks for that sector? Will he tell us how his Government will respond to those risks?

Joseph Johnson: Our research base is globally competitive, and organisations and scientists from around the world are keen to collaborate with institutions in this country. Collaborations between institutions in the UK and others around the world have some of the highest impacts of any science undertaken anywhere. We are desirable partners for collaboration, and I have every expectation that, with the support of the Government, we will continue to be a globally competitive science power in the years to come.

We are competitive in science, but we are also at the cutting edge of industry—for example, in advanced manufacturing. In the UK, almost 1.6 million cars were produced in 2015, up 4% on 2014 and up by nearly 60% since 2009. The hon. Member for Hartlepool asked why the Government did not procure cars for its fleet solely from Nissan in Sunderland. I must point out to him that we make fantastic cars all over the country. I believe that the Prime Minister drives a Jaguar XJ that was built in Castle Bromwich in the west midlands. So there is no need to buy cars from only one place in the United Kingdom. Globally competitive cars are made in a vast number of locations in the UK.

George Kerevan: Surely, the Minister is aware that we have a net deficit in trade in automotive products. We assemble car parts that are brought in from the rest of the world.

Joseph Johnson: The hon. Gentleman might recall that there was a point during the last Parliament—I think, in 2013—when this country became a net exporter of cars for the first time since 1975, when the then Labour Government nationalised British Leyland. It is the automotive policies of this Government and our predecessor coalition Government that have taken the car industry to the heights that it currently enjoys and that have not been seen since the early 1970s.

Kelvin Hopkins: Like the Minister, I think that the British motor industry has a brilliant future—provided that our currency remains relatively competitive. Does he accept that we do well in export markets outside the EU but poorly inside in the EU because of the uncompetitive exchange rate? I think that we still import four times as many cars from Germany as we export to Germany. It is our trade outside that makes the difference.

Joseph Johnson: I thank the hon. Gentleman for his observations. I will take a look at the statistics that he mentions. The car industry is just one example of advanced manufacturing in which we excel at the moment.

Mr Baker *rose*—

Joseph Johnson: I am going to make a tiny bit of progress and then I will give way.

Mr Baker: Can I help the Minister out?

Joseph Johnson: Okay.

Mr Baker: I hope that the Minister will join me in celebrating this country's excellence in not only manufacturing, but research in Formula 1. We have a number of teams in the UK. We are also the world's second biggest aerospace manufacturer after the mighty United States. We do tremendously well, and Opposition Members are far too downbeat.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I welcome interventions, but when Members see the speaking time drop down to five minutes, they will understand, won't they?

Joseph Johnson: Another globally competitive sector is satellite technology, with a quarter of all satellites launched into space currently being made in Stevenage.

Science and advanced manufacturing are, of course, not the only examples of excellence. We can point to other parts of our economy such as financial services, accountancy, law, consulting and creative industries that also set the global standard. We have worked hard over the years to make Britain one of the best places in the world to start and grow a business. We are creating a business environment that supports growth, by encouraging long-term investment and a dynamic economy with open and competitive markets. That has included backing business by cutting corporation tax to 17% by 2020, slashing red tape by a further £10 billion and making major investment in the UK's research infrastructure.

We have a strong base to build from. The question is how we can make the most of it, but we are not starting from scratch. Previous industrial strategies have seen success in particular sectors. Our challenge now is both to build on our competitive advantage and to identify and support the sectors that can drive future growth. This is not about picking winners, which hon. Members have urged against, nor about propping up failing industry or bringing old companies back from the dead. We must be open and ready for new competitors and open to welcome new disruptive industries that may not exist anywhere today but that will shape our future lives. It is about identifying industries that are of strategic value to our economy and supporting and promoting them through policies for trade, tax, infrastructure, skills, training and R and D.

It is hugely important that we take a local approach to strategy. Governments are fond of quoting national figures—I have already quoted some myself—on economic growth, productivity and employment, but the truth is that economic growth does not exist in the abstract; it happens in particular places when a business is set up, takes on more people or expands its production. The places

[Joseph Johnson]

in which businesses operate are a big part of determining how well they can do. We must recognise the strengths of areas across the country, including the midlands engine and the northern powerhouse. We have a strong framework in place to do that, such as through local enterprise partnerships or, as mentioned by my hon. Friend the Member for Wimbledon (Stephen Hammond), our network of universities and our enterprise zones.

Through our science and innovation audits across the UK, led by local areas, we are mapping research and innovation strengths and infrastructure to identify and build on areas of greatest potential in every region. Such strengths are too often overlooked outside the golden triangle of London, Cambridge and Oxford. Through our catapults, the sectoral centres of excellence based across the country, we are supporting innovation where UK businesses have the potential to be world leading and to address local disparities in productivity.

Helping all parts of the country contribute to national success is key to our planning and a cornerstone of our approach. What is needed in each place is different and our strategy must reflect that. That is why many of the policies and decisions that form our industrial strategy will be not about particular industries or sectors, but cross-cutting. For us to succeed in the future, we need to have the right infrastructure—roads, rail, broadband and mobile—to connect businesses to their workforce. New infrastructure such as Crossrail is about to open, but we still have bottlenecked roads, overcrowded trains, and broadband and mobile coverage that needs upgrading.

We also need to upgrade our skills base. We need a rising generation of young people who are not only better educated than those of our competitors and their predecessors, but also better trained.

On schools, we have announced £67 million for the next five years to recruit and train an extra 2,500 maths and physics teachers, and to upskill 15,000 existing maths and physics teachers. We need to make sure that vocational education, especially in engineering and technology, plays a much more prominent role in our country than it has for many years now. We also need a modern system of corporate governance, too. The Prime Minister has also already made it clear that we will look at that area, including further reforms on executive pay, as part of the Government's work to build an economy that works fairly for everyone, not just the privileged few.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): I ask Members to take up to seven minutes, to try to get everybody in equally.

3.55 pm

Kelvin Hopkins (Luton North) (Lab): I am pleased to participate in this important debate, and I congratulate the hon. Member for Warwick and Leamington (Chris White), not only on securing it, but on what he said, which was excellent.

British industry has suffered for too long from neglect and diminution, and I am pleased that the Prime Minister has chosen to reintroduce the term “industrial strategy”,

one that I cannot recall being advanced by our political leaders for a very long time. She has also suggested that the state must have a role in promoting and managing our economy, and ensuring that it is healthy and strong and will serve the citizens well. The state cannot simply stand idly by and let the markets do their worst, and I am pleased that an era when that was too often the case now seems to be coming to an end.

I have differences with the hon. Member for Wycombe (Mr Baker), whom I admire and like in many ways, as I am a statist and he is not. Some 18 years ago, I tried to press the new Labour Government to intervene—to consider intervention—but my plea fell on deaf ears and I was told by a humorous Back-Bench comrade that that sounded too much like socialism. Governments of all colours since the 1970s have allowed much of our manufacturing sector to wither and reduce. We still have some fine manufacturing, as the Minister has said, but the whole sector is too small and cannot produce enough to bring any kind of sensible and sustainable balance to our economy. We have allowed an enormous trade deficit to emerge, above all in manufacturing, and primarily with the European Union. The pound has been grossly and persistently overvalued, above all against the euro, and has been a prime cause of our manufacturing weakness. We now, at last, have some relief, with the depreciation of sterling since the referendum, and already the economy is beginning to benefit. I look forward to renewed growth in our manufacturing industries and to our trade deficit reducing.

Lord Mervyn King, the former Governor of the Bank of England, said this month that Britain was borrowing 5% to 6% of GDP a year simply to buy imports and live beyond its means—this prosperity was an illusion borrowed from the future, fine for people who wanted to buy a Mercedes-Benz or have a holiday in Spain, but doing nothing for British industry. Professor Ashoka Mody, the former deputy director for Europe at the International Monetary Fund, has said:

“The idea that Britain is in crisis or is on its knees before the exchange rate vigilantes is ludicrous”.

He also said:

“The UK economy is rebalancing amazingly well.”

We should all welcome more of that.

Manufacturing based in Britain has bright prospects, provided the exchange rate is kept at a sensible level; exports will rise and import substitution will see domestic sales of UK products booming. There will probably be a J-curve effect at first, until goods already committed diminish and quantitative effects take hold, but that will not be long in coming. I have already suggested to some of our motor manufacturers that they would now do well to expand their supply chains in Britain and reduce their proportion of imported components. I am convinced that the motoring sector will be doing brilliantly in future years if they do that. We should not forget that Britain is a massive market, to which our own producers should be supplying more.

I want, however, to press the Government further in a virtuous direction regarding our industries. I urge the Government to give serious thought to recreating the National Economic Development Council—Neddy—and the little Neddies for the various industrial sectors. That was an agent of what was then called “indicative planning”, bringing together representatives of business, Government

and trade unions. The NEDC was hardly socialism, set up as it was by Edward Heath's Government, but it did valuable work and could do so again.

There is much more we need to do to make our industrial strategy a long-term success, but an appropriate exchange rate is a vital if not sufficient condition for success. On that score, let me say just one more thing: the euro is proving to be a disaster, particularly for southern Europe. Its future is, thank goodness, now in serious doubt, with Italy in crisis, along with Greece and others. I believe the euro is actually the Deutschmark in disguise, with a number of weaker currencies bolted to it, holding down its value at a falsely low level. That is not only crippling for those weaker economies, but disadvantageous for us. It will be better for those European economies, as well as ourselves, when national currencies are re-established and are allowed to move to appropriate parities. The end of the euro would be good news for us all and, especially, for Britain's industries.

Finally, let me say that outside the EU we will be free to use smart procurement to benefit British industries and to use state aids as we see fit. If that is protection, I welcome it.

3.59 pm

Mr Alan Mak (Havant) (Con): I congratulate my hon. Friend the Member for Warwick and Leamington (Chris White) on securing this important debate on a key aspect of the Government's policy programme. I begin by welcoming the creation of a new Cabinet Committee on industrial strategy, which will put science, technology, innovation and exports at the heart of the Government's agenda. I also welcome the Secretary of State's speech at the Royal Society in July in which he committed to supporting new technologies and new industries as a key part of this new industrial strategy.

My argument is that only by embracing the fourth industrial revolution as part of the industrial strategy can we truly achieve our potential as an industrial power in the 21st century. This fourth industrial revolution—the unprecedented fusion of technologies that blurs the traditional boundaries between the physical, digital and biological spheres—is already transforming industrialised economies around the world, including our own.

That revolution is now accelerating and leading to breakthroughs and new products in fields such as artificial intelligence, advanced robotics and the internet of things. I am talking about driverless cars, drones, 3-D printers and nanotechnology to name but a few. They have already captured the imagination of the British public and now the attention of our policymakers. Mastering and leading the fourth industrial revolution should be at the heart of the new industrial strategy for our own country. What is clear from the experiences of other nations is that countries that are best able to take advantage of this new revolution are those with nimble economies, supportive Governments, low taxes and a competitive regulatory regime.

I am pleased that the Minister has confirmed that the Government will continue to focus on pro-enterprise and pro-innovation policies, which make Britain a world leader when it comes to starting and growing a business and exporting to the world.

I wish to offer three suggestions to the Minister and his colleagues as they develop our new industrial strategy for this century. First, the economic benefits of the fourth industrial revolution must be shared throughout the country, including in places such as Havant, and not just concentrated in London. Regional investment funds for 4IR technologies should be made available to promote regional growth hubs that stimulate growth and innovation outside the M25. I see local enterprise partnerships as a key partner, building on the success of the Government's catapult centres, which the Minister mentioned in his remarks.

I very much welcomed the Chancellor's announcement in Birmingham a few weeks ago that an additional £100 million will be made available to extend the biomedical catalyst and that there will be an extra £120 million for universities across Britain to fund new tech transfer offices. Those are welcome and forward steps. Research UK and Innovate UK—both Government-backed bodies—should also continue to ensure that their work and funding are truly national.

Secondly, the Government should use their procurement power to buy British when it comes to 4IR products. Other advanced economies such as Israel already play a key role in helping new sectors and new industries to develop, and our Government should do the same. The news that our Ministry of Defence has launched a new £800 million fund to promote defence innovation is therefore very welcome and a good example for other Departments to follow.

Finally, Britain must continue to invest in digital infrastructure, which is as essential to our future economy as railways were in the age of steam. This should include a new phase of the fibre-optic broadband roll-out, and 5G mobile internet.

I have put my thoughts in a new paper, which I have written with the free enterprise group of MPs and which is backed by the Institute of Economic Affairs. I look forward to sharing it with the Minister just before the autumn statement, and hope that he will come back to me on it.

In the meantime, I hope that the Minister will agree that, as the fourth industrial revolution gathers pace, we should embrace it and encourage it as part of our new industrial strategy. Throughout our history, Britain has adopted a pro-innovation and entrepreneurial approach to technological development. From farming mechanisation to domestic labour-saving devices, we have never allowed our fears about the future to hold back our economic or social progress. We soon realised, for example, the folly of requiring early cars to be preceded by a man carrying a red flag. We must adopt the same forward-thinking approach when it comes to the fourth industrial revolution and our new industrial strategy. Just as happened in centuries gone by, this new wave of technology can certainly bring about substantial benefits, from greater productivity, new jobs and lower production costs to more choice for consumers through new goods and services. If we deliver all those things as part of our new industrial strategy—more jobs, more productivity, lower production costs and more choice—we will certainly have delivered an economy and a country that works for everybody.

4.4 pm

Hannah Bardell (Livingston) (SNP): It is somewhat ironic that we discuss industrial strategy following a debate on the scandal and tragedy of the collapse of BHS, especially given that one of the Government's emerging pillars for their industrial strategy is:

"New corporate governance structures, including consumer and employee representation on boards, and greater transparency around executive pay".

It is a shame that the Government's industrial strategy was not in place before Philip Green got his grubby mitts on BHS.

The Government's plans for a strategy come as we face a post-Brexit prospect of being out of Europe and out of the single market. The uncertainty caused by the UK's decision to leave the EU and the Tories' lack of a Brexit plan seriously damage the long-term planning capacity of firms and the UK's trade outlook.

When one tries to ascertain what exactly the UK Government's industrial strategy is, it appears that one needs to be a sleuth, as even the Library research team were challenged. Its debate pack, which is excellent as usual, states:

"This note brings together the limited information that has been published since Theresa May became Prime Minister which provides clues as to the how the Government's industrial strategy will operate."

We have limited information and only a few clues, but I am sure that between us we can cobble something together!

We know of some of the terrible failings of the Prime Minister's predecessor. He and his Cabinet presided over a complete failure of long-term strategic planning, which has only perpetuated the productivity slump in the UK economy and low wage growth, and increased social, regional and gender inequalities. On an output per worker basis, UK productivity is 20% below the average of the other G7 countries, as the Minister mentioned. UK workers have suffered the biggest fall in real wages among leading OECD countries between 2007 and 2015, with their wages dropping by a shocking 10.4%. That is a terrifying statistic, given that our workers' rights and conditions are under threat as we leave the EU.

We have seen the carbon capture project scrapped, feed-in tariffs for renewable energy schemes cut, and innovation grants turned to loans, and that is all before the UK faces losing access to the valuable Horizon 2020 EU research funding. The UK Government say they are taking back control—

Kelvin Hopkins: The hon. Lady and many other hon. Members talk of losing EU funding, but if we simply replace EU funding with British funding, we still make a £10 billion profit by not paying into the budget.

Hannah Bardell: If only it were as simple as that; the arrangement might be somewhat more complex.

The steel sector in England and Wales has been crying out for support, yet the Government were flat-footed in their response. In contrast, the SNP-led Scottish Government worked tirelessly to find a new operator for the Dalzell and Clydebride plants. Our First Minister

said she would leave no stone unturned and that is exactly what she, her Government and the Scottish steel taskforce did.

What next for industrial strategy? We are all wondering and waiting with bated breath. When the Prime Minister created the new Department for Business, Energy and Industrial Strategy she brought together two of the most significant Government Departments. It is good to see a sharper focus on industrial strategy, even if only in name. As we all know, this Government are expert in meaningless rebranding. Of course, there are two areas missing from the departmental name—innovation and skills. The Minister touched on those aspects and it is vital that we continue to focus on them.

We see as key to a successful strategy sustainable and inclusive growth which closes the gender gap and ensures that women and people of all backgrounds across our society are welcomed and included in our workforce. We need to be seriously more ambitious about a diverse workforce. In March this year the Equality and Human Rights Commission published a damning report which said that women were being held back by the old boys' network. It stated, as the BBC reported, that "nearly a third of the UK's biggest companies largely rely on personal networks to identify new board members", and that

"most roles are not advertised".

An EHRC commissioner was quoted as saying:

"Our top boards still remain blatantly male and white".

The study, which looked at appointment practices in the UK's largest 350 firms, which make up the FTSE 100 and FTSE 250, found that more than 60% had not met a voluntary target of 25% female board members.

Kirsty Blackman (Aberdeen North) (SNP): On that point, does my hon. Friend agree that the studies that came out recently about the motherhood penalty are particularly concerning, and something the Government need to tackle as soon as possible?

Hannah Bardell: I absolutely agree with my hon. Friend. These issues transcend party politics, and I know the Conservatives are doing their best, but, unfortunately, it is just not good enough, because in 2012-13 and 2013-14—the period of the study—fewer than half of the companies increased their female board representation. The Equality and Human Rights Commission said the problem was particularly acute with executive roles, where nearly three quarters of FTSE 100 companies, and 90% of FTSE 250 companies, had no female executives at all on their boards during the time covered by the study. Despite the fact that there are no longer any all-male boards in the UK's FTSE 100 companies, the Equality and Human Rights Commission said very clearly that the "headline progress" of Britain's biggest companies was "masking the reality". Closing the gender pay gap, at which Scotland is already outperforming the UK, should also be a key priority.

Skills and innovation must be at the heart of the UK Government's approach to industrial strategy. A statement released by the Prime Minister on 18 July outlined that apprenticeships and skills will now be under the jurisdiction of the Department for Education. The new Department for Business, Energy and Industrial Strategy deals with business, industrial strategy, science, innovation, energy and climate change. I and others fear that removing

apprenticeships and skills from matters of industrial strategy as part of that shift may lead the Government to lose focus on the skills agenda. We look for certainty that that will not happen.

We have seen a strong focus on those areas in Scotland as a result of the Scottish Government's labour market strategy, which will provide up to half a million pounds to support the fair work convention; double the number of accredited living wage employers from 500 to 1,000 by next autumn; and provide £200,000 to Business in the Community. The strategy also encourages innovative ideas about how to bring business and Government together to form a fairer, more inclusive society.

On the subject of employee participation in industry, I welcome the remarks the Prime Minister made when launching her campaign to be Conservative party leader about putting employees on company boards. I hope she honours that commitment. I am a big supporter of employee contributions to company decisions, and particularly of co-operatives. Having spoken previously about the benefits of co-operatives not just to their businesses but to the engagement and success of employees themselves, I hope the Minister intends to follow through on that promise. Will he also look specifically at the apprenticeship levy and its application to co-operative companies? I have spoken to a number of companies, including companies such as John Lewis, that are concerned they are being treated unfairly under the apprenticeship levy.

At this early stage, while the strategy is still being formed, let us remember what truly drives a fair and productive industry: investing in a diverse, skilled workforce, from apprenticeship to pension; working together with business, local and international; and encouraging innovation from the bottom of the workforce to the top executives. The Government need to get a grip.

4.13 pm

Amanda Milling (Cannock Chase) (Con): I congratulate my hon. Friend the Member for Warwick and Leamington (Chris White) on securing this afternoon's debate. I would like to focus my contribution on one of the points the Minister made—the role of local bodies in the delivery of industrial strategy at a regional level.

The Government's focus on industrial strategy, and their continued support for regional development in areas outside London, are welcome news in my constituency. The timing is also incredibly pertinent. The closure of Rugeley B power station in the summer was a real blow to the workforce and the community. It was a real turning point; for decades, Rugeley has had an economy based on the energy industry, being home to mines and power stations. For a long time, that was the main source of employment. The closure of Rugeley B is the end of that industrial heritage, and the question I am regularly asked is, "What next for Rugeley's economy? What next for the next generation?"

The closure of the mines and Rugeley A power station saw the creation of industrial estates, business parks and housing, and the area is home to one of Amazon's fulfilment centres. However, the redevelopment of the Rugeley B site presents a real opportunity to develop a strategic vision that creates a long-term sustainable local economy in Rugeley that creates skilled jobs and opportunities.

In creating a strategy for Rugeley, we need to consider other land sites that will become available for development in the coming years, including the site that is currently home to JCB Cab Systems and the land that could be developed once the flood defence scheme has been completed. In short, there is a need, and a real opportunity, to create a more strategic plan for Rugeley. I am calling on all the relevant bodies, including Cannock Chase District Council, Staffordshire County Council and the two local enterprise partnerships, to look at the Rugeley B site, not just in isolation but in the context of other land sites. The vision needs to be ambitious and strategic, taking account of the growth in new industries and technologies, and sectors of growth. There is a great danger that we fall into a trap of just doing "more of the same". This is where the Government's industrial strategy can help us scope an exciting new vision for Rugeley.

My hon. Friend the Minister referred to innovation. Rugeley was at the heart of innovation in the energy industry. I have mentioned before in the House that the four cooling towers are in two different colours of brick because people were trying to decide which was the most likely to blend into the countryside; they failed completely. Rugeley is ideally placed to home new industries, including digital and technology industries, given the infrastructure that already exists. Indeed, there is a connectivity crossover where fibre-optic broadband and the national grid meet. This makes the area particularly well placed to home data centres, as well as an innovation hub. The Minister also mentioned advanced manufacturing, where the region has real strength. I am very fortunate to have companies such as ATP Electronics and Gestamp in my constituency. I hope that we will build on companies such as these.

That is not to say that we should be turning our back on our energy heritage. Only this morning in the BEIS Committee, we met stakeholders from the energy industry who highlighted the importance of the sector. With the closure of coal-fired power stations, there is a desperate need to build gas-fired power stations as part of our mix of energy sources. As the national grid infrastructure is already in place, Rugeley is ideally placed to home a gas-fired power station. Earlier in the debate, the Chair of the Committee, the hon. Member for Hartlepool (Mr Wright), made the important point that industrial strategy needs to be cross-departmental. I have previously raised with Ministers issues about the cumbersome process for securing planning for a gas-fired power station on sites where there had been coal-fired power stations. This is not a change of use. I ask BEIS Ministers to review this with their colleagues from the Department for Communities and Local Government.

The redevelopment of Rugeley is a once-in-a-generation opportunity. I believe that all bodies involved in the planning process are strategic and visionary, and bold and ambitious, and that they can create a home for successful and innovative businesses that create real, skilled jobs and opportunities for the next generation. An industrial strategy that has productivity at its heart, encourages entrepreneurship and innovation, and creates opportunities for young people could provide the framework to ensure that we create an exciting future for Rugeley.

4.18 pm

Kirsty Blackman (Aberdeen North) (SNP): I have spent a lot of the past two days in the Chamber, and it has been pretty instructive. Yesterday I learned the

[Kirsty Blackman]

word “contemporaneous” and today the word “oligopoly”, which I had not heard before, so I feel as though I am learning things. The thing that I have not yet learned is what an industrial strategy is, because everybody in the entire Chamber has come up with a different idea of what they think it is and what it should be. I am not going to break with that; I am going to say what I think an industrial strategy should be.

As Members would expect me to say, oil and gas should be top, front and centre of the UK Government’s industrial strategy. It is, without question, the most important industry in the UK. Over the five years from 2008 to 2013, the average annual tax revenue from the oil and gas industry was £9.4 billion. That figure represents direct production taxes; it does not include all of the economic benefits to wider economic areas that the UK Government have also seen.

The industry is not having the best of times: the oil price is low and we are struggling and losing jobs. Things are not all that much fun in Aberdeen and the north-east, which is why it is even more important that this Government commit to ensuring that the oil and gas industry is right up there in the industrial strategy. The oil and gas industry has a bright future, but we need to ensure that Members in this place in particular understand what is happening in the industry and take positive action to secure its long-term future.

Aberdeen city, Aberdeenshire and, indeed, the UK as a whole are the absolute gold standard for the oil industry across the world. If a technology is being used on the UK continental shelf, companies know that it will be accepted anywhere across the world and they will say, “That’s brilliant. It’s the gold standard and we should do that.” The Government need to ensure that that continues.

There is no doubt that we will be taking oil out of the North sea for a long time yet. People can have a discussion about exactly how many billion barrels of oil are left, but everybody agrees that there are billions left. We need to ensure that we maximise the amount of oil that we extract from the North sea, and that our supply chain companies are supported to continue to do the brilliant work that they do on the UKCS and in exporting. It is an export industry. In 2013, Aberdeen had the fourth highest number of patents per head of population of any city in the UK. It was not quite the highest, but we have done an amazing amount of innovation in our city, and we are acknowledged to be a centre of excellence. It is impossible to overstate how valuable that has been to the UK Treasury. We have paid taxes to it for years and we will continue to do so.

Patrick Grady (Glasgow North) (SNP): Until we are independent.

Kirsty Blackman: Absolutely. We need to ensure that we get UK Government support now and that companies are incentivised to invest. If they stop investing, the industry will not have a bright future. Some companies are struggling with cash-flow issues. The UK Government need to inspire confidence in the industry by ensuring that private equity people invest and that banks continue to do so. The industrial strategy must express the UK Government’s confidence in the future of the oil and

gas industry. That is really important for Aberdeen, the north-east and the wider UK. So many jobs are indirectly linked to oil and gas, and we need to keep them.

I want to address a couple of the things that were mentioned earlier. On apprenticeships and the young work force, Aberdeen has an initiative called “Developing the Young Workforce North East”, which is a brilliant piece of work linking industry with schools. It resulted from Ian Wood’s 2014 report, “Developing the Young Workforce”, which was presented to the Scottish Government. We are making really positive moves and it is being widely welcomed and recognised. The UK Government should consider incorporating it into the industrial strategy.

I thank the Minister for listening and ask him please to make sure that the oil and gas industry is at the top of the industrial strategy.

4.24 pm

Richard Fuller (Bedford) (Con): It is a great pleasure to follow the hon. Member for Aberdeen North (Kirsty Blackman) and to congratulate my hon. Friend the Member for Warwick and Leamington (Chris White) on securing the debate. May I apologise to you, Madam Deputy Speaker, and to other Members for not being here for a number of speeches? I hope I do not repeat what has been said.

Mr Baker: That is not likely.

Richard Fuller: I know that there is little chance of that.

George Brown, the noble Lord Heseltine, the noble Lord Mandelson, Vince Cable—to this hallowed series of greats we should now add the names of the Minister for Universities, Science, Research and Innovation and the Secretary of State as the people who will champion industrial strategy for our country. There are no two better minds in this House that we could apply to the task, but my concern is that we are sending our best brains in pursuit of a nonsense.

As the hon. Member for Aberdeen North has just said, we do not know what industrial strategy is—one has defined it. When I heard earlier that the Minister had not yet published what the industrial strategy was, I raised my hands in prayer. As long as the Government continue not to define their industrial strategy, they will keep themselves out of a great deal of trouble. As soon as they define it, people will start to disagree with them, because the phrase “industrial strategy” is a wonderful grab bag of good ideas. There are loads of ideas in industrial strategy, every single one of them good. Ne’er a one is a bad idea, because a bad idea will not be allowed into the industrial strategy. In industrial strategy, all are winners, because no industrial strategy will pick a loser. The Minister will always say yes, because with an industrial strategy, one can never say no.

I hope that the Minister will maintain his rather reticent approach to industrial strategy so that he can continue to be friends with all Members across the Chamber and not upset anyone. In the phrase “industrial strategy” it is, first of all, hard for him to define industry. Is financial services an industry? The word “industry”, as my hon. Friend the Member for Warwick and Leamington conjured up in his opening speech, is about manufacturing. What is strategy? Strategy is the pursuit

of a goal, but what is the goal for an entire economy and, if there is a goal, how on earth is it the Government's role to tell everyone what it is? That went out in the 1940s and '50s with Soviet planning. I know that my friend the Minister has no interest in returning to those days, but unfortunately he may unwittingly, in his endeavours, encourage Opposition Members to think that the good old days of centralised socialism are back. He would not wish to be a fellow traveller on that journey to despair.

Industrial strategy, we are told, is positive because it enables us to think about the long term, but that is what shareholders do. We think about the news cycle and we think about the election cycle. We have to make sure that, in five years, we are re-elected. When we talk about consensus in other countries, we have to recognise that consensus in this country is built differently; it comes from the competition of ideas, and from one set of new ideas being subsequently accepted by the opposing party. The promotion by the Conservative party under Margaret Thatcher of a reduction in the power of trade unions and a liberalisation of markets was accepted by the subsequent Labour Government. The Labour Government's introduction of the national minimum wage and regulation against discrimination in the workplace was accepted by the coalition Government. That is how we build consensus, and that is not compatible with the expectation that one can set an industrial strategy that stands for all time. The Minister will be here, I am sure, until he gets promoted, but at some stage—perhaps in 20 years' time—the Opposition will get ready to take over power, at which point the long-term plan may be picked apart.

To be slightly more helpful to the Minister, I will point to some areas that he and his colleagues might like to look at. Although I would not call these things an industrial strategy, they might be good ideas. If we are to be successful, as my hon. Friend the Member for Havant (Mr Mak) mentioned, we have to promote innovation. Innovation is promoted by lowering taxes, ensuring that our markets are flexible, and looking carefully at regulatory sunsets to ensure that incumbents cannot use regulation to defend themselves against insurgents. Corporate governance also needs to be looked at seriously, as we discussed in the previous debate.

I commend my right hon. Friend the Member for Tatton (Mr Osborne) for his productivity plan, not because it was about projects, but because it for the first time concentrated on what the Government can do regarding strategy, which is the implementation of things that are helpful, particularly for infrastructure. We need only look at the difficulties with the expansion of airport capacity in the south-east to see that we are very poor at implementing the decisions we make. I commend the productivity plan to the Minister for him to look at again.

The Prime Minister has rightly said that the United Kingdom is at the forefront of free trade. That is something on which the Minister and I clearly agree. Free trade is what the United Kingdom does best. We need to make sure we have appropriate protection against dumping, but we also need to be on the front foot in lowering our tariffs.

We are leaving the European Union, which is a major event for the whole of our economy. I understand that the Government want to form a view on that and know

what actions they should take in the short term to assist us through this transition to a better and stronger future. However, each of these are things that the Government would do anyway. We do not need a Department for industrial strategy to do them; we do not need such a Department to improve our skills. We do not need one to change the law regarding the governance of our boards, although I agree with the hon. Member for Livingston (Hannah Bardell) that the Government should do that. We do not need the phrase “industrial strategy”. I am worried for the Minister in that, as he pursues it, he will set the Government up for a fall. I, for one, want to support the Government in their endeavours so that that does not happen.

4.31 pm

George Kerevan (East Lothian) (SNP): I am glad to be tail-end Charlie. Fortunately for someone in this situation, my book on industrial policy is published next month, so I may save time and send it to the Minister.

The challenge is: is there is an industrial policy? I accept that there is no generic policy—the hon. Member for Bedford (Richard Fuller) is correct—but there is industrial strategy in the here and now. Its definition is what the state does to help to provide competitive advantage to the companies in that state. If the state does not do that, other states will help theirs, which will wipe out those companies. I remind the hon. Gentleman that that is why the UK's exports have flatlined for the past five years.

I put that point to the Chancellor of the Exchequer yesterday, and he spoke about international conditions and lack of demand. Yet Germany's total industrial exports have risen by a third in the past five years, helped by the German Government. They tax industry more than it is taxed in this country, but they pour the money back into industrial support. In the United States, generations of productivity growth have been funded by investment in its defence industries, which flows through into the private sector. The point about the state picking winners is that there is a partnership in which the state backs up its industries, and particularly its companies. The state gets out of the way where it needs to, but there has to be such a partnership.

I do not have a lot of time, so I will do something really strange, which is to support something that has been a Government policy for the past five years. I was originally very cynical about it, but the more I have researched it and talked to people in the industry, the more I think it has been very successful, although it may have been stumbled on by accident. That is the policy of having Catapult centres. Public money is put into centres for technology that small companies cannot buy on their own, so that such companies can use it, which helps to provide a competitive advantage. Catapult centres provide competitive grants and challenge companies to come up with solutions to problems, and that works. Catapult centres are the solution. They are not about picking winners, but about creating a competitive environment and providing resources. If we do not do that, other countries will.

To give a very simple example, there is a close correlation between exports as a percentage of GDP and how much is spent on research and development—not blue-skies

[George Kerevan]

R and D in universities, but industrial R and D. In countries that have a higher share of exports in their GDP, industrial R and D is orders of magnitude higher than the amount we spend, because their Governments and their military put money into it. The hon. Member for Havant (Mr Mak) made a very good point about the role of the military.

I found a statistic that my good friend the hon. Member for Wycombe (Mr Baker) might like, as an ex-RAF officer. At the moment, the RAF has 475 aircraft that were built in Britain. For the first time, the majority of its aircraft have been bought from abroad—507 of them. I should say that I tried to bump up the number of British-built planes by including the Spitfires in the Battle of Britain memorial flight. If we buy from Boeing and Lockheed, and let those companies use their technology, we cannot survive. We have to use the weight of the state behind our companies. That is what industrial policy is about.

My final point is that the budget for the Catapult centres is about £600 million a year. That sounds a lot, but if we look at a comparable organisation in Finland, we find that its budget is about 75% of that. The UK spend is peanuts. We should treble that amount. Will some of that money be wasted? Yes, but some will produce the ideas and new technology that we need.

4.35 pm

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): What a pleasure it is to follow my hon. Friend the Member for East Lothian (George Kerevan). As he was talking, I wrote down the following: “Until I read my hon. Friend’s book, I will remain in some sympathy with the hon. Member for Bedford (Richard Fuller) and my hon. Friend the Member for Aberdeen North (Kirsty Blackman).” One problem, as I see it, with nearly every other contribution, except that of my hon. Friend the Member for Edinburgh West (Michelle Thomson) is that no one has mentioned what, to me, is critical in anything that calls itself a strategy—namely, what its purpose is.

What is the purpose of this thing we call an industrial strategy? Since we all have our own ideas to share, I am assuming that at the end of the day its purpose would be to help propel economic growth to support people’s wellbeing. That assumption might not be shared by everyone in the Chamber—I do not know whether it is shared even by my hon. Friend the Member for East Lothian—but I will frame my few remarks around it.

I enjoyed the opening remarks of the hon. Member for Warwick and Leamington (Chris White). He led the debate with a bit of a historical review of past efforts at industrial strategies. He also pleaded for us to look to the future in our new context. In that historical light, I was also interested to hear the hon. Member for Wycombe (Mr Baker) indicate that he had read the works of Adam Smith. Since my constituency, Kirkcaldy and Cowdenbeath, is the home of Adam Smith, I feel compelled to venture a few thoughts to continue the hon. Gentleman’s education.

Mr Baker: Adam Smith was catastrophically wrong about the labour theory of value and has much to answer for, but I look forward to hearing the hon. Gentleman’s remarks.

Roger Mullin: I wish the hon. Gentleman would not mince his words—he should say it as he really feels it.

Where Smith has some relevance is in his argument that critical to growth was the division of labour in society, with specialisation—what we might call today the importance of having the education and skills that allow us to promote innovation and change. That is what spurs longer-term growth, and on that he was absolutely correct. That important need to drive forward with new technologies and new thinking is why it is utter madness that the Government pulled out of one of the biggest world-leading research projects, the carbon capture project in the north-east of Scotland. If ever there was an indicator of their turning their mind away from what is fundamental to long-term economic growth, it is that decision.

The other thing Adam Smith said that I completely approve of is that there is a role for state intervention. In particular, it is to ensure the kind of education that supports society economically as well as socially. We cannot leave education and skills to the marketplace. We have to make sure they are taken care of.

I was interested by the way in which Members talked about the importance of technology. It strikes me that historically, one of the problems we have had with funding is that we have plenty of people in our universities and the like who are able to come up with great technological ideas and innovations, but those innovations take many years to reach the marketplace. Private sector investment seems best when it is either at or near the marketplace. The problem, very often, has been the gap between the idea and bringing it to fruition. That is where the need for the role of the Scottish Investment Bank comes in, and I think that is what my hon. Friend the Member for East Lothian was hinting at when he talked about the valuable work of the Catapult centres. They can attract different forms of funding in a competitive way for things that may take time to reach the marketplace.

I was interested in the remarks made about the challenge that we face because of Brexit. The Government’s response, chaotic as it is, is driving down confidence. My hon. Friend the Member for Edinburgh West talked about the importance of confidence. That reminded me of what Keynes argued, which was that the principal determinant of the level of private investment is not the rate of interest nor even the level of aggregate demand, but the state of business confidence.

Kelvin Hopkins: I am listening with great interest to the hon. Gentleman. I always enjoy his speeches, I have to say. When it comes to the EU, however, does he not accept that confidence has been driven down by those who lost the argument and the vote, who are constantly saying that it will be terribly damaging and an economic disaster? In fact, as Ashoka Mody has said, it is actually proving to be quite beneficial.

Roger Mullin: I would take issue with the latter part of the hon. Gentleman’s observations. We were on the opposite side of the argument, but surely he would agree that the Government’s response to the vote has been utterly chaotic? We are no further forward four months later than we were at the time as to what the Government mean by Brexit and how they are going to take us there. That is doing nothing other than driving down confidence in business.

I do not want to take up too much time, but let me come on to one further important issue that was raised, which is in the general sphere of education. That is the importance of the post-study work visa. I would add to that the tier 1 entrepreneur visa. We need to encourage people from overseas to come to this country to help us drive up business investment and innovative ideas. I read an essay by a friend of mine, Professor David Simpson, a few weeks' ago. He pointed out that one third of successful business start-ups in California between 1980 and 2000 were by people who had come from either India or China. At a time when we need, not least in Scotland, to attract the best minds to help to drive forward the economy, setting our face against that cannot be in anyone's interest. It certainly cannot be in the interest of anything we might call an industrial strategy.

4.44 pm

Chi Onwurah (Newcastle upon Tyne Central) (Lab): It is a real pleasure to speak for the Opposition in this debate and to follow so many interesting, provocative and informative contributions. I have not agreed with all of them—or at least all of all of them—but I have been pleased to listen to them. I congratulate the Backbench Business Committee on bringing forward the debate.

I want to single out some contributions, however difficult that is among so many. The opening contribution was from the hon. Member for Warwick and Leamington (Chris White), who spoke eloquently and compellingly about the importance of having an industrial strategy. I mention, too, the contributions of my hon. Friend the Member for Hove (Peter Kyle), the hon. Member for Havant (Mr Mak), who sponsored the recent debate on the fourth industrial revolution, and my hon. Friend the Member for Hartlepool (Mr Wright), who chairs the Business, Energy and Industrial Strategy Committee.

It crucial for this House to show the nation and the world that industry is what we are about. I am grateful for the contribution of the Minister for Universities, Science, Research and Innovation in setting out the beginnings of a timetable for an industrial strategy, but it would have been nice to hear something concrete on the subject from the Under-Secretary of State for Business, Energy and Industrial Strategy, the hon. Member for Hereford and South Herefordshire (Jesse Norman), and I look forward to doing so.

As the contributions from Members of all parties have shown, industrial strategy is an issue that this House takes very seriously. Labour Members have made it absolutely clear that we recognise the hugely positive contribution that industry makes. Industry—and the businesses and workers that form it—drives our nation's economic success and positive outcomes for our constituents. We can build an economy and society that we want—one that reflects our values as a nation and what we want for the next generation. That, I would say, is the purpose of an industrial strategy. Labour calls for an industrial strategy that is based on our values. That means the principles we hold dear—equality, democracy, empowerment, the value of labour, and economic liberation guiding the direction of a growing economy.

We need an industrial strategy that is geared towards stable jobs, tackling the great challenges of our time such as climate change and narrowing the gap between

the haves and the have-nots. Working from first principles, we can put together mission goals for a new economy and develop the industrial strategy that delivers them. From building a green future to closing the gender pay gap; from balancing the economy beyond the financial services to tackling youth unemployment, industrial strategy can contribute to addressing those great challenges.

A strategy is necessary. The market alone has not provided the answers. We have not let it. Without an industrial strategy, the market has not been allowed to deliver the economy that we want. It has given no respite for those who have seen their communities starved through austerity, for young people who will never have well-paid jobs or own their own houses—or at least fear that they will not—or for those subject to draconian conditions in warehouses such as in Sports Direct.

We have seen an increase in precarious work, bogus self-employment, lower wages and higher costs of living. The market has failed all but a privileged few at the top of our society, which the Minister did not seem to recognise. But then the Tories have not had an industrial strategy since the 1950s. Their time in government over the past six years would be to be pitied if they had not actually ruined the lives of so many people.

Let me give just one example. Many of my constituents live in fear of the rise of the robots, which could result in fewer jobs. OECD research shows that 25% of workers could see the majority of their work automated in the next 10 years. I want this Government to be proactive and to use technology to help create more jobs for people across the country. Sadly, however, the Science and Technology Committee has condemned the Government for the complete absence of a strategy on digital.

In 2010, the Conservatives claimed that they would restore the balance between sectors of our economy, but manufacturing is still at the same level as in every year since 2007, accounting for 10% of economic output. In fact, the Conservatives have starved our communities with their austerity agenda. That agenda is now apparently forgotten, but my constituents merit an apology for what they have had to suffer in the name of austerity—and, unfortunately, that will be as nothing by comparison with the impact of the hard Brexit that we see the three Brexiteers attempting to implement.

We have seen the Conservatives' lack of strategy for our industries in the disintegrating and fragmenting of our industrial support infrastructure. Innovation, for example, is now promoted by at least three separate bodies—Innovate UK, the research councils and NESTA—as well as the Catapult centres. The Government have starved regions outside London by abolishing regional development agencies and providing no replacement for them.

Each industrial age needs leadership from the Government. Harold Wilson said in his famous 1960s “white heat of technology” speech that innovation was driving us in a new direction, but we need leadership to embrace the changes and—this is very important—to ensure that that direction is for the benefit of us all, because growth has a direction. We have seen the third industrial revolution, but now we need leadership more than ever as the next waves of technological change break over us.

We would welcome the Government's late coming to an understanding of the importance of industrial strategy, but unfortunately—as was pointed out earlier by my

[*Chi Onwurah*]

hon. Friend the Member for Norwich South (Clive Lewis)—the Tories have shown time and again that, although they can talk the talk, they cannot walk the walk. Since the Prime Minister took office, she has ignored the need for a digital industrial strategy. The Digital Economy Bill, which is currently in Committee, ignores the opportunities that the digital revolution could provide for businesses in Britain, and that has resulted in very real neglect. As we heard earlier, one of our tech success stories, ARM Holdings in Cambridge, was sold to Japanese investors with no reassurances about job security for the 3,000 people who worked there.

The Minister for Digital and Culture (Matt Hancock): Just on a point of fact, assurances were given that the number of jobs would increase.

Chi Onwurah: I am glad that the Minister has attempted to make a contribution to supporting our industrial strategy, but we remember the assurances that were given in the case of, for example, Cadbury and Kraft. Assurances need to be concrete if we are to see the benefits, and we need to have the necessary powers.

Matt Hancock: Those assurances are legally binding.

Chi Onwurah: I am glad that the Minister has seen fit to intervene again. I look forward to those assurances being proven, and I look forward to his apology should that not be the case.

The Tories' legacy for Britain's industrial future will be one of apathy and incompetence. There is no vision for business, or how it could bring about a more just society. On energy, on automotive, on materials, on manufacturing, on food and drink, on agribusiness, on process industries, on biotech, on steel, on tech and on the creative industries, it is for us in the Labour party to provide the leadership on industrial strategy that the country needs so much.

4.54 pm

Chris White: I am pleased to follow the shadow Minister. I was enjoying her speech, until it all seemed to go a bit wrong towards the end. Where I finished listening was where she said that she welcomed the Government's initiative to have an industrial strategy. I am grateful to the Backbench Business Committee for providing time for the debate and to everyone who has had the opportunity to speak.

I take from the hon. Member for Aberdeen North (Kirsty Blackman) what she said at the beginning of her speech, which was that, basically, everyone had a different interpretation of what industrial strategy was all about. I do not think there is anything wrong with that. That is the purpose of this debate: to provide an opportunity

for everyone in the Chamber who indicated a wish to speak to give their take on an industrial strategy.

I would go back one step further. I look forward to reading the book by the hon. Member for East Lothian (George Kerevan) when it finally comes out—I am sure that it will be selling round the corners. Until that time, I recommend anyone to read the book by Lawrence Freedman, "Strategy: a History". It is important for us all to return to the definition of strategy. The shortest, most precise definition that I have come across is to get the furthest with the most. I do not think that is a bad foundation for this debate.

I would like to refer to my very good friend, my hon. Friend the Member for Bedford (Richard Fuller). I am sure that the House would agree that he was enjoying his speech far too much. He put a spanner in the works of otherwise consensual and positive debate with his desire to hold to the philosophy of a free-for-all—everything is for the best in the best possible world. I hope that he will come around to welcoming the pragmatic opportunities provided by the initiative that, through the Minister, is being formed. Discussion papers are being written. We are again going to be able to have our say, I hope. This matter will come back to the House for further debate. None the less, I imagine that all Members would agree that it is better to have this debate now.

Kelvin Hopkins: I much enjoyed the hon. Gentleman's speech and agree with what he is saying, but the point that has not been answered is my point: low wages and flooding the market with cheap labour does not help investment. It keeps productivity at low levels. If we are going to see high investment in modern technology, we need to raise wages and stop flooding the market with cheap labour.

Chris White: I thank the hon. Gentleman for that intervention, but I suggest that a proper and full industrial strategy that looks at issues such as productivity would take those issues into account.

I thank all hon. Members on both sides of the House for their contributions, and I express my appreciation to the Chair of the Business, Energy and Industrial Strategy Committee for the work that it is doing on the issue.

Question put and agreed to.

Resolved,

That this House has considered industrial strategy.

INTELLIGENCE AND SECURITY COMMITTEE

Ordered,

That Richard Benyon and Mr David Hanson be appointed to the Intelligence and Security Committee of Parliament under section 1 of the Justice and Security Act 2013 in place of Sir Alan Duncan who ceased in accordance with paragraph 1(2)(b) of Schedule 1 to that Act to be a member of the Committee when he became a Minister of the Crown and Mr George Howarth who has resigned as a member of the Committee in accordance with paragraph 1(3)(a) of Schedule 1 to that Act.—(*Michael Ellis.*)

Heathrow (Southern Rail Link)

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

5 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): I am grateful for the opportunity to address this topic, which is of enormous importance to my constituents in Feltham and Heston, to London and to the entire south of England.

Providing southern rail access is a welcome proposal to connect areas that lie to the south of Heathrow to the airport by rail. However this is not just about getting people to their plane on time; the right scheme has the potential to transform public transport provision and regenerate areas with some of the highest levels of deprivation not just in London but in the country. In the nearby wards in my constituency where this development would take place—Bedfont, Hanworth, Feltham North, Feltham West—over 30% of children live in poverty.

To me it is scandalous that the world's busiest airport is not connected to south London and the whole of the south for want of a few kilometres of track linking Heathrow to Waterloo, intermediate stations in Hounslow and the whole of the south-east and south-west.

Ruth Cadbury (Brentford and Isleworth) (Lab): I congratulate my hon. Friend on securing this debate. My constituency as well as hers would benefit from the proposal, particularly those living in Chiswick, Brentford, Isleworth and Hounslow. It takes roughly an hour to get from this place to Heathrow airport, by various different routes. One of the slightly longer ones is via Waterloo station, Feltham and by bus, but with my hon. Friend's proposal of southern rail access, one could get from here, via Waterloo to Heathrow in less than 45 minutes.

Seema Malhotra: My hon. Friend is right. I will talk about the proposed Hounslow link from Feltham via a new station in Bedfont. That could see journey times directly from Waterloo to Heathrow of about 40 to 45 minutes depending on which route is chosen, and possibly going through my hon. Friend's constituency.

Various options for addressing this missing link have been proposed over the years, such as the airport-led Airtrack scheme, which was dropped in 2010. None has yet proved technically or politically deliverable. In 2011 Network Rail again identified that connections to the west and south of Heathrow were a strategic gap in the rail network. The Airports Commission recommended in December 2013 that the Department for Transport instruct Network Rail to conduct a feasibility study as part of its short and medium-term measures, to improve airport accessibility irrespective of airport expansion.

In 2015 Network Rail completed its early feasibility study. I wholeheartedly support its strategic objectives, which are as follows: to reduce highway congestion at and around Heathrow through an increase in rail mode share and reduced environmental impact of existing travel patterns; to improve productivity and outputs from the UK economy through enhanced local connectivity; to reduce deprivation and increase labour productivity through greater access to employment at Heathrow and surrounding areas; and to connect communities where no reasonable public transport option currently exists.

Following a market study, Network Rail identified four indicative options through which it concluded it was feasible to deliver the necessary infrastructure and service patterns. The estimated benefit-cost ratio of this project is extremely high at around 16.4:1, representing exceptional value for money. That is pretty much unheard of among rail schemes. For comparison, HS2 and Crossrail 2 both have benefit-to-cost ratios of around 2:0. However, the work that Hounslow Council has been undertaking into a possible link from Feltham to Heathrow, which could also unlock huge regeneration, was not considered.

Today, I wish to present the arguments for the suggested option in Hounslow Council's work and seek the Minister's support in getting the Hounslow option on to an equal footing with other indicative options. Following this, I believe that the whole project should be considered a priority by the Department for Transport for full funding to allow it to progress to a full GRIP—Guide to Rail Investment Process—1-2 assessment. If that were achieved, we might have a stronger chance of attracting private finance to help to move the project forward.

Let me outline Hounslow's proposal. Last year, Hounslow Council commissioned its own study from the respected transport consultant WSP-PB to review the possibility of a new rail alignment between Heathrow terminal 5 and the south-western main line immediately to the west of Feltham station. This would include a new station at Bedfont, in the vicinity of the successful Bedfont Lakes business park and near to the Clockhouse roundabout on the A30. Hounslow's proposal tries to ensure that this nationally important infrastructure does not just deliver passengers to Heathrow. The inclusion of a new station in the Bedfont area, which would be placed on a new spur railway line running from Feltham to Heathrow airport, would allow for direct services to Heathrow from London Waterloo.

The new station and the associated bus routes that would be developed to serve it would enhance the public transport accessibility level of the site from level 1—very poor—to about level 4, which would be good. In practice, this would mean a significantly enhanced public transport service, benefiting those who live and work in the area as well as opening up the potential for sustainable development and much-needed housing. Through work completed at its own cost, Hounslow Council has estimated the benefit-to-cost ratio of a station in the Bedfont area to be between 2.78:1 and 5:1. Again, this represents very high value for money.

The benefits to the community would be enormous. Around 50% of people in my constituency have jobs directly or indirectly connected to Heathrow. A recent local plan master-planning exercise undertaken by Hounslow Council identified the potential to create a whole new front door to the airport, which would be unlocked by this new rail alignment and station. This vision is finally starting to put meat on the bones of what the Heathrow opportunity area, as set out in the London plan, might look like.

It is clear that any significant growth in this area would require new transport infrastructure to be both viable and deliverable. The Government therefore have a golden opportunity to deliver a step change to Heathrow's accessibility from the south, and to help to unlock the potential for up to 13,000 new jobs and more than 7,000 new homes on London's borders. The Minister will also

[Seema Malhotra]

be aware of the need to curb emissions around the airport in order to combat climate change and improve air quality. The newly elected Mayor of London, Sadiq Khan, has championed the need to improve air quality, even during his first few months in office. Heathrow's submission to the Airports Commission argued that this proposal would also reduce road journeys to the airport by 3%, improving air quality and reducing congestion.

I am therefore pleased that Hounslow Council has this year commissioned Network Rail to review the WSP-PB report, advise the council on its feasibility, run the proposal through its models and highlight the infrastructure and environmental risks as it sees them. It is a shame, however, that we are having to play catch-up. When Network Rail undertook its research, local stakeholders were deliberately not engaged in relation to the options being considered. Indeed, it was not until after the project's completion that Hounslow Council was informed that its proposal was not being included and would need to be considered separately.

I understand that the consultation being undertaken by Network Rail at the time was curtailed by the Department for Transport due to concerns about the potential impact on the Davies commission process. The reasons were never clear, but my view is that more could have been done, even within the constraints of the Davies commission, to include the local voice. I am therefore concerned that the process did not make the best use of public money. The report did not achieve as much as it could have done had it engaged with local leaders in a more collaborative manner, which they would have been willing to do. As a result, Hounslow Council is paying Network Rail £51,000 from limited reserves to peer review the Hounslow proposal and test it to the same level as the other indicative options proposed. While I acknowledge and appreciate the more constructive working in recent months with the DFT and Network Rail, that financial commitment is testament to the seriousness with which Hounslow Council takes this proposal. The council wants urgently to ensure that the alignment is taken forward as an option on a par with other proposed options for southern rail access into the next stage of feasibility, where it could be considered and potentially combined with other options when further work is commissioned.

As mentioned before, Network Rail has estimated the benefit-cost ratio of southern rail access to be in the order of 16.4:1, but it is worth noting that some changes have recently been proposed to how the DFT is looking to appraise such projects. The changes will place greater importance on the wider economic benefits of such schemes, in particular their role in unlocking new jobs and homes. Given that and the wider benefits of Hounslow's proposal, that benefit-cost ratio is likely to be even higher than estimated.

In conclusion, improved rail access to the airport from the south is a pressing need regardless of whether Heathrow expands. The southern rail access to Heathrow project, with more direct and quicker links to Waterloo and the south, will make a huge difference for my constituency, for the constituency of my hon. Friend the Member for Brentford and Isleworth (Ruth Cadbury), for London and for the country. Hounslow's proposal

would meet the DFT's strategic objectives for southern rail access by reducing congestion, improving the environment, increasing connectivity to the airport, and enabling much-needed regeneration of the local area.

I will therefore be grateful if the Minister answers the following. What steps need to be taken for the proposal to be formally included in the industry advice to be issued in 2017? What progress needs to be made for the indicative options for the southern rail access scheme to go forward into the next funding rounds for control period 6—2019 to 2024—if not before? What would the funding options be? What strategic role would the Government play in moving the project forward to the next stage of feasibility, after which securing private development funding may be a more likely option? I am grateful to have had the opportunity to speak on this topic today.

5.13 pm

The Parliamentary Under-Secretary of State for Transport (Paul Maynard): I congratulate the hon. Member for Feltham and Heston (Seema Malhotra) on securing this debate on a matter that is of great importance to her constituents. She touched on the subject of surface connectivity to our airports, which is an issue of national importance, and on how public transport can address inequality across the nation and in her constituency.

The hon. Lady's points raise some eternal truths of both transport and urban policy. Cities with good airport rail links are more productive than those without. The shorter the access time to the airport, the more productive that city is.

Anyone who is here today hoping to discover our decision on airport capacity can move along because there will be no clues—I am no wiser than Opposition Members. Whatever the decision, however, this subject is always at the forefront of my mind because it will ensure the continued growth of our nation as a whole.

It is also clear that there has been a long-suppressed need for improved access to Heathrow from its south. Many passengers still access the airport by road, and uncompetitive rail journey times do not help with that. I used to traverse the hon. Lady's constituency on many occasions on the 285 bus trying to get to Heathrow, and I took a very circuitous route around the airport perimeter and sundry car parks—it took an awful long time. That does little to encourage a modal shift off the road and on to rail, and it certainly does not do much to improve air quality in her constituency, to which she rightly drew attention.

The feasibility study that Network Rail carried out has to be a key part of how we consider improving southern access to Heathrow, and it is worth just thinking how access to Heathrow has changed over the decades. Just 25 years or so ago, only 20% of Heathrow's passengers used public transport to get to the airport. The Heathrow Express opened in 1998, following on from the start of the Piccadilly line trains running there in 1977, and so by 2015, more than 40% of passengers were reaching Heathrow by public transport. That is a great step forward, but those people are still not coming from the south of the airport, which is a point the hon. Lady is trying to make.

Such statistics fuel our aspirations to do better and to have a better connected United Kingdom. I recognise

that we can and need to do far more. The Government have come to power with a strong infrastructure mandate, particularly regarding rail, where customer numbers have doubled and freight has grown by 75%. More people are travelling by rail than ever before. We are spending £40 billion between 2014 and 2019 to support a larger and more mobile population. The hon. Lady lives somewhere that is a key part of not only her local transport network, but an international transport network. We are under no illusions about what a huge challenge we face in upgrading a network that, in many cases, has not seen improvements since the era of steam engines in the 1950s. We are trying to fit our improvements into a relatively short timeframe, on a network that is used more intensively than ever before. That gives us limited scope for how we put into the network complicated enhancement projects that risk disrupting ongoing rail services for customers in the here and now. We have to bear that in mind, too.

It will not be long until Crossrail opens in full—in 2019—which will bring not just the heart of London's financial district, but much of east London to within 60 minutes of Heathrow. That will dramatically improve passengers' experience of train travel, with services carrying up to 72,000 passengers an hour through London during the peak periods. That improvement of surface access will be replicated to both Luton and Gatwick thanks to the Thameslink programme. We are going to be improving substantially surface access across the UK, which is one reason why London TravelWatch has identified southern rail access to Heathrow as a particular gap, which we still need to focus on. That is why Network Rail is developing its proposals on the western rail link into Heathrow, off the Great Western railway. Subject to a satisfactory business case, funding in the next control period and the agreement of acceptable terms with the Heathrow aviation industry, that will also open up new journey opportunities by providing four trains an hour between Reading and Heathrow airport.

Southern access to Heathrow is certainly at a less mature stage of project planning, but it is absolutely part of our considerations for the long-term strategic vision for the railway. As I said, the absence of adequate rail infrastructure in this part of London was a key finding in that London TravelWatch report, and we should not forget that. I am always conscious that when we talk about such infrastructure projects that we tend to focus on economic benefits to the nation as a whole. I certainly hear what the hon. Lady says about the regeneration of Bedfont, Feltham and other areas, and I do not doubt what she has to say for one moment. We have learned that good planning is vital and that before every decision we really have to ask how it will benefit customers. We need to show a clear link to user benefit. These things must be good value for money, affordable and deliverable, but they must also be the right solution. As a Minister, I want to start not by identifying what the output is in terms of a piece of infrastructure or kit, but by understanding properly what the problem is, and what the solutions to it are. After that comes the answer on infrastructure investment, and that was why we were very clear in asking Network Rail in its initial feasibility study to identify whether there was a potential market. That might seem self-evident—to me, it certainly is self-evident—but we need to understand the size of that market, the flows of that market and what success

would look like in terms of meeting the needs of that market. Network Rail looked at a range of options, with which the hon. Lady is familiar, and found very clear, strong demand for routes from Richmond and further out into Woking and Surrey, as well as inland from Waterloo.

I heard some of the hon. Lady's comments about the way in which Network Rail went about this, and she mentioned the "Guide to Rail Investment Process". It is important to stress at this stage that, in that particular report, Network Rail was trying to define both the scale of demand and how that demand could be met with a series of indicative proposals. I do not think that, at this stage, there is any thought of excluding any one proposal, or even of recommending a particular proposal.

The hon. Lady mentioned the initial industry advice, which is yet to reach Government. Network Rail is part of the rail delivery group that is putting together this industry advice. I know that it has met her and that it is closely liaising with Hounslow Council. Her proposal is now on the industry's radar, so I have no doubt that it will be under consideration as part of the initial industry advice. There will be a series of options and investment opportunities that Ministers will be able to consider. Once again, this is about defining the problem, the outputs that could solve that problem, and the varying benefits and disbenefits of a whole range of options. I recognise that the council's presentation has its merits, and that it needs to be included and considered as part of that process. I am sure that the industry will be doing that. I look forward to hearing the initial industry advice before we take our decisions further.

To progress the scheme further, I recognise that additional funding for further development will need to be secured. That will allow Network Rail to develop possible infrastructure solutions and to understand the costs and outputs of the scheme so that funding decisions can be taken. The Wessex route study—the feasibility study—will be taken into account in the initial industry advice, as will the Hounslow scheme, to form a coherent and integrated funding strategy. Businesses such as Heathrow Express, Great Western Railway, MTR Crossrail and TfL are all playing a role in drafting the initial industry advice, but the work is being led by Network Rail, which is helping to form the funding decisions.

Mims Davies (Eastleigh) (Con): The Minister makes some important points about the reach of southern rail. I am listening intently as Southampton airport is in my constituency. I understand the importance of the Wessex route study and connectivity to Gatwick and Heathrow. In the work that we are doing around new franchises, I would like to see us being really bold about opportunities for Network Rail.

Paul Maynard: I thank my hon. Friend for that comment. As a former resident of the royal borough of Richmond upon Thames, I am always conscious that, for many of the residents there, Southampton was often an easier airport to reach than Heathrow, and the journey was actually better value and more convenient. Given the physical gap between the two places, that says a lot about the absence of rail connectivity to Heathrow. I hear what she says in light of the re-franchising that will be occurring.

[Paul Maynard]

I am delighted that Hounslow Council has taken the initiative to develop its own proposals and engineering solution. I know that Network Rail has met the hon. Member for Feltham and Heston and the council to take this matter forward, providing more expertise to highlight some of the key risks and issues that will need to be considered, as well as evaluating both journey time and train planning proposals. Any proposals to add trains to a network always involve complicated timetabling challenges that certainly elude my limited brain power in working out what fits where. We should always check whether we can fit things on the network before we start to over-promise what we cannot deliver. None the less, I welcome the work that is going on.

In the event that we can secure additional funding to take this forward to GRIP 1-2, we must consider it alongside other engineering schemes such as—but not limited to—those proposals that are also in the Network Rail feasibility study. We must derive maximum benefit from each and every investment decision that we make. We also have to take stock of what we are doing now to lay the groundwork for future investment. I am sure that the hon. Lady is aware of the work that is about to

start at London Waterloo to vastly expand its capacity there, along with longer platforms for longer trains at a number of stations on the Reading line.

Work is not yet due to begin at Feltham, I know, but we are working through the complicated issue of a level crossing there. There will be 30 brand-new trains providing 150 extra carriages, and more Crossrail to come, as I said earlier.

There is a lot of good news in the hon. Lady's constituency regarding rail investment, but I recognise that there is a particular gap in our network around Heathrow, so I welcome her contribution today. I hope I have reassured her that her proposals are on the Government's radar and certainly on Network Rail's radar. I look forward to receiving the initial industry advice and I am sure that once we have wider decisions about south-east airport capacity, this debate will take shape and grow, so I thank the hon. Lady for her time today.

Question put and agreed to.

5.26 pm

House adjourned.

Westminster Hall

Thursday 20 October 2016

[MIKE GAPES *in the Chair*]

Looked-after Children/Social Work Reform

1.30 pm

Neil Carmichael (Stroud) (Con): I beg to move,

That this House has considered the Fourth Report from the Education Committee of Session 2015-16, on Mental health and well-being of looked after children, HC 481, and the Government response, Cm 9284, and the Third Report from the Education Committee of Session 2016-17, on Social work reform, HC 201, and the Government response, HC 733.

It is a pleasure to serve under your chairmanship, Mr Gapes. I am grateful to the House for the opportunity to debate the Select Committee on Education's work on children's services and the mental health and wellbeing of looked-after children, and on social work reform. Our Committee has a large and growing set of responsibilities, so it is an extremely good use of time to debate two of our reports at once. I appreciate the House's indulgence. I pay tribute to the specialist advice we have received from Dr Matt Woolgar; Professor David Berridge, our adviser on such matters; and Marion Davis, also one of our advisers. All three contributed massively to the value of our work, and that is much appreciated.

During our inquiries, we heard from children in care, care leavers, foster carers, social workers and other front-line mental health workers. We visited the excellent services provided by Trafford Council, and we took evidence from a young woman in care and two carers with experience of mental health services. Our meetings with children and professionals in Trafford and Westminster were crucial to the recommendations we made. I thank all those who gave their time to speak to us; they spoke in a very helpful and frank manner.

There are significant challenges to overcome in both looked-after children's mental health and social work reform. The responses from the Government to our recommendations were, frankly, a little disappointing. We need urgent action to solve problems with mental health services for looked-after children, but the Government have not acknowledged the urgency, and have passed the ball to an expert working group, rather than making the immediate changes that the Committee pressed for. Indeed, many of the people contributing to that working group will be similar to, if not the same as, those who contributed to our findings. Our recommendations on social work reform have largely been ignored. During our inquiry, it was clear that there are things that need to change, but again, the Department has not really taken what we suggested on board.

I shall start with the Select Committee's inquiry on the mental health and wellbeing of looked-after children. Following a report on child and adolescent mental health services by the Health Committee and an update to the Government's statutory guidance, we felt that it was a policy area that required scrutiny, so we launched

our inquiry in September 2015. Almost half of children in care have a diagnosable mental health disorder, and they are significantly more likely to experience poor health and educational and social outcomes than their non-looked-after peers. Let us not forget that children in these situations are children of the state, because of their special circumstances. Our inquiry took evidence from experts including Sarah Brennan, chief executive of YoungMinds; Professor Peter Fonagy from NHS England; and Natasha Devon, founder of the Self-Esteem Team.

In April this year, we published our report. We found that provision for looked-after children with mental health concerns is poor in many areas throughout England. That variance should be of concern to us all. Some local authorities are providing integrated services, with a strong focus on multi-agency working and support for key workers such as foster carers and school staff; others are not. A significant number are failing to identify mental health issues when young children enter care, and services are turning away vulnerable young people for not meeting diagnostic thresholds, or for being without a stable placement. So there is good and there is bad, which is not acceptable. We found that methods of assessing children and young people's mental health and wellbeing as they enter care are inconsistent, and too often fail to identify those in need of specialist care and support. For that reason, we recommended that all looked-after children have a full mental health assessment, carried out by a qualified mental health professional.

Leaving the care system can be a time of significant upheaval and disruption, and the period is likely to be even more unsettling for care leavers with mental health concerns. In short, it is the cliff-edge problem. We found that support for young people leaving care is inadequate and based too heavily on inflexible age restrictions. We therefore recommended that care leavers be able to access CAMHS up to the age of 25, rather than the current age of 18, and that the initial assessments of those entering care be carried out more thoroughly and consistently.

We received a huge amount of evidence on the capacity of CAMHS to respond and treat looked-after children and young people. We heard too many times that CAMHS refuse to treat young people who are without a permanent settled placement. The young woman we took evidence from, to whom I referred earlier, said that she had been waiting for CAMHS for more than two and a half years, but had been unable to access services because she had moved a staggering 13 times during that period. We recommended that CAMHS never refuse to see children or young people without a stable placement, or delay access to services until a placement becomes permanent. In recognition of the distinct challenges that looked-after children and young people face, we recommended that they have priority access to mental health assessments by specialist practitioners, and that subsequent treatment be based on clinical need.

The Government's response acknowledged the vulnerability of looked-after children and the need for timely and effective mental health diagnosis and treatment. We are pleased that the Government have set up an expert working group for looked-after children's mental health and wellbeing; however, having conducted a lengthy and detailed inquiry on the issue, we are disappointed

[Neil Carmichael]

that so many of our recommendations have simply been referred to that group. We will monitor the working group's progress, and look forward to receiving updates from its co-chairs in due course, because we are very interested in the subject.

Let us move on to the second report. At the start of the year, we launched an inquiry on the Government's plans for social work reform—and they do have plans. Although the Government had previously made it clear that improving the quality of child and family social workers and children's services was a priority, the lack of clarity on how the aim would be achieved meant that we believed it was an important area for us to look at. During our inquiry, we heard from social workers, social work academics, local authority leaders, and many more experts in the field.

Social workers deliver an incredibly important service to some of the most vulnerable children in the country, but evidence suggests that they are doing more work than ever before. Children's social workers are managing increased case loads: we have the highest number of children in care for 30 years, and the number of children subject to a child protection plan has risen by 50% in the past five years alone. Just last month, Sir James Munby, the president of the family courts, issued a warning about what he terms a "clear and imminent crisis" facing care proceedings, because in the past 10 years the number of care applications going through the courts has doubled. Despite those increased workloads, it is important to remember what an important job social workers do. The number of children who die due to homicide or assault has fallen by 69% since 1985 and remains in long-term decline. That is thanks to the hard work of social workers, police and others. This is not a story of social workers not doing things; the question is how they are led and resourced.

Although we can never be complacent when it comes to the safety of children, the Government need to ensure that in making reforms we do not forget about the good work that children's social workers do across the country, which often goes unnoticed. On behalf of the Select Committee, I thank social workers for what they do, and I want that message to be amplified.

We published our report in July. We found significant weaknesses in the planned reforms, and recommended important changes. Existing career pathways are confusing, and provision of continuing professional development is inadequate and inconsistent. A national career development framework is urgently required. Children's social workers need much more assistance after qualifying to enable them to specialise. That became increasingly obvious as we carried out our work. During our inquiry, we regularly heard that it is vital that social workers receive a generic start, with specialisation to follow afterwards. In the current system, however, that is far too difficult to achieve.

The Government's reforms do not focus enough on tackling endemic retention problems. The average social worker's career is only eight years long, compared with 16 years for a nurse or 25 years for a doctor. Almost a fifth of social work jobs are vacant, and they are mostly filled by agency workers. Poor working conditions, caused by high case loads, negative media coverage and the blame culture, are a threat to keeping good, experienced

social workers in place. We need manageable case loads for those workers, and a national workforce planning system to forecast supply and demand. We also need to talk about social work in a positive way. I have done that already, but it is very important that we do so frequently. Without immediate action in these areas, experienced social workers will continue to feel under pressure and undervalued, and will therefore leave the profession.

One of the biggest problems facing social workers is the lack of a professional body. The closure of the College of Social Work in 2015 has led to a significant absence of high-profile leadership for the profession. A new body would take the lead on a number of crucial functions and so drive improvement in the sector, for example by defining CPD and the post-qualifying framework; endorsing courses; promoting practice excellence; and shaping national and local policy. That really is the No.1 priority and could address so many of the retention issues. The Government should halt their regulatory reforms until they have figured out a way to help the sector to replace the College of Social Work.

Finally, we could not ignore the wider context in which children's social workers operate. While we welcome the attempt to introduce innovation, the Government's proposals are untested. We do not believe that there should be any expansion of the independent trust model until there is clear evidence that it works. Unfortunately, despite the Government agreeing with us on so many issues in their response, that response seems to show that they are determined on their course of reform and unwilling to reconsider it.

Tim Loughton (East Worthing and Shoreham) (Con): I declare my entry in the Register of Members' Financial Interests.

Does my hon. Friend share my frustration that too often there appears to be an obsession with changing structures, titles and the nature of the vehicles delivering children's social care, when what really makes a difference are some of the things that he has already mentioned, such as making sure that we do not have 20% vacancies for social workers in certain parts of the country—that is why there is such a huge variance in the number of children taken into care in different local authorities—and looking at the quality of the outcomes for these children? We should do that, rather than obsessing about the system, which is supposedly there to help these children. It is the people on the ground and to whom my hon. Friend quite rightly paid tribute—the too-often maligned social workers—who really help, but they are damned if they do and damned if they don't.

Mr Carmichael: I thank my hon. Friend for making some really strong points. He is absolutely right about the obsession with structure, as opposed to the importance of the people operating within it. That is why I first of all pay tribute to social workers, and believe that their leadership and reputation need to be enhanced and protected through a professional body; that is something that the Government have to think about carefully.

Although we are happy to hear that the Government plan to consult on many of their reforms, we still believe that there is a lack of detail on how to tackle some of the trickier issues, such as the retention of social workers. Moreover, there is a lack of detail on how some of the proposals are to be taken forward, and how extensive and binding the consultation exercises are likely to be.

The Government said in their response to our report:

“We agree that the development of a strong professional body for social work is important.”

However, they also said that they thought such a body “would be one established by the...profession.”

We are a bit disappointed about that, because we believe that the Government need to be much more proactive in their efforts to replace the College of Social Work. I hope that the Minister will address that point when he rises to his feet.

The sector needs to be more heavily involved in this area, of course, but the Government have previously invested in the College of Social Work, and there is still a key role for them to play in the creation of a new professional body; it is not sufficient for them to say that the profession needs such a body while doing nothing to encourage its creation. The establishment instead of a Government-controlled regulator seems to suggest precisely the opposite: that the task of defining social work, and good social work practice, is being taken out of the hands of social workers. That is the opposite direction of travel to the one that we recommend. That is worrying, and we are concerned that the Government have not fully understood the significance of the move towards regulation, and away from supporting the creation of a professional body.

Social workers face pressurised working conditions, and the Government response suggests that action on that issue is not being taken quickly enough. Our recommendation that social workers nationally have manageable case loads was rejected. That was despite Ofsted saying that the local authorities that were judged to be good had almost always set manageable limits for their social workers—something we picked up on in Trafford. A recent National Audit Office report that was very critical of the Government’s action on improving children’s services also raised the issue of social worker case loads. We are disappointed that no immediate action on this front is planned.

In some cases, the Government’s response was to reject our recommendations without sufficient justification. For example, despite agreeing that the assessed and supported year in employment was important for newly qualified social workers, they rejected the recommendation to make it mandatory. We are unclear as to why they did that.

Both our inquiries revealed the pressures that children’s services are under. Our inquiry on the mental health of looked-after children found that CAMHS are overwhelmed, and that many specialist teams that offered targeted support for looked-after children have been abolished due to financial pressures. In some areas, children’s social workers face having unmanageable case loads, which is leading to low morale and poor working conditions, as was mentioned earlier by my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton).

Experienced social workers are exiting the profession in record numbers. As I have said, Ofsted has found that the local authorities that are judged to be good tend to be the ones that give their social workers manageable case loads; the Government must take account of that.

We also found that services were inconsistent across the country. I have already said this, but it is important to note that initial mental health assessments are highly variable. Many local authorities are not meeting their

statutory requirement to ensure that all children are properly assessed on entering care. I would have thought that was of fundamental importance. While there are some good authorities—we cannot deny that, and we should always support those that are good—that support their children’s social workers with good leadership, access to continuing professional development and manageable case loads, far too many are still not in that category, or even in the vicinity of it. There are regions with significant retention problems, and it is clear from Ofsted reports that plugging the gap with agency workers does not bring about a satisfactory solution.

Both inquiries found that training and development for professionals in children’s services are poor. Children’s social workers lack a professional body, and their access to CPD is inconsistent and inadequate. Put simply, it is not good enough. A new professional body for social work, created with help from the Government, could define professional standards for qualifying and post-qualifying practice, and be given a mandate to define the CPD and post-qualifying pathways for the children’s social work profession. This debate is about a profession and the people within it, and we believe that they should have an appropriate body.

Training and support for foster and residential carers is highly variable, and many local authorities fail to equip carers with the knowledge and skills needed to support looked-after children with mental health difficulties. Foster and residential carers are professionals who need comprehensive and regular training in how properly to support children and young people in their care. We have recently launched a further inquiry on fostering, and we will look in more detail at the issues in the coming months.

Despite the Government agreeing with much of our thinking, the responses to both reports lacked the determined aim to implement change in an urgent fashion. It is hugely disappointing that the Government referred so many of the recommendations to an expert working group. On such an important and pressing issue, delaying action and effectively passing the buck is not helpful.

Tim Loughton: I share my hon. Friend’s frustration, but the frustration is worse than that: some of the recommendations in his Committee’s excellent reports relate to recommendations made in the Munro review, which reported in 2011. Since then, very little progress has been made on those recommendations, which have been looked at, researched and looked at again, and they remain unimplemented.

Neil Carmichael: I am grateful for my hon. Friend’s support. He underlines points that I have made, but he is absolutely right about the lack of progress since 2011.

I am pleased to have the opportunity to talk about these issues in the Chamber, because both reports are emblematic of our interest in the whole question of children’s services. I thank all the Members who have come to participate. Two of my colleagues on the Education Committee have done so, and I am grateful to them. We have a huge chance to make an important difference in both these critical areas. It is clear that we all share the objective of improving outcomes for children in care, and I do not doubt that the Minister is as keen as we are to see improvement. I am grateful for all that he has

[*Neil Carmichael*]

done in the past to demonstrate that commitment. We need a response to my questions, and an approach to our two reports that suggests a sense of urgency and a commitment to ensuring that we can deliver a better future for children in need of support and help. I commend those thoughts to the House, and I hope that the Minister will answer my questions in due course.

1.54 pm

Jim Shannon (Strangford) (DUP): I thank the Chair of the Education Committee, the hon. Member for Stroud (Neil Carmichael), for setting the scene so well. As many in the Chamber will know, I have a particular interest in the mental health and wellbeing of children, which the report looks into in some detail. I want to provide some comment on the report, while being ever mindful of the way that the hon. Gentleman has clearly set out the issues, where the needs are, and perhaps where they have not been met but we hope that they will.

The issue of foster children is of particular interest to me. I know that it is of interest to many others, inside the Chamber and outside it. I commend the members of the Education Committee on the report and the hard work and effort they have clearly put into it. They should be praised for that, and I put that on record.

The welfare of children is one of the most important issues that this House can deal with. Decisions made in this place have the ability to help or hinder a child in their progress towards becoming a contributing member of society. We only get one chance to have a great childhood. We do not get a chance to relive it, just as we do not get a chance to relive later stages of our lives. I was blessed to have a great stable home life, with parents who loved and supported us no matter what the issues were. I have attempted to give my sons a great childhood, and I do what I can in my granddaughters' lives to see them happy and contented.

The thrust and the theme of the report, I suggest, is how we can look after children at the earliest stage. My home is not perfect. As a father I have done things that I probably should not have done. I have made mistakes, and were my boys here they would laughingly list some of my not-so-finest moments—I am sure there are many—but there is love in our home, and that is important. The report gives us a chance to understand the issues in fostering and the need for foster parents.

It breaks my heart that 2,212 children were living with foster families in Northern Ireland as of 31 March. It is a devolved matter, and I understand that. That figure is nearly nine-tenths—88%—of the 2,500 children in care looked after away from home in Northern Ireland. There are approximately 2,095 foster families in Northern Ireland, and the Fostering Network estimates that fostering services need to recruit a further 170 foster families in the next 12 months.

I have spoken about the issues before in the House, and they are real in my constituency. I have a particular interest in fostering, and I meet people every week in my office who are affected by it. It breaks my heart when I meet women who have given their children up because, although they love them, they cannot give them the life they deserve and need or, sometimes, the care they need. Sometimes love just is not enough. Help and support

should be available for those brave families who make sacrifices to give their child a good start in life. The issues are real, and the report's important recommendations would ensure that children who have to be looked after away from home are helped in the best way possible and the strategy in place is the best available.

In particular, I echo the recommendation that the Government amend the statutory guidance to make it clear that a strengths and difficulties questionnaire should be completed as a starting point for every child entering care. I commend the Committee on that helpful recommendation. Children who are put into care feel that loss the most keenly. They feel abandoned, unwanted and unloved, and those feelings can lead to emotional wounds that may never heal if they do not receive the care and attention that is needed. Putting that recommendation in the report goes a long way to addressing the issues that I perceive in the system. The mental health assessment is one step in ensuring that children get the care and support they need for healing to take place, for them to be integrated into society and to make them feel part of society.

I was surprised to learn that the CAMHS team does not help those who are not in a long-term home. While I can understand the rationale—a stable environment helps the process—I have also seen at first hand the tremendous job that the team can do. That is not just in my constituency, but across the whole of the United Kingdom of Great Britain and Northern Ireland. My office has helped many people who would swear by the difference that our local CAMHS team in Newtownards is able to make with children. The team does marvellous work, and I would like to see a wee bit more focus on that. I agree with the Committee report that the CAMHS team must be available to foster children who are put into foster homes for any length of time, and I hope that that is done as a matter of urgency. I commend the Committee for that recommendation, which is a step in the right direction.

The Minister is assiduous and responds to our queries on every occasion, in every position that he holds. I look forward to his response. I congratulate the Committee on its hard work and commend Committee Members who have made a significant contribution on this emotive and essential topic. I look forward to seeing how the system for looked-after children will improve when the recommendations come into action, and how we in Northern Ireland can follow suit.

2 pm

Lucy Allan (Telford) (Con): It is a pleasure to serve under your chairmanship, Mr Gapes, in a debate on this very important issue. The voices of children in care are seldom heard and too often their needs are forgotten. When society does take an interest in the needs of children in care, the focus is far more often on their physical needs than on their mental health and emotional needs, which mirrors the way that mental health is generally treated in society, so I am delighted that the Education Committee pursued this inquiry, involved highly respected experts and professionals and brought forward this report and its recommendations.

As the Children and Social Work Bill is currently going through the House of Lords, this is a real opportunity to make substantial change to the lives of the most

vulnerable, and I do not want the opportunity to pass us by. I will come on to the Government's response to the inquiry later, but if the report had not been carried out, I would be more enthusiastic about the setting up of a Government expert working group on the mental health of looked-after children. I gently remind the Minister that the Education Committee has taken evidence from expert witnesses, all of whom are cited in the excellent report. It took a year to get the report to this stage. To start that process all over again by setting up an expert working group, which may well come to similar conclusions, would feel like a reluctance to take meaningful and prompt action.

The mental health and emotional needs of a child in care must be considered as at least as important as any other need that a child in care may face, because, whatever the reason for being in care, these children have suffered the trauma of losing parents, siblings and all that is familiar to them—friends, schools, a sense of belonging, a sense of identity—and may carry with them a stigma or sense of being unwanted or unloved, as the hon. Member for Strangford (Jim Shannon) noted. During their time in care, they may have experienced multiple placement breakdowns, which will only intensify the feelings of loss, rejection and instability. There can be no doubt that children in care will need help and emotional support to overcome that trauma and move forward with their lives. They will need tools to overcome the challenges and build resilience to cope with whatever has come their way.

As has already been mentioned, children coming into care receive statutory health assessments, but mental health is not always addressed and certainly not on an equal footing, as the Committee heard in evidence to the inquiry. Sometimes the difficulties that children in care face are put down to challenging behaviour, rather than being defined and addressed as mental health needs.

I used to sit on fostering and adoption panels and often we would sit around discussing and worrying about smoke alarms and stair gates and the physical needs of children being taken into care. There was always a glaring omission. We would ask foster carers about how much exercise they took or how many cigarettes they smoked, but we did not ask them how they would deal with the emotional needs of a child who had experienced trauma and loss. We did not even attempt to discuss a child's mental health needs or the help and support foster carers would need in order to address those concerns. That happens because mental health needs are less visible, and for that reason, we must not ignore them. There must be recognition that children in care will have a higher risk of developing mental health problems.

Members will know from surgeries that it is hard enough to access CAMHS when there is a devoted parent to fight a child's corner. If the child is in care, moving around from placement to placement, they are not entitled to access to CAMHS until they have a stable placement. Priority access is therefore even more important. A child cannot get access if they are 16 to 18-years old and not in school, and yet a child in care is less likely to be in school at that age. Children in care and care leavers will seldom have someone to fight their corner. It is the state that has taken the decision to take the child from their family and, having done so, it is for the state to make adequate provision for their needs.

It is not enough just to say that the help is out there. There are difficulties with the availability of mental health provision for all children, including with accessing and navigating the system. Accessing mental health care, asking for help and overcoming stigma is hard enough for any young person, even with a strong, supportive family, and we have to acknowledge that.

The Minister has done much to support young people in care and care leavers, and I am sure that he will have carefully read the report and its recommendations. He will be more familiar than most with the outcomes for care leavers, and I will not rehearse them here, but it is arguable that those poor outcomes are directly connected to the neglected emotional health and wellbeing needs of young people in care, which is why this inquiry is so important.

Young people in care need help to build resilience to overcome the difficulties that they face, rather than being left to develop their own coping mechanisms, which may so often fail them. A key part of our inquiry was listening to the experience of children in care. As my hon. Friend the Member for Stroud (Neil Carmichael) said, we took evidence from care leavers and foster carers, both in Committee and informally. We met young people in residential care settings and heard about their experiences of mental health provision. Their views informed the report, which is why I urge the Minister to take the recommendations seriously. I hope that the findings of the inquiry will generate greater awareness of the mental health needs of young people in care and the development of a stronger cross-departmental approach, with greater accessibility to mental health care provision for our most vulnerable children.

I have read the Government response. I know that the Minister has long been a passionate advocate for children in care and care leavers. In that context, it was a disappointing response, knowing as I do how much he cares about these young people. I say to the Minister: please do not put the report on a shelf and let it be forgotten. I was concerned to hear my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) say that the Munro report had made similar recommendations, which appear to have been put on the shelf and forgotten. The Children and Social Work Bill is a real opportunity to focus on the mental health and emotional needs of children in care. It cannot be an opportunity that we miss. Children in care need every single opportunity to overcome the challenges that they face. I urge the Minister to do all that he can to ensure that prompt action is taken and the report is not just put aside and left to another day.

2.8 pm

Marion Fellows (Motherwell and Wishaw) (SNP): It is a pleasure to serve under your chairmanship, Mr Gapes. I thank the hon. Member for Stroud (Neil Carmichael) for his sterling good work steering forward these two reports, as chair of the Education Committee, of which I am a member. I thank the hon. Member for Strangford (Jim Shannon) for his well-informed speech and his passion and commitment to foster children and to bringing up children in the best way possible. I make special mention of the hon. Member for Telford (Lucy Allan). As part of the Education Committee, I have seen her strong passion for children in care and especially for their mental health.

[*Marion Fellows*]

I find serving on the Education Committee difficult and strange, because I am used to different circumstances. I do not want what I am about to say to be taken as saying that we always do everything better and well in Scotland, but there are significant differences, which it is my job to bring forward to the Minister for consideration.

Improving the lives of vulnerable families and children should be a key priority for any Government, so it is concerning that the Government have failed to take a robust cross-departmental approach to this matter. We are rightly proud of the way we do things in Scotland, but we continue to review the legislation. The First Minister recently announced a major root-and-branch, independent review of how Scotland treats its looked-after children. We welcome the UK Government's desire to ensure that children in care have the support they need as they move into adult life.

In Scotland, we implement something called "Getting it right for every child", which is at the heart of everything we do that affects children. It is child-focused, it is based on an understanding of the wellbeing of the child and on tackling early needs, and it requires joined-up working, which is not necessarily happening in England. The Looked After Children (Scotland) Regulations 2009 absolutely embody the framework of "Getting it right for every child".

I was at the recent Scottish National party conference when our First Minister made an emotional and heartfelt declaration about what she wants to do for Scottish children, but so much has already been done. There is also demand for children and adult mental health services in Scotland, and there are far too many children who are unseen and whose needs are unmet. Our Minister for Mental Health has taken on board the First Minister's desire to push forward the needs of children—especially looked-after children—and ensure that their mental health needs are dealt with. For example, in the next five years, the Scottish Government will invest £150 million in mental health innovation. Some of that money will be used to cut waiting lists, but £50 million is specifically earmarked to support better access to child and adult mental health services.

The Scottish Government have also doubled the number of psychologists in the services. The Minister needs to look at that, because it is all very well having services, but if they are not accessible or if people—especially children—have to wait too long, further problems will be created that will have to be addressed using Government funds from other places further down the line. It is vital that we support our children across the UK, especially those for whom we are responsible as legislators. When I was a local councillor, I was a corporate parent, so I know about the responsibilities that many people have. It is vital that we properly look after children early in their lives so they do not develop greater issues.

Many children who grow up in care go on to live useful, helpful lives. The staff who work with looked-after children deserve our support and commendation, because many of them do sterling work and improve children's lives. However, we know that nearly half of children in care suffer mental health issues, half the adult prison population were in care as children and, worst of all, a young person who has been in care is 20 times more

likely to be dead by the age of 25 than a young person who has not. Those facts all reflect on the mental health of children in care.

Much more needs to be done to improve outcomes for those in care. The Scottish Government's review will look at the underpinning legislation, practice, culture and ethos, but that is on top of what they are already doing. They have already pledged to listen to 1,000 young people's care experiences. That is happening at all levels. It is only by fully engaging with looked-after children, care leavers and those who deliver services on the front line that we will create a care and social work system that gives vulnerable children the very best start in life and the love and care that all children deserve.

The chief executive officer of Who Cares? Scotland supported the First Minister's pledge to review what is happening for looked-after children, saying:

"This review has the mandate to literally save lives. It is a line in the sand. The appreciative nature of this review, with care experience at its core, makes it a global first. Care experienced people will now be integral in the design of a system that will give them a much better chance to not just survive, but thrive."

As I said earlier, I do not want this to be a "We're doing better in Scotland" speech. I want vulnerable looked-after children everywhere to be given the help they need. However, I encourage the Government to look to Scotland and emulate the drive and good practice there.

Social work was reformed in Scotland quite a while ago—in fact, I cannot remember the exact date. However, I find it difficult to understand why social work in England falls within the remit of a number of Departments. It incorporates education, health, employment, social security and potentially other areas. Education and health are almost in silos and compete with each other to help families and young children, who are at the core of what they do. It is important that the UK Government have a truly cross-departmental approach to social work reform, because that will ensure that disadvantaged families do not fall off the radar, if for example they are referred by officials in one sector and require support from another.

Although it is encouraging that the Government have undertaken a number of reforms to social work in the light of shocking high-profile failings, such as the baby P case, it is disappointing that the evidence shows that the reforms have not been given sufficient time to be implemented and to mature. That point was made strongly, as I have already said, by the expert witnesses who gave evidence to the Education Committee's inquiry.

There is a real risk that resources will be exhausted on trying to put into practice new structures, rather than improving existing outcomes. For example, the Committee said in its recommendations that it is not convinced of the need to establish a new regulator, as the Government have already spent too much time changing regulatory bodies. Another change would require a further injection of significant public funds and place an unfair financial burden on individual social workers.

If the structure of the social work sector is badly and hastily implemented, it could have an utterly devastating impact on the lives of real people. I think we all agree with that. We could see catastrophic, and potentially deadly, failings in the system, and risk leaving hard-working social workers to bear the brunt of attacks for failings, as they have in the past. It is all too easy, across the United Kingdom, for social workers to take the blame

for systemic failures. Nobody enters social work to do things badly; they do it because they want to help. We must help them to help the people who require help.

In Scotland, when social work is reformed, the Government take a holistic approach and meet all the bodies concerned. For example, when the Scottish Government implemented “Social Services in Scotland: a shared vision and strategy 2015-2020”, it was just that: a shared vision. The strategy was developed by the Social Work Services Strategic Forum, chaired by the Minister for Children and Young People. Social Work Scotland and the social work regulatory body in Scotland were involved, as were local authorities and the care inspectorate. I could go on. There were many public bodies involved. The strategy represents a strong commitment to working in partnership across organisations and with Government to deliver that vision for high-quality and effective social work. I am sorry to say that, as a member of the Education Committee, I sometimes do not find that shared vision, so I again urge the Minister to work across existing bodies to push forward social work reform to the benefit of the users of those services.

In Scotland, we have had a joined-up way of working for many years and some of the Select Committee’s expert witnesses actually said that, so I urge the Minister please to look at what we do in Scotland. I am not saying we are a world-beater or that we have the best, but we definitely have a focus and a vision, and we are years ahead in regulation and in working together across all Departments. We want to get it right for every child, which I am sure is also the Minister’s sole objective.

2.20 pm

Mrs Emma Lewell-Buck (South Shields) (Lab): It is a pleasure to serve under your chairmanship, Mr Gapes. I thank the hon. Member for Stroud (Neil Carmichael) for opening this important debate, and his colleagues on the Education Committee for their excellent work on the two reports that we are discussing. I of course acknowledge the Minister’s commitment in this area, and I know that he and everyone in the Chamber are dedicated to improving the lives of our most vulnerable children. That is why it is all the more disappointing to read the Government responses to the reports.

The Committee based its recommendations on an extensive body of evidence from experts in the industry—evidence that clearly showed why more action and less talk are needed. In the “Mental health and well-being of looked-after children” report, the Committee rightly recommended that a dedicated mental health assessment by a qualified mental health professional be completed for all looked-after children, so that healthcare professionals and local authorities have a solid and consistent foundation on which to plan the best care for a child.

The report further recommended that all children who need access to child and adolescent mental health services get it in a timely fashion. That makes total sense when we consider that almost every looked-after child has endured some form of trauma, from those who have suffered the most unimaginable brutality to those whose parents, for whatever reason, cannot care for them or protect them from harm. In fact, as the hon. Member for Stroud said, at least 45% of children entering care have a diagnosable mental health condition, and 75% of children in care have some kind of emotional or behavioural difficulty. It is therefore astonishing that the recommendation was not accepted.

The Government’s record overall on CAMHS is dire, with children waiting years for specialist help. With that in mind, will the Minister tell us what the ratio of CAMHS workers to looked-after children in England is, and whether he think that the number of CAMHS workers is high enough? Will he also tell us what impact he thinks his Government’s cuts have had on CAMHS overall?

I was similarly disappointed that the Committee’s recommendation that CAMHS be made available to all care leavers up to the age of 25 was rejected. The Government believe that the configuration of local mental health services is a matter for commissioners to decide, on the basis of local need. Even the statutory guidance, however, is clear: decisions on the transition between services should be based on the needs, wishes and feelings of the young person concerned, not the cost considerations of local commissioners. Once a young person turns 18, they are referred to adult mental health services, and we all know that the Government’s record on adult mental health is even more concerning, and that budgets for mental health trusts continue to be slashed.

The Government response does not specifically answer the question of how CAMHS provision will be improved, or how they will tackle the huge waiting lists, which lead to unnecessary suffering. From my own experience, I know that there is nothing worse than working with a child or young person who is desperately crying out for professional help that is simply not available. The social workers and carers who have to deal with these situations day in, day out, have to watch the young person in their care suffer while they feel completely helpless. That is why the Government’s rejection of the Committee’s recommendation that foster carer and residential carer training be supplemented with mental health and emotional wellbeing modules is disappointing. If carers are not fully equipped to do their job, their ability to sustain care for a child can be reduced. That could have a devastating impact on a child, who is left to forge—sometimes many—new relationships with different carers.

I noticed that the Government responses deflected many answers on to the new expert working group on the mental health of looked-after children. I make no criticism of the experts appointed to the group, but further consultation is wholly unnecessary, as the hon. Member for Telford (Lucy Allan) said, especially since both the co-chairs have already submitted evidence to the Committee. Consultation will simply cause further delays, and delay means that more children will suffer unnecessarily. Will the Minister tell us how many children he thinks will be left suffering on waiting lists while that review drags on? Does he accept that the condition of many of them will deteriorate as they wait for services? I have seen that myself in children waiting for long-term fostering or for adoption. A child’s pool of potential carers will decrease as their condition worsens, and as the years go by and he or she gets older, the pool decreases even more. For far too many children, that means never getting to feel the security and stability that long-term fostering or adoption can bring—all because of unnecessary delay.

Heartbreaking as that is, there are far worse scenarios for children in the system, which is why social work reform is so important. The Committee’s report on social work reform makes a number of common-sense

[Mrs Emma Lewell-Buck]

suggestions. I appreciate that the Minister has a difficult job. Getting things right for children and families is not an easy task; it is difficult and complex terrain. Successive Governments have battled with how to provide the best and safest social care system for children, but now there is an abundance of official and other expert advice to draw on, so we should see some action and results—but we do not.

I imagine that the Minister in his response will tell us about the Munro report, the Step Up to Social Work programme, Frontline, the Innovation programme, What Works centres, partners in practice, the intervention regime and “Putting children first”, the Government’s vision for excellent social care by 2020. What the Minister might not speak about is the recent National Audit Office report, “Children in need of help or protection”, because it finds that actions taken by the Department for Education over the past six years to improve the quality of help and protection services delivered by local authorities for children have not yet resulted in services being of a good enough quality, suggesting systemic rather than only local failure.

In fact, the demand for help and protection is rising. Over the past 10 years, there has been a 124% increase in serious cases—ones in which a local authority believes that a child may be suffering, or likely to suffer, significant harm. Furthermore, the varied spending on social work has been found to be not related to quality. Will the Minister explain why he thinks that all the Government’s initiatives and changes over the past six years are not yielding results? Many of the NAO’s findings certainly echo the Committee’s analysis that there are significant weaknesses in the Government’s agenda, and that the reforms focus on

“changing structures potentially to the detriment of the people delivering this key public service.”

What is needed in the social work profession is continuity, stability and confidence, and a Government who can hold their nerve on how best to help children and families by putting in place and embedding good policies. The Government are failing to get the basics right. Those basics are: reducing social worker case loads; preventing experienced professionals from quitting the profession; training social workers in a holistic way; not fast-tracking them, and forcing them to specialise before they have even been trained in the basics; and amending IT and the bureaucratic process across the board to achieve the goal of getting social workers where they want to be—out from behind their desks and seeing the families with whom they work.

It is an absolute must that we start looking after social workers. A new professional body could go some way to assist us in that. It is simply no good demanding excellent social workers and excellent practice if social workers are not appropriately supported, including with safe working environments. Social work is a dangerous profession, with unmanageable case loads, impenetrable bureaucratic structures and poor pay. It makes me angry that social workers are not afforded the same protection and status as other professionals. We all need to remember that for every social worker who becomes unwell and cannot do their job, there are sometimes up to 40 children who lose the help and support of that social worker, who, for many of them, is the only constant in

their life. Such a working environment would not be tolerated in Parliament; Parliament should not tolerate it for our social workers. Why will the Minister not implement the Select Committee’s recommendation about the wellbeing of the workforce?

A common feature of the Government’s response to the Select Committee’s recommendations on social work reform was deflection to future initiatives and reports, and future analysis of initiatives that are already in place. All I know about the future is that our children’s futures are at risk under this Government. The overall fact remains that the Government’s response does not tackle the crisis in social work because it does not address how to deal with the significant increase in the sheer number of people accessing the service. To do so, the Minister would need to admit what we all know: that the Government’s closure of Sure Start units and removal of early years help and family support, and their cuts, punitive welfare policies and austerity measures, are impacting everywhere, and nowhere more starkly than in the children and family social work arena, which by its very nature is interlinked with wider societal and economic issues. The Minister does not need to take my word for it; he could listen to the chair of one of the Government’s expert panels, who has said that “investment is welcome, but we have to recognise that is against a backdrop of other financial pressures...and a history of disinvestment across the system for quite a number of years.”

The Opposition welcome the Select Committee’s work, but not so much the Government’s response, or their inability to accept the overall consequences of their policy making, and the drastic impact that those policies are having on everyone, but most importantly, vulnerable children and families.

2.32 pm

The Minister for Vulnerable Children and Families (Edward Timpson): It is a pleasure, as ever, to serve under your chairmanship, Mr Gapes. I welcome this debate and the interest that the Chair of the Select Committee, my hon. Friend the Member for Stroud (Neil Carmichael), has shown in prioritising these issues for inquiry by that Committee.

There is a lot of ground to cover. It is always encouraging to get a ringing endorsement of everything that the Government are doing, but there are clearly still some elements of concern that I need to address. In so doing, I recognise, as others have, that hon. Members who are present share my commitment to improving the lives of vulnerable children. That is our joint mission and the underlying motivation for everything that we do in our privileged roles.

The Government have participated in and responded to the Select Committee’s inquiries, but I want to take the opportunity to provide some further detail and, I hope, reassurance that we have a comprehensive, considered and compassionate plan to help to bring about the improvements that we all want to see to vulnerable children’s lives. I remind hon. Members that in July this year we published our “Putting children first” strategy. I am grateful to the hon. Member for South Shields (Mrs Lewell-Buck) for reminding everyone of that important document, which I believe represents the most thorough and ambitious reform agenda in this area for some considerable time. I am not complacent, and neither is that report, but it is a serious attempt to try to get children’s social care to where it needs to be.

The strategy sets out fundamental reforms across each of the three pillars on which the social care system stands or falls. The first and foremost of those is people and leadership. I agree with my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) that our system stands or falls on the quality and commitment of the people driving it. The second pillar is practice and the environment that we create for that practice to be able to improve, which we must do in a way that does not stifle practice through over-regulation and process-driven activity. Again, I agree with the hon. Member for South Shields that we do not want social workers sitting behind computers; we want them to work face-to-face with families to try to improve their lives, and we want to avoid risk-averse behaviours, of which process-driven activity is often a part.

The third and final pillar is governance and accountability. We need to be sure that what we are doing is effective and actually works. We must develop innovative new models for the pursuit of practice excellence, which has to be at the heart of this work, and remain firmly focused on improving outcomes for children. Only by taking action across those three fundamental pillars will we bring about the kind of transformational change that is needed in children's social care.

As other Members have acknowledged, children's social workers can have a genuinely life-changing impact on our most vulnerable children. Our vision is of a social work profession made up of fully confident and highly capable social workers who have been trained in the right way and have the right knowledge and skills, and access to the right supervision and support.

Mrs Lewell-Buck: The Minister may be coming to this, but I am curious: how will the Government measure the success of "Putting children first"?

Edward Timpson: I will come to how we will ensure that we are making progress. Several milestones are set out in "Putting children first", which is a programme of work through to 2020. We will be able to measure progress by whether inspections of children's services and our outcome measures for children in care improve, and we will have a whole suite of indicators that will give us a strong understanding of whether the work we have done and the measures we have put in place are having a positive influence.

Over the last six years, we have begun to lay solid foundations for achieving that vision. We have appointed a chief social worker, who has introduced the first definitive statements of child and family social work knowledge and skills. Working across Government with the Department of Health, we have developed the first four teaching partnerships, whereby employers and universities work together to ensure that university courses provide students with the right on-the-job skills. One of the problems in the past—I have seen this for myself—has been that too many social workers have come into practice without any first-hand experience of what it is like to be in a child protection situation. We need to change that.

We have invested almost £50 million since 2010 in Frontline and Step Up, which I make no apologies for mentioning. Those programmes have brought more than 770 high-calibre recruits into social work. We have expanded our assessed and supported year in employment programme to support newly qualified social workers

entering the profession. To help the Chairman of the Select Committee on whether ASYE should be mandatory, I can tell him that 151 of the 152 local authorities take part in that course. We want to review that and see whether that level is maintained, because we think ASYE is an important part of social workers' early experience of gaining professional knowledge.

We are under no illusions about the remaining challenges; there is still much more to do. The recent National Audit Office report on child protection performance was a timely reminder that the performance of children's social care services is still far too variable across the country. We must acknowledge that although many local authorities provide a consistently effective core social work practice, the majority still struggle to do so.

The reviews by Professor Eileen Munro, Sir Martin Narey and David Croisdale-Appleby, among others, have given us a much deeper understanding of the issues faced by children's social care. They describe a system in which initial social worker training is not universally preparing students for the challenges of the job, as I alluded to, and those already doing it often lack the time, specialist skills and supervision needed to achieve real change for children and families. The reviews also describe a system that focuses too much on management and is governed by prescribed approaches rather than excellent practice, and conclude that services have not always been designed around vulnerable children and that innovation has not been given enough space to thrive.

We are determined to address those challenges, as outlined in our "Putting children first" strategy. Going further and faster on our plan to drive up the skills and status of the children's social work profession is central to that endeavour. To that end, I am working in partnership with my colleagues in the Department of Health to establish a new, bespoke independent regulator for social work that will set higher standards for social work both in what is expected of professionals in order to practise and in what is expected from universities and others providing initial social work education. It will also create a more rigorous approach to continuing professional development in social work—an area the Chairman of the Select Committee rightly raised—ensuring that social workers continue to develop throughout their careers, as called for in the report. In the past there has been too little recognition of the role this area has to play.

I am also bringing forward a new system of post-qualifying assessment and accreditation for child and family social workers. That is a key plank of our reforms, because it will provide, for the first time, a consistent way of ensuring that child and family social workers have the right knowledge and skills to do their jobs well. The new assessment will incentivise employers to invest properly in the development and support of their staff, as well as ensuring a mechanism for recognising the specialist skills that child and family social workers possess. Again, that work aligns with the recommendations of the Select Committee's report. The consultation, which hon. Members are keen to see, is planned for publication before the end of the year, and I am sure they will want to contribute.

The assessment and accreditation system will also, for the first time, establish a consistent, clearly structured and well supported career pathway for child and family social workers, which will allow them to deepen their

[*Edward Timpson*]

skills as they take on additional responsibility and, crucially, keep them in touch with practice. One of the problems we can all recognise is that in the past too many good social workers, as they gained experience, rather than remaining close to families and working their own cases, moved into management and behind desks. We therefore lose that expertise and the new crop of social workers coming through do not get the support they could have gained from those experienced social workers if they are no longer working with them.

Practice skill and expertise will be the most highly prized and rewarded asset across the whole career, from newly qualified social workers all the way through to practice leaders. Together, the reforms provide an opportunity and a solid platform from which to raise the status of child and family social work in the way the profession needs and deserves. They create the conditions for a strong, confident social work profession where practitioners are properly supported to thrive in very challenging front-line posts. The profession, and the children and families it serves, should expect no less.

I want to address the point made by the Chairman of the Select Committee about a professional body. It is right to say that over three years the Department for Education, with support from the Department of Health, spent more than £8 million of public money trying to set up the college of social work, but despite that significant investment the college was unable to secure the sufficient membership required to make it sustainable. However, I re-emphasise, as I did in evidence to the Select Committee, that it is important that there is a strong professional body for social work. It has to be sustainable, but also have a sense of ownership by the profession. It cannot be top-down; it has to be a bottom-up organisation. We want to continue to work with the British Association of Social Workers, other representatives of the workforce and the Department of Health to see how we can start to nurture and craft a professional body in that mould so that we have something that truly represents social workers and can go into bat for them when they need that.

It is also important to recognise that giving social workers the right knowledge and skills and setting high standards for practice will not on its own bring about the step change we need. Excellent social workers need to work within supportive and permissive organisations where they are given the flexibility to use their expertise in ways that have the greatest impact on children and families. As Eileen Munro identified, good social work is not about following processes and procedures, but too often that is what we have turned it into. We need a dynamic practice system where testing and evaluating new ways of working and learning from the best is the norm. We see that in other parts of public service, so why not in children's social care?

It is our children's social care innovation programme that is starting to foster that way of working. We have already funded over 50 projects and announced £200 million more for the future. We are also developing the first ever What Works centre for children's social care. That is an important development, because for the first time there will be a repository of good practice for social workers to use and have confidence in for the work they do. We are also overhauling the serious case review process to better extract national learning when things go wrong.

We want to go further. The Children and Social Work Bill, which is currently before Parliament, includes a new power to innovate. Through that power, we are looking to say that, ultimately, excellent front-line social work practice should be defined not by the Government or Parliament but by local practice leaders, with more freedom to operate within a clear, safe statutory framework. Our "partners in practice" local authorities—eight of the highest-performing authorities—see the power as an important and potentially transformative opportunity.

The power has been criticised by some in the Lords. It is right that we debate that and that the quality of debate in Parliament is strong, but let us have a debate based on facts, not on unfounded propositions. Let me be clear: we do not want to privatise child protection services and we will not privatise child protection services. Indeed, there are already clear legislative restrictions on the outsourcing of children's social care functions. It was never the intention to use the power to innovate to revisit those. However, to put it beyond doubt, we are amending the Children and Social Work Bill to rule out any use of the power in that way.

We will not remove fundamental rights or protections from children either. Our aim is to strengthen, not weaken protections. We want to let the best local authorities, led by leading-edge practice leaders, work in ways with more potential to make an actual difference for children instead of watching and waiting, hamstrung by excessive prescription.

I will quote from Eileen Munro, because we still value her views on how we are performing and the work we are doing:

"I welcome the introduction of the power to innovate set out in the Children and Social Work Bill. This is a critical part of the journey set out in my Independent Review of Child Protection towards a child welfare system that reflects the complexity and diversity of children's needs. Trusting professionals to use their judgment rather than be forced to follow unnecessary legal rules will help ensure children get the help they need, when they need it."

She is not a lone voice: the Children's Commissioner, the Society of Local Authority Chief Executives, the Children and Family Court Advisory and Support Service, Catch22, Achieving for Children and the children's social worker all hold similar views.

Mrs Lewell-Buck: The concern about the Children and Social Work Bill seems to be that the Government have been completely unable to say exactly which functions local authorities will be able to opt out of. Bearing in mind that a lot of the functions they have around children protect them from harm and keep them safe, is it not understandable that there is huge concern out there about where the Government are going with that?

Edward Timpson: Perhaps I can give the hon. Lady some examples of primary legislation where local authorities have asked that they be able to use the power to innovate where that is currently restricted in law. Under section 25 of the Children Act 1989, independent reviewing officers must be appointed for every looked-after child and they have to have regular reviews. We know that children often say that they do not like that. There are children who are in very stable placements for whom that can be disruptive and they ask for that not to happen, whereas other children need more intense oversight from an independent reviewing officer. That is one example of where local authorities want to have that flexibility.

There are also some anomalies that I am not sure many people appreciate. For instance, under section 66 of the 1989 Act, any child who is not cared for by a family or a guardian for 28 days counts as privately fostered and as such receives the same duties as other looked-after children, with visits and so on. That ends up capturing children coming over to language schools, which the local authority have to go and visit, to check on their welfare, despite those children being on a foreign exchange trip. Those are just some examples of measures where the local authorities that have shown an interest—we have to remember that this is a permissive power—would want some flexibility, in a safe and controlled environment, to test to see whether there is a different way of providing services that is absolutely focused on improving children's outcomes more than anything else.

Mrs Lewell-Buck: Will the Minister give way?

Edward Timpson: Briefly, because I want to make sure I finish my speech. I have not got on to mental health yet.

Mrs Lewell-Buck: Just one quick point for clarity: am I right to assume that the Minister is saying that anything is open as long as the local authority applies to the Secretary of State, or will it be just the two examples he has given? I am struggling to see what exactly is in the mix. This seems to be open to anything.

Edward Timpson: There are restrictions to the legislation that local authorities can apply to be disapplied. A local authority has to make the application itself and it has to consult with the local area. It then has to submit that application to an expert group, which will consider it and publish its findings. Even then, there has to be an affirmative resolution in both Houses before that local authority can test out that new way of working. I met the hon. Lady yesterday to talk a little bit about this and other areas of shared interest. I am happy to provide her with more details and I also suggest that we agree to meet again, so we can make sure that all of the information is provided.

The chairman of the Education Committee, my hon. Friend the Member for Stroud, raised the issue of trusts, which I will touch on briefly. I in no way think that creating children's social care trusts is a panacea for all ills. In most cases, when a local authority fails it will be able to improve its services with the right support, as is happening in Cumbria, Surrey and Buckinghamshire at the moment. However, where failure is persistent or systemic, it is right that we look carefully at whether the capacity for improvement exists in the local authority. We now have commissioners who go in and undertake a three-month review before reaching their conclusions and recommendations on the way forward.

Leaving services within council control is sometimes found to be the best approach to securing improvement, as in Bromley and Dudley, for example. In other cases, local authorities themselves agree that an independent trust model will create extra improvement capacity and help to turn things around, as is the case in Birmingham and Sunderland. Sometimes, where failure is deep-rooted and an authority does not have the capacity to improve itself, service control must be removed by my Department. I will not apologise for doing that. We cannot simply sit

back and watch authorities fail over and over again, year after year, without trying new ways to bring about improvement. There is a growing bank of evidence following recent Ofsted inspections in Doncaster and Slough of services improving following the move to a trust after years of failure. Ofsted has particularly highlighted the strengthening of leadership and management in those trusts, which are critical components of any successful organisation.

To give the Chairman of the Committee an opportunity to respond and conclude the debate, let me now turn to my hon. Friend's interest in the mental health and wellbeing of looked-after children and care leavers. I thank members of the Education Committee for their insightful report and commend them for their ongoing interest in this important area. I know all too well, from my personal experience, the nature of the challenges that children in care often face and the impact that can have on their mental health and the health of those who care for them. That is why my Department is taking strong action to improve support for children in care and care leavers, including the introduction of the staying put duty, so that all young people leaving foster care can continue living with their foster families after the age of 18. More than 50% of 18 year-olds in foster care have taken up that opportunity.

We are also undertaking a national stocktake of foster care to better understand current provision and how needs are matched with skills. I look forward to working with the Education Committee in looking at the evidence it gathers for its own report in this area. We are piloting the staying close programme, which enables young people leaving children's homes to maintain links with those homes, as recommended by Sir Martin Narey's review of children's residential care. We published a new, cross-Government care leavers strategy, "Keep On Caring", which sets out what we will do right across Government to ensure that care leavers get the support they need and also outlines our ambitions for trialling new and innovative ways of working. We are also taking legislation through Parliament that will, for the first time, define what it means to be a good corporate parent for children in care and care leavers.

When the state decides a child's needs are such that we must take on parental responsibility, it has an overwhelming duty and responsibility to be the very best corporate parent it can be. It is right that, like all good parents, that responsibility continues when young people reach early adulthood. The new corporate parenting principles ensure that responsibility is given the weight and significance it deserves across the whole country. I hope hon. Members will support it.

Central to delivering our responsibilities as corporate parents is the promotion and support of the mental health and wellbeing of children in care and care leavers. That is an issue we take very seriously and on which we want to make timely and sustainable progress that tackles the shift in mindset needed around mental health and brings improvements to practice. Only this week, my noble Friend Lord Nash introduced an amendment to the Children and Social Work Bill that will explicitly capture the role of local authorities in promoting the mental health of looked-after children as a core part of the definition of a good corporate parent, which is significant.

[Edward Timpson]

I share the concerns of the hon. Member for South Shields about child and adolescent mental health services. They have been undervalued and underfunded for far too long, and we need to do far more to tackle that. The Government are investing £1.4 billion over the life of this Parliament to drive improvements in mental health services for children and young people. In addition, we are making a specific investment of more than £10 million to support the mental health of young people in secure children's homes, who are some of the most vulnerable people in our society.

In order to get mental health support for children in care right, the Department of Health and the Department for Education have, as hon. Members have said, established an expert group to ensure that the emotional and mental health needs of children and young people in care and adopted from care and of care leavers are better met. It is a collaboration between social care, education and health colleagues, parents and carers and care leavers themselves. It is a comprehensive piece of work to map out the care pathway for a looked-after child in need of mental health support; it is not just looking at the point of entry into the care system.

The principle of having a mental health assessment for all children being brought into care is instinctively attractive, but I know—and I know others who share this view—that we have to look at each child individually. There will be some children who, at the point they come into care, are still suffering great trauma from an event that has led to them going into care. That is not the right moment for them to have such an assessment. There are other children, such as newborn babies and others, for whom it would also not be appropriate.

The expert group is gathering pace and gathering that evidence. As my noble Friend Lord Nash said on Report, we will take seriously its recommendations. Those may come during the duration of the group's work and may also include potential changes to legislation. That is a commitment we have made, and we want to make progress and make sure we do not lose this opportunity.

The reports discussed today pose a range of challenges to the Government. I welcome the healthy debate they have generated, because they help to keep the issue at the top of the agenda and maintain the momentum,

not just for me and my Department but right across Government. I share the ambition of other hon. Members, and we are united in our commitment to improving the lives of our most vulnerable children. Hon. Members should be in no doubt that I recognise and accept that there remain deep-seated issues we need to resolve, but I and the Government are more determined than ever to show the resolve and commitment needed to rise to those challenges with our clear and ambitious plan for fundamentally reforming the system. Our vulnerable children deserve no less.

2.57 pm

Neil Carmichael: It is a great pleasure to wind up the debate. I thank the Minister for his commitment to the issues we have raised and for the answers he has given to many of our questions. I have no doubt that he is determined to improve the lot of our children in care and of our social work profession as a whole. I am pleased that he referenced Eileen Munro's focus on judgment and I look forward to seeing that developed further. It is encouraging that he is going to help to nurture and craft a professional body. That is important for social work. We certainly found in Trafford that effective leadership, good training, good continuing professional development and a combination of levels of leadership amounting to a delivery that was unified, transparent and open was extraordinarily beneficial. We want to see that across the whole country to deal with the variance in local authorities that the Minister acknowledged.

My hon. Friend the Member for Telford (Lucy Allan) referred to our forthcoming inquiry into fostering. We look forward to hearing from the Minister about the Department's fostering stocktake. We have written seeking information about that in readiness for our inquiry.

The Minister can be absolutely sure that we will not rest until we see improvement. The work we have done, the fact we have charged the debate, as the Minister acknowledged—we are grateful for that—and also the changes taking place in the Bill currently going through the House, not least Lord Nash's amendment, are all good signs. I leave the debate with the sure knowledge that the Education Committee believes these matters are important and urgent.

Motion lapsed (Standing Order No. 10(6)).

National Arthritis Week

[MR CLIVE BETTS *in the Chair*]

3 pm

Jim Shannon (Strangford) (DUP): I beg to move,

That this House has considered National Arthritis Week 2016.

It is a pleasure to serve under your chairmanship, Mr Betts. I am delighted that today, for the first time in five years in this House, there is a dedicated debate in Parliament examining the impact of arthritis. It is a privilege to speak in this House; that opportunity is not something we take for granted. It is good to come along to expound and inform on an issue that is so important. I am very pleased to see the Minister in his place. I think he and I will be in this position many times, debating health issues that interest us. It is good to see right hon. and hon. Members here. I know they will all make significant contributions.

Arthritis, along with musculoskeletal conditions, has a massive impact on people's everyday quality of life. While I am disappointed that we have not spoken sooner in the past five years about this topic, I am pleased that time has been allocated today by the Backbench Business Committee, which I thank, for such an important debate that enjoys cross-party support. Opposition Members seem to be well balanced, and I am pleased to see the hon. Member for Congleton (Fiona Bruce), who is always here; I thank her for that and look forward to her contribution.

I should make it clear at the outset that the title of this debate is a slight misnomer, as the National Arthritis Week campaign has been replaced by the "Share Your Everyday" campaign, led by Arthritis Research UK, which is encouraging the public to share their stories of living with arthritis so that research is better targeted at the issues affecting most people with arthritis. We need to break the stigma of talking about pain and loss of dexterity and mobility, so that we can help to alleviate it. I urge Members to show their support for the campaign by sharing their own stories. I know there are Members here today who will do so, and that will be a very effective way of underlining this issue.

We should begin by discussing arthritis, because the burden on the individual is clear and substantial. It brings pain, isolation and fatigue and stops people doing the things that matter to them, keeping them from the world of work, from enjoying leisure time and from spending time with their families. Those are all key issues. I want to thank Arthritis Research UK—some people from it are in the Gallery—for supplying us all with notes and information to help the debate develop. We thank it for the hard work it does.

Arthritis should not be seen as a by-product of old age. For some it is, but for others it is not. The examples that I, along with others, will give show that arthritis is not only an elderly person's ailment. It affects thousands of young people and millions of working-age people. One in five people over 50 have osteoarthritis in their knee. There is a young girl in my constituency who I went to appeal with several times. She suffers from chronic inflammation of the bowel—a by-product of severe arthritis, which led to her being medically retired at the age of 28. This is not an elderly person's disease by any means.

The burden of arthritis on society warrants greater debate. Arthritis has an impact in a number of ways, particularly on our health and care system. Each year, 20% of the population consults a GP about musculoskeletal problems. The NHS spends £5 billion per year on arthritis—its fourth largest programme budget. That puts into perspective the enormity of what we are looking at today. I was struck by the stories shared on the Facebook page set up for this debate, so many of which are genuinely heart-breaking. One that stood out was that of a young girl of 27 who is waiting for a hip replacement, having suffered from arthritis since she was 20. That underlines, again, that this is not an old person's disease. It knows no barriers, no age restrictions and certainly no class or creed barriers.

There is also the issue of workplace absence, with 30.6 million working days lost to the economy each year. The indirect cost to the economy of arthritic conditions is £25 billion. We do not necessarily want to focus on the financial aspect, but we can look at the figures as an indication of how important it is to address this issue and to raise awareness through this debate.

The scale of the burden is growing, with an ageing and increasingly physically inactive population. The numbers are sure to rise in the coming years. I briefly want to describe some of the characteristics of arthritis. When we talk about arthritis, we are talking about a number of different musculoskeletal conditions within the categories of inflammatory conditions, joint conditions and fragility falls and fractures, which are key factors.

The first group is inflammatory conditions, such as rheumatoid arthritis, where the immune system rapidly begins attacking the joints in the body. Those conditions affect around 1% of the UK population, including people of all ages, and have serious consequences. The second group is a range of conditions that cause musculoskeletal pain, the most common being osteoarthritis. Some 8.75 million people have sought treatment for osteoarthritis, with the true number of sufferers likely to be even higher. As is often the case, we are just scratching at the surface. The gradual onset means the condition mainly affects the elderly, but 2.36 million working-age people in the UK have sought treatment for knee osteoarthritis. Lower back pain, the most common form of disability in the UK, also falls into this group of conditions.

The final group is osteoporosis and fragility fractures. Osteoporosis is a silent and painless disease, but it causes fragility fractures after falls from standing height that afflict mainly but not exclusively elderly patients. The disease causes weakening of the bones and some 300,000 fragility fractures in the UK per year, of which 89,000 are hip fractures. The impact of those fractures on elderly, frail patients can often be severe, taking away their mobility, independence and, in some cases, their lives. We have to consider that.

Arthritis is not inevitable. Preventive measures must be the focus in tackling it. We need to address the risk factors for arthritis and musculoskeletal conditions. Links between being overweight or obese and long-term conditions such as heart disease, cancer and diabetes are well known—I declare an interest, as a diabetic. I am glad to say that I am almost back to the weight I was before I got married, which is quite something. I am trying to keep off all the sweet things, if I can. However, being overweight or obese is also a major risk factor in

[Jim Shannon]

various forms of arthritis. It is the single biggest avoidable cause of osteoarthritis and increases the likelihood of developing inflammatory conditions such as rheumatoid arthritis.

Every one of us, as an MP, is aware of these issues because our constituents come to see us. In many cases, we deal with related benefit issues, and that is how we come into direct contact with people affected by arthritis.

Christina Rees (Neath) (Lab/Co-op): I am grateful to the hon. Gentleman for securing this really important debate. These conditions cause not only physical but psychological problems. A girl came to see me, aged 19. She said:

“Arthritis is unpredictable. It flares up suddenly. Medication problems make it difficult for me to manage. It is hard to explain to my friends why I cannot do something I could do last week, because I look so normal.”

Does the hon. Gentleman agree that we have to look at the damage these problems are causing youngsters in their everyday lives, including in how they associate with their friends?

Jim Shannon: I thank the hon. Lady for her intervention and for outlining how arthritis can affect people at the age of 19. I am aware of a constituent who is even younger, which really surprises me.

Rising levels of obesity, combined with our ageing society, could lead to a near doubling in the prevalence of osteoarthritis in the UK by 2035. The Government need to make sure that musculoskeletal health is always included in assessment of the population's health locally and nationally; that the benefits of physical activity for people with musculoskeletal conditions are emphasised in health promotion messages; and that, when programmes targeting lifestyle factors such as obesity and physical inactivity are being designed and delivered, their impact on musculoskeletal health should be explicitly included. So there are many things the Minister could respond to, and I look forward to that.

Above all, the Government need to make sure that effective physical activity services are available locally. This is crucial, and I hope colleagues from all parties will join me in calling for a National Audit Office review of physical activity services for people with osteoarthritis so that services help people across the UK to maintain good musculoskeletal health. We need to address that.

I want to speak about benefits as well. I know about osteoarthritis and rheumatoid arthritis because I have sat across a table from a person helping them fill in disability living allowance forms, now personal independence payment forms. People tell me their story, because we need to know their story when we help them fill in the forms. We need to know what they have done and what they have discussed with their GPs and consultants. The issues are very clear. I know that the Minister is not responsible, but for the record I implore the Department for Work and Pensions to make sure that, when it comes to filling in PIP forms, people have their full medical story told. They need an understanding person at the other end of the phone. I am not being disrespectful to anybody, but sometimes when we phone up about PIP, the person at the other end of the phone does not understand the medical details. I respectfully and gently say to the Government that we need someone

on the phone who understands the medical condition and understands the issues and can therefore empathise with the person who does their 10-minute interview at the first stage of their PIP form before they do the full form. I think every MP would recognise that particular issue.

As I mentioned earlier, falls and fractures are a pressing public health issue among older people. Falls are the second greatest contributor to the burden of disability in the UK and a major cause of mortality. Around 300,000 fragility fractures occur each year in the UK, including some 89,000 hip fragility fractures, with 1,865 cases submitted to the national hip fracture database in Northern Ireland. Hip fractures are the most common cause of accident-related death in older people, resulting in some 14,000 deaths in the United Kingdom every year. We know that 20% of hip fracture patients die within four months of their injury and 30% within a year. This is a growing problem. Projections show that by 2036 hip fractures could account for 140,000 hospital admissions in the UK each year, with care and treatment costs rising to £6 billion. Let us put that into perspective and do the sums. Let us address the issue early on and do away with the cost impact further down the line.

We need more joined-up treatment in such cases because, once a first break occurs, it is vital that a second break is avoided. A fracture liaison service, the FLS, which provides targeted assessment and treatment for those with fractures, is widely regarded as the best way to address the problem of preventing future fractures. It is both a clinically effective and a cost-effective solution. Despite this, only 37% of local health services in England have a fracture liaison service. We need local commissioners to ensure that a fracture liaison service is linked to every hospital and held to account for commissioning fracture liaison services that cross the boundaries between health and social care so that the two marry. It is important that it does so. Arthritis may not kill, but it attacks what it means to live. The normality of life will never be the same with arthritis.

The condition limits people in doing the things that matter to them, but with greater personalisation and help in managing their condition, the NHS, care services and our welfare system can help people push back the limits of their condition. Too few people with arthritis currently have a care plan. Many people cannot quickly access physiotherapy without a GP referral, and people with arthritis need more help so that they can be in work, which is where most of them want to be if only that was possible. People with arthritis know how their condition affects them better than anyone else. Personalised and person-centred healthcare is therefore essential to move forward.

Care planning is an approach that people with long-term conditions can use to manage their health and wellbeing. It is based on a two-way conversation with a healthcare professional where goals are shared and actions agreed. If we could arrange that, we could help them. A better system should be in place to make sure that that happens. This can offer important benefits to people with arthritis, yet only 12% of people with arthritis currently have a care plan. If it is only 12%, there is something wrong and we must address that. That number needs to increase if we are to enable more people to manage their condition.

There are other tools that health and care services can use to enable people with arthritis to manage their conditions more effectively. Physiotherapy is a clinically effective therapy that can substantially reduce pain and restore movement for people with arthritis. Again, is it available for everyone? If it is not, it should be. I gently ask the Minister how can we make that happen. I look to the Minister, as I always do, for a sympathetic and understanding response.

Self-referral to physiotherapy is a system that lets people go directly to an NHS physiotherapist without a GP referral. This system is associated with improved health outcomes and patient experience. It is good that it is cost-effective and reduces the burden on GPs. All people with arthritis in Scotland and across much of Wales can already access physiotherapy directly. We have many friends and colleagues here from Scotland, and I know that they will make contributions that I suspect will indicate what is being done in Scotland. I must say I am envious of some of the things being done there. I would love to see those things in place in Northern Ireland and across the whole of the United Kingdom.

In the rest of the UK, for example, only a third of clinical commissioning groups in England offer self-referral and it is still only being piloted in Northern Ireland. That needs to change. When inflammatory conditions such as rheumatoid arthritis strike, delay can be a major risk factor and the clock starts ticking once symptoms develop. Early identification and treatment is needed rapidly to control disease, minimise long-term joint damage and avoid lifelong pain and disability, but the NHS does not currently assess people with rheumatoid and other forms of early inflammatory arthritis—EIA—quickly enough, and national guidelines are not being met. Again, I gently say to the Minister: if the guidelines are not being met, what are we doing to improve that?

A recent clinical audit by the British Society for Rheumatology found that only 20% of people who see a GP with suspected rheumatoid arthritis or EIA are referred to rheumatology specialist services within three days, and only 37% of people referred with suspected rheumatoid arthritis or EIA are seen by a specialist within three weeks. Again, that needs to be addressed and I again look to the Minister for a response on that. Local commissioners across the UK need to achieve earlier diagnosis of inflammatory conditions. Arthritis and other musculoskeletal conditions are the most common diseases in our working population, and as the population gets older, an even greater proportion of workers will have conditions that include osteoarthritis and back pain. Those workers want to keep working, so we have to improve the system of healthcare to enable that.

Many people with arthritis want to work, and they can with the right support. However, only two thirds of working age people with a musculoskeletal condition are currently in work, compared with 74% of those without health problems. What is more, the rate of employment for people with arthritis is 20% lower than for people with no condition. We need better support to enable people with arthritis to work and we need to promote the Access to Work scheme that is in place, which pays for practical support and equipment. It is good that we have such a system, but I want to see better utilisation of it and fiscal incentives for employers to provide health and wellbeing initiatives that promote musculoskeletal health.

It is vital that more is known about people with arthritis so that research can be targeted at what matters most to them, but, worryingly, key data are not being collected. Arthritis Research UK is working to increase the quality and availability of data about the experiences of people with arthritis and about the public services that improve their quality of life. Arthritis Research UK and Imperial College London have developed a model for estimating prevalence using the existing NHS data currently available in England. I encourage all Members for English constituencies to visit the Arthritis Research UK website to get access to the data, which I understand will soon be available in Scotland, and later in Northern Ireland and Wales. We have a lot to do to catch up.

However, not enough data on people with arthritis are being collected, and that limits our understanding of the prevalence of the condition and action that can be taken in response. Moreover, data that are collected are not uniformly classified across the system. Definitions of musculoskeletal conditions used in other national data sets, such as those for benefits, are inconsistent. National survey content may need greater co-ordination. Again, I say gently and with respect that it is a question of how to do things better. I am speaking very quickly, Mr Betts, because I am conscious that other Members want to speak. I am probably rushing faster than usual, but I hope everyone can follow what I am saying.

A pivotal issue is the need to protect and build the UK's excellence in medical research, so that researchers can continue working on a cure for arthritis. How important it is to find a cure. The centres funded by Arthritis Research UK have been at the forefront of research aimed at improving the lives of people with arthritis in the UK. It is marvellous and encouraging that they have uncovered breakthrough treatments that push back the limits of the condition. In the 1990s, centres supported by Arthritis Research UK—it has given us all the information—discovered that a molecule called tumour necrosis factor was causing the disruptive auto-immune inflammation of joints. The anti-TNF therapy that they developed has freed millions from the pain and disability caused by rheumatoid arthritis; it was also an inspiration for the field of biologics, medicines that use the body's own molecules to combat diseases. It is crucial that that work, and the work of all medical research charities, should be supported by the Government in the long term with a real-terms increase in science spending. It is not something for the Minister to respond to, but I would seek his assistance and support on that point.

Within the life sciences sector, substantial investment by medical research charities drives improvements in health and generates wider societal and economic benefits. In 2013, medical research charities invested about £1.3 billion in UK medical and health research, which represents more than a third of all publicly-funded medical research in the UK. The Government have recognised that our science base is a vital national asset—a view that I and all Members present, including the Minister, subscribe to—and they have reaffirmed their intention to make Britain the best place in the world for science. We all support that ambition. It is crucial to uphold that commitment, through a real-terms increase in science spending over the long term.

That would include bolstering the charity research support fund, which provides an uplift to support charity-funded research in universities. It is a marvellous asset,

[Jim Shannon]

investing a lot of money in research. That joint funding of research ensures that charitable donations are invested directly in research that meets the needs of people with medical conditions. In 2013, the Government's £198 million investment through the CRSF leveraged some £833 million of investment by charities in English universities. That is a significant, marvellous, gigantic sum of money to help to find cures. When the House debates rare diseases—and we do our best in these matters—we often refer to the good work done by charities, universities and the relevant partnerships.

Christina Rees *rose*—

Mr Clive Betts (in the Chair): Liz McInnes. Sorry, Christina Rees.

Christina Rees: My arthritis is in many ways self-inflicted; it comes from a lifetime of playing sport. I have no cartilage in my right knee, which is severely arthritic. Then there is my lower back—I do not think anything much works any more. Does the hon. Gentleman think that there should be more research on people who have played sport and become arthritic? In this day and age we advocate participation in sport, without really looking at the long-term consequences.

Jim Shannon: The hon. Lady is right and I think many of us recognise what she says. We encourage people who are obese to do more sport. We encourage young people, rather than playing on computers and laptops, as they so often do, to take part in more physical activity. However, we must consider the side-effects of that as well, and ensure that we help with them. I hope that what I have said about responding early has been taken on board. With an early response to signs of deterioration, the hon. Lady might not today be in as much pain; although I can tell hon. Members that I have seen her moving around the House, and she moves at some rate. The hon. Lady is obviously not completely restricted, and I say well done to her.

Without the CRSF there would be less funding to invest in world-class research. The UK's medical research landscape is currently undergoing major change with the formation of UK Research and Innovation through the Higher Education and Research Bill. I expect that the whole House would agree that is crucial that the CRSF should increase in line with charitable investment, within the new research funding system, to safeguard research in the long term.

I look forward to hearing the remarks that will follow in the debate, including the personal experiences of arthritis of Members' constituents—and perhaps also those of Members themselves. Much more can be done to improve the quality of life of people with arthritis, and to push back the limits of that worrying condition. We have an opportunity in Parliament to play a huge part in ensuring that our constituents get a better quality of life. I look forward to hearing the speeches of the shadow Minister, the hon. Member for Washington and Sunderland West (Mrs Hodgson), and of the Minister.

Mr Clive Betts (in the Chair): The hon. Member for West Ham (Lyn Brown) has apologised in advance for having to leave early on account of new Front-Bench

responsibilities. It is normal protocol for hon. Members to stay for the whole debate, but on this occasion I accept her apology.

3.26 pm

Lyn Brown (West Ham) (Lab): I thank the hon. Member for Strangford (Jim Shannon) for securing this important debate, and for his excellent contribution. I also thank the charities, such as Arthritis Research UK, that work every day to reduce the suffering brought about by joint disorders.

Last week was National Arthritis Week. The pain of arthritis is often invisible. Trying to explain its constant, chaotic pain to someone who has not lived with it can be very hard. A survey conducted by Arthritis Research UK found that 28% of women with arthritis feel that people do not really understand the pain they face. Despite trying to talk about it, they feel lonely with the disease. That is why today's debate is so important. By talking about arthritis in this place, we can begin to tell people that they are not alone.

I want to do that in a literal sense, by sharing my experiences of arthritis. In March 2015, we were two months away from a general election, which, as Members on both sides of the House know, is a difficult, stressful and busy time to be a politician. As part of the shadow ministerial team, I was driving up and down the country with my tiny dog Cara in tow, visiting fire stations and sharing Labour's plans for the future of the fire service. It should have been an exciting spring, sharing a vision that I was passionate about, and introducing my little four-legged friend to a bunch of sappy but very brave firefighters. However, it was made difficult as I had been experiencing mobility problems for quite a while, and it was not unusual for me to be in constant pain and experiencing stiffness. However, until that point I had been able to fight through. I had not considered that I had a condition.

In March, I finally hit a brick wall. I felt completely and utterly drained of energy and could barely walk more than a few steps. I had to drag myself up the stairs of my house by pulling on the bannister. I was unable to stand at street stalls for any length of time, or go canvassing. I contacted voters only on the phone, or at meetings where I could be completely sedentary. I needed help putting on my bra. I felt humiliated, embarrassed and a complete and utter failure. At the worst, I was struggling to stay awake for more than six hours a day. It can be imagined what that did to my mental health. The stress of not being able to fight that election on my own terms was overwhelming. The tiredness and pain were looked after by a specialist, but throughout that period I had no idea whatever of what the problem was. At times like that, the internet is not a best friend. My imagination was in overdrive. Only the support of good friends, comrades, my wonderful husband and my family got me through that election.

Let me be clear. I do not want to come across as some kind of stoic hero. I am not. I cried, mainly in my doctor's surgery as I was trying to get some answers. The staff must have thought I was completely wet. I found it really difficult to cope with the condition and the demands of work at that time. I know that many people have that feeling, and it is little wonder that musculoskeletal conditions account for one in five working days lost to ill health in the UK.

Despite being referred to my arthritis service in November 2014, it was early May 2015 before I was finally diagnosed with seronegative inflammatory arthritis. I now know that fatigue is very common among sufferers of arthritis due to pain, stress and sleep disturbance. More specifically—this is not very well known out there—fatigue is a symptom of inflammatory arthritis. Chemicals called cytokines are found in the inflamed tissues and cause extreme fatigue.

At that point I was put on a course of methotrexate, which thankfully caused the aggressive nature of the condition to begin to recede, but it was still quite aggressive, and I needed additional medication to get me to where I am now, taking methotrexate and injecting myself every fortnight with CIMZIA, a biological injectable medicine. The pain and restrictive movement have now subsided considerably. A number of colleagues have told me as I walk around the House that I seem to be doing much better, and I am.

When I first met my arthritis specialist, she asked me what my goals were. I said I wanted to be able to walk Cara again, to wear heels and to play tennis, which would be some feat as I have never played tennis before. She laughed and said, “Let’s keep this realistic and start with walking the dog.” I am happy to say that with the support of the NHS I can now walk Cara for over an hour, almost entirely pain-free. At Christmas last year, I bought a pair of blue polka dot shoes as an incentive and a symbol of hope. I have worn them twice and, although they are not as high as those of the Prime Minister, or indeed our former shadow Chief Whip, my right hon. Friend the Member for Doncaster Central (Dame Rosie Winterton), they are a symbol of the progress I am making. What is more, I have just enrolled on a course of tennis lessons, which I will start in March next year, two years after I hit that dreaded wall.

I have had good treatment, advice and support, and I thank my doctors for that from the bottom of my heart. Ten million people in the UK suffer the pain of arthritis and not all are as lucky as I have been. Moreover, I am told that with an ageing population and rising physical inactivity, the number of people living with arthritis will rise. We must make sure that every patient has access to excellent treatment. Due to the high cost of the drugs and the guidelines of the National Institute for Health and Care Excellence, most patients have to wait at least a year before they can access the transformative biologics that have made such a huge difference to my life. I had to wait just over a year, and that year was hard.

The wait means that we are not controlling the condition at an early stage or enabling patients to stay active, independent and in employment. Surely this wait is not cost-effective to industry and the economy. I know that this is ultimately an issue for NICE, but making these drugs more widely available will transform arthritis care for many, as it has done for me. Let us be honest: there are problems with traditional treatments. Although methotrexate has been really important for me, it can have long-term negative effects on the liver, but coming off it is certainly not an option for me at the moment. I urge the Government to support research on the long-term effects of existing drugs, and to continue to support vital research into new treatments and life-saving drugs, so that we can help people to live pain-free into old age.

I will be positive: there have been substantial breakthroughs in arthritis treatment as a result of research funded by Arthritis Research UK. They include treatment for rheumatoid and inflammatory arthritis, and treatment to prevent miscarriages in women suffering from antiphospholipid syndrome, which again is something I have. If only I had known a couple of decades earlier.

World-leading scientists, working in British institutions, such as Leeds, Birmingham and Keele Universities, the Kennedy Institute at Oxford, and St Mary’s hospital, London, developed these treatments. The biological treatments I am on have been developed here in the UK. We should be so proud of these achievements, but we must make sure that our medical research sector remains at the cutting edge. Now more than ever, the UK’s excellence in medical research is under threat. Many of us warned before the EU referendum that funding for medical research would be hit if we voted to leave. Vicky Forster, a researcher, wrote in *The Guardian*:

“many scientific disciplines will lose EU funding post-Brexit”.

That is certainly the case with arthritis.

Figures provided by Arthritis Research UK show that between 2011 and 2015 the EU contributed over £2.5 million to its projects. Those researchers have gone on to secure more than £18 million of European funding to support the next stage of their work. It should be a priority for the Government to maintain our world-leading medical research sector. To do this, they need to ensure that overall investment in UK science and research is protected and grown in the longer term.

The risk to research posed by Brexit does not stop at funding. Sir Paul Nurse, director of the Francis Crick Institute, said:

“Science thrives on the permeability of ideas and people and flourishes in environments that pool intelligence, minimise barriers, and are open to free exchange and collaboration.”

Leaving the European Union threatens this melting pot of ideas. In 2014-15, Arthritis Research UK committed more than £30 million to research that was hosted in the UK, but had collaborators in 13 European Union countries. If the Government want to make sure that our medical research sector remains as vibrant and as successful as it is, it is important to maintain the current ease with which those involved in medical research are able to travel and work across the EU and the UK.

We should be truly ambitious as a country and aim to expand arthritis research and medical research more generally, not merely preserve what we have. I have been told that structures need to be in place to encourage our NHS clinicians to participate in research. At the moment, this is not possible due to the demands on the NHS and a medical culture that puts research second.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): I commend my hon. Friend on making this excellent debate so moving. She shows how important this issue is. She is a living, breathing example of why research is so necessary. She looks 10 years younger than she did last year.

Lyn Brown *rose*—

Mr Betts in the Chair: I say to the hon. Lady that four other hon. Members want to speak, and there are only 20 minutes left.

Lyn Brown: In conclusion, Mr Betts, I hope that sharing my experience today has helped to play a small part in letting people who live with arthritis know that they are not alone. I was lucky to have good treatment. I can now walk Cara, wear heels and look forward to playing tennis. I want the Government to make sure that the UK remains a world leader in medical research, so that we continue to find ground-breaking treatments and more of the 10 million people living with arthritis can live their lives relatively pain-free.

Several hon. Members *rose*—

Mr Betts in the Chair: Four hon. Members want to speak, which means five minutes each. I call Fiona Bruce.

3.39 pm

Fiona Bruce (Congleton) (Con): Thank you, Mr Betts. I shall try to speak quickly, but possibly not as quickly as the hon. Member for Strangford (Jim Shannon), who I think holds the record in this House. I commend him for leading the charge in calling for this debate and for an excellent speech, in which he made some recommendations that I fully support.

As hon. Members are aware, Arthritis Research UK runs an annual campaign to shine a light on the experiences of people with arthritis, and the stories that have emerged are compelling. They give an insight into the pain, isolation and fatigue that is suffered daily by millions of people throughout the UK and caused by this debilitating disease. The campaign is powerfully titled “Share Your Everyday”. I have also heard stories from my constituency of Congleton of people living with arthritis and the detrimental impact on their quality of life. Time prevents me from quoting all the stories that I have, but I will give voice to one of those people. A lady called Christine Walker has given me permission to share her experience, and I pay tribute to her for her bravery in campaigning over many years, as I now know, to raise the profile of the need for greater support for those who suffer from arthritis.

Christine has severe osteoarthritis. The pain started in her knees when she was in her 30s. By her 40s, both hips were affected and she experienced pain doing everyday tasks such as getting out of the car. In her 50s she started to develop painful nodules on her fingers and had problems gripping objects. It became increasingly challenging for Christine to hold a pen, or a needle to sew. Chopping food was difficult, and paintbrushes slipped out of her hand. She even went so far as to say:

“Sometimes I just wanted to get a knife and chop off the lumps on my fingers; they were so painful.”

Of course, Christine is not alone. As we have heard, Arthritis Research UK states that back pain, for example, is very prevalent. Indeed, in my local authority area of Cheshire East, it is endured by more than 66,000 people—almost 18% of the population. Arthritis Research UK further states that about one in seven people in the UK lives with arthritis. At that national level, three in four people live with arthritis or joint pain. *The Daily Telegraph* and Arthritis Research UK have indicated in a recent survey that that pain stops them living life to the full. Just like Christine, many people are suffering severely owing to this crippling condition.

As the leading cause of pain and disability, arthritis is estimated to cost the NHS £5 billion a year. As we have heard, one in five people consults their GP about a musculoskeletal problem such as arthritis every year.

That equates to 100,000 consultations every day. About 21% of patient visits to GP surgeries relate to arthritic conditions, and that goes up to more than 30% in the over-50s. The prevalence of these conditions is set to rise even further with growing levels of physical inactivity, obesity and an ageing population. That is why I greatly support the proposal from the hon. Member for Strangford that we improve advice to prevent, rather than just try to cure, this disease.

Why does arthritis so often find itself at the bottom of the heap, as far as acknowledgement of medical conditions is concerned, with treatment and care too often inadequate or inconsistent? The first annual report of the national clinical audit of rheumatoid and early inflammatory arthritis, published on 22 January 2016, identifies that although most services offer prompt educational support and agree targets for treatment with their patients, quality standards are not always met, so sufferers like Christine are often told that they can do little more than take painkillers. Unless prompt and decisive action is taken, people like Christine throughout the UK will be forced to continue to suffer terrible pain, isolation and fatigue. We need to accept that arthritis is a common and long-term condition that warrants the kind of treatment, monitoring and support that is available for other conditions. When we speak to people like Christine, it emerges as evident that a major focus must be on greater investment in patient education programmes, equipping and resourcing people to manage their condition better and endure less pain.

I want to relay Christine’s story as I come towards the end of my speech. In 2010, after years of having to rely simply on painkillers, Christine, along with about 250 others with hand arthritis, was invited to join a study funded by Arthritis Research UK at Keele University. It was run by Professor Kryzia Dzedzic at Keele’s Arthritis Research UK primary care centre. The trial tested the effectiveness of exercises; an occupational therapist taught participants strengthening and mobilising movements.

Christine described the experience as life-changing. She was shown how to squeeze out a dishcloth and hold a kettle with two hands, and told about gadgets that would help her to open cans, peel vegetables and slice bread. Tasks she had avoided were possible again. The trial showed her practical ways of coping and made an enormous difference. NICE guidance recommends that those diagnosed with this condition be offered the opportunity to take part in such activities, including self-management programmes. We must ensure that NICE best practice guidelines are met in that respect. Much work is being done, but it needs to be offered much more widely.

I would like to give the last word to Christine and Arthritis Research UK. Christine says, “Taking exercise to help with my arthritis was a life-saver”. A rehabilitation specialist at her local gym in Cheshire taught her how to exercise better. She began a programme to build her muscles and paid more attention to her diet. She says:

“It’s all about strengthening problem areas—quads, hamstrings, calf muscles and the upper body...By doing this, I’m taking pressure off joints and easing pain. And today I keep the pounds at bay through healthy eating, reducing the pressure on my knees and hips...Because I have stayed active, I can keep gardening and have fun with my grandchildren.”

We should be giving that kind of help to everyone in this country.

Arthritis Research UK says:

“We need MPs to speak up for people with arthritis in the debate and call for decisive action so that everybody can live fuller lives with arthritis today, and without it tomorrow.”

3.46 pm

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): It is a pleasure to serve under your chairmanship, Mr Betts. I thank everyone who has contributed to this important debate. Arthritis is a disease that affects many; most people know personally someone who suffers from it. I particularly thank the hon. Member for Strangford (Jim Shannon) for bringing this important issue and debate to the House.

The hon. Gentleman mentioned some of the good work carried out in Scotland. One initiative that is worth mentioning is self-referral for physiotherapy. A multi-centre national trial involving 26 general practices and 3,000 patients in Scotland identified that an average episode of care was more cost-effective when it followed self-referral for physiotherapy than when it followed GP referral. That equated to a saving of 25%. If the initiative was rolled out across Scotland, it would provide an average cost-benefit of £2 million a year. I hope that the Minister is listening.

A common misconception about arthritis is that it is a disease that primarily affects older people—something touched on by hon. Members in the debate. Arthritis affects people of all ages and takes many forms, a number of which, such as rheumatoid arthritis, can begin at a very young age—again, that was highlighted by the hon. Member for Strangford. Many individuals in the working-age population face the prospect of managing this long-term degenerative illness while in employment. Arthritis is not always a visible condition, and the prevalence of the disease among the working population can easily be underestimated.

In fact, according to Arthritis Research UK, musculoskeletal disorders are the most prevalent diseases in the UK working population. Worryingly, the statistics indicate that not enough is being done by employers to support employees affected by these conditions. It may be surprising to many people, but musculoskeletal problems cause the greatest number of working days lost; 30.6 million working days are lost each year. Back pain alone costs the economy about £10 billion a year.

Unfortunately, due to a lack of support, only just under 60% of people of working age with arthritis are in work. However, the responsibility to support those with arthritis lies not only with employers, but with the Department for Work and Pensions and the wider UK Government. The role that this Government must play in assisting those with arthritis and other musculoskeletal disorders in the workplace has become even more important with the growth of the gig economy and the prevalence of those who are self-employed, a large portion of whom are not self-employed by choice.

I have one constituent, whom I will not name, whose story is incredibly pertinent to the debate. My constituent was diagnosed with rheumatoid arthritis at the age of 14. For those who do not know, three quarters of people with rheumatoid arthritis are of working age when diagnosed. Two years after onset, one third of those diagnosed will have stopped working. Within 10 years, half are unable to work. The Disability Discrimination Act 1995 requires employers to make provision for

employees with disabilities and long-term conditions. However, my constituent does not have an employer because he is self-employed. As I said before, this is not through choice, but from necessity, given the increased flexibility seen in the workplace over the past few years—by flexibility, I mean the mechanisms implemented for the erosion of workers' rights that is so prevalent in our society today.

As my constituent is self-employed, he does not have the same protections as those who work for traditional employers. He cannot take time off work, as that would directly affect his income. He is not entitled to sick pay, and often finds himself having to work despite flare-ups. As he is a joiner—a job that is much more physical than others—he is particularly affected during a flare-up; even something as simple as driving to a job can be a struggle. However, he enjoys his work, has invested his career and a number of years in building up his skill set and, in addition, has a family to provide for and simply cannot afford to retrain for a different role. In many ways, he is stuck between a rock and a hard place, and he has both my sympathy and my full support.

The UK Government are not just failing to support those who are self-employed; there are also substantial failings in support for those employed in a traditional sense. As I am sure many of us here can attest, numerous constituents come to us for help because they have their personal independence payments unfairly stopped or reduced after assessments. This is of particular concern for those who struggle with arthritis, which is very much an invisible disability—a point touched on by the hon. Member for Neath (Christina Rees). In addition, symptoms can fluctuate in severity, which can make an accurate assessment of the impact of the disease difficult in a time-restricted interview setting. In a recent survey, almost three quarters of people with musculoskeletal conditions who had a face-to-face work capability assessment said that they did not feel that they had received sufficient support to help them get back to work. Clearly, more action needs to be taken.

In summary, no one should have to take redundancy because of a lack of support for a manageable long-term illness. I look to the Minister and his Government to do more to support arthritis sufferers. Let us see whether there is indeed such a thing as a caring Conservative. The test will be in the action of the Government, rather than the words of their spokesperson.

3.52 pm

Liz McInnes (Heywood and Middleton) (Lab): It is a pleasure to serve under your chairmanship, Mr Betts, and an honour to be mistaken for my very athletic hon. Friend the Member for Neath (Christina Rees). I thank the hon. Member for Strangford (Jim Shannon) for championing this debate. I know from my role as the chair of the all-party parliamentary group on medical research that this debate on arthritis has been a long time coming, given the five-year hiatus in discussing the issue in this House.

First, I pay tribute to the courage and strength of the 10 million people living in the UK who suffer from the disease of arthritis and musculoskeletal conditions. Secondly, we must celebrate the work, commitment and endeavour of thousands of carers who look after, whether in a personal or professional capacity, those who suffer from this illness.

Mr George Howarth (Knowsley) (Lab): Although I do not, as far as I know, have an arthritic condition, I do have an impacted disc. Frankly, when it flares up, without the support of family members, and in particular my wife, I would be in an impossible situation. It is important that we pay tribute to all those carers and family members who support people with these conditions.

Liz McInnes: I thank my right hon. Friend for that relevant intervention. We must never forget the usually unpaid work that carers do and the vast contribution they make to keeping people out of hospital and saving the NHS money.

As many other hon. Members have done, I also thank Arthritis Research UK for the work it does highlighting the issues around this disease, which affects nearly one in six people in the UK. Arthritis Research UK provides the support that people with arthritis need, such as in-work help and funding for accessibility, social care and medical research. Arthritis Research UK spent £6.6 million on research this year, and during 2014-15, it committed £30.9 million of funding across Europe with its research partners. As many hon. Members have mentioned, it promoted World Arthritis Day, which was last week, and the excellent “Share your Everyday” campaign.

I was fortunate enough to be able to table an early-day motion, which garnered signatures from across the House, recognising the issues and people I have just spoken about. To date, that early-day motion has attracted 44 signatures, and I thank all those hon. Members who supported the motion; hopefully, after this debate there might be more.

Before entering this House, as a biochemist in the NHS, I worked at the forefront of patient care and research and development. The work on arthritis research in the UK is pioneering; it is uncovering new ideas and breakthrough treatments that will end the way in which arthritis limits lives. In the 1990s, it was UK scientists who discovered that a molecule called tumour necrosis factor—one of the cytokines that my hon. Friend the Member for West Ham (Lyn Brown) referred to—was the key molecule causing the destructive autoimmune inflammation of joints that leads to the problems of arthritis. The anti-tumour necrosis factor therapy that they developed has freed millions from rheumatoid arthritis and has also inspired the field of biologics—medicines that use the body’s own molecules to combat diseases. That is something we should be very proud of.

The crucial work of all medical research charities is supported, in the long term, by Government through a real-terms increase in science spending. It is essential that that is continued, and that we back research and development, now and post-Brexit. The Government also need to play their part in supporting medical research funded by charities. The charity research support fund provides an uplift to support charity-funded research in universities and to contribute towards the full economic costs of research—costs such as lighting, heating and maintaining labs. This may seem a minimal ask, but it is the basis and foundation of what scientists, and the laboratories they use, require to continue their vital research.

This joint funding approach ensures that charitable donations are directly invested in research that meets the needs of people with health conditions. In 2013, the Government’s £198 million investment through the charity research support fund leveraged £833 million of investment

by charities in English universities. That is a staggering amount; without the charity research support fund, we would have less funding to invest in our leading research. We must commit to securing continual funding for this, to help those with debilitating diseases.

3.57 pm

Chris Stephens (Glasgow South West) (SNP): It is a pleasure, as always, to serve under your chairmanship, Mr Betts, and a pleasure to follow the hon. Member for Heywood and Middleton (Liz McInnes). In my time, I want to focus on discussing employment and the personal feelings of people with arthritis, because it is astonishing that only 59% of working-age people with arthritis are in work.

I employ a senior case worker, Pam Wilson, who was diagnosed with rheumatoid arthritis and osteoarthritis ten years ago, just after she turned 30. She has spoken to me about the taboos of her diagnosis and how people view her condition as being an old people’s problem, which we know is not the case. Arthritis can occur at any age during a person’s lifetime, can be extremely debilitating and, due to its nature, is not visible to others. Pam has described to me situations where she has been described as being lazy and excluded from certain situations in previous employments, purely on the grounds of her health issues. This situation is faced by many arthritis sufferers.

I would like to hear from the Minister today about how we can increase the number of people with arthritis in work. Can we ensure that employers understand these issues? Can we ensure they are working with trade unions, which know about these issues in terms of dealing with employees who require reasonable adjustments in the workplace? Can we look at the Access to Work programme to help those with arthritis? Can we look at the issue sensitively in terms of work capability assessments?

I visited the drop-in organised by Arthritis Research UK last week, talking about the many misconceptions people have about those with arthritis. Pam Wilson is not lazy; she is a hard-working employee in a hard-working team assisting the constituents of Glasgow South West on a daily basis.

As Pam says:

“Yes I have had bad days, some awful days too, but I also have days where I can cope with the pain and medication side effects. It’s all about managing your own expectations of yourself and understanding what your body is telling you. Sometimes though it is other people who don’t understand. They think you’re lazy because you’re not as active as they are, not walking anywhere, not running or cycling places. They are looking at you and think you’re OK. Because people with arthritis do look OK! Time and experience make you put on a face to the world—one that says I’m fine, but inside and behind closed doors we’re struggling in pain, we’re tired. But we still smile and get on with it, grateful that new medications keep us mobile.”

Hopefully this debate will make people understand arthritis. Sufferers are always grateful when someone understands the daily struggle, and it takes two minutes to ask how they are and understand their situation. I look forward to the Minister telling us what more can be done to improve arthritis sufferers’ employment prospects and how we can help to prevent and cure this condition.

Mr Clive Betts (in the Chair): I thank the hon. Gentleman for being so succinct in his remarks. I call Martyn Day.

4 pm

Martyn Day (Linlithgow and East Falkirk) (SNP): It is a pleasure to serve under your chairmanship, Mr Betts. I start by thanking the hon. Members for Strangford (Jim Shannon) and for Congleton (Fiona Bruce) for leading today's interesting and timely debate. It is surprising that it is the first such debate for five years.

We have heard from many speakers how arthritis affects people, including young people and working-age people, and I thank my hon. Friend the Member for Glasgow South West (Chris Stephens) for his excellent example of a person in work and the real troubles that they face. We have heard how it is a fluctuating condition with symptoms that can change on a daily basis, as well as many personal cases and constituents' experiences that highlight this problem affecting many people. We all know members of our own families who are affected.

Steven Paterson (Stirling) (SNP): I do not come to this debate with any great expertise, but my gran suffered greatly with arthritis, which affected the joints in her hands and legs and basically left her housebound. Does he agree that one of the real benefits of today's debate—I pay great tribute to those who have secured it—is that we can raise awareness of the condition more widely, and that it is incumbent on all of us to go forward from this debate and do that?

Martyn Day: I agree entirely with my hon. Friend.

The scale and significance of this issue has been clearly illustrated by several key statistics that we have heard today. Several speakers have told us how each year, a fifth of the population consult their GP about musculoskeletal problems. There are 30.6 million working days lost each year to arthritis, which account for a fifth of all working days lost. Scottish estimates tell us that 60,000 people have rheumatoid arthritis, and 2,500 people are diagnosed each year. One in five people in Scotland experience chronic pain and one in 20 experience severe, disabling chronic pain, with the back and joints being the most common location for chronic pain. Arthritis Care has estimated that approximately 800,000 to 900,000 people in Scotland alone are living with osteoarthritis.

All those figures highlight the enormity of the issue. However, we must remember that data collection and management is particularly poor for arthritis and musculoskeletal issues and it needs to improve if we are to get a clearer picture of the numbers across Scotland and the rest of the UK. That point was made by my colleague, the hon. Member for Strangford.

On a positive note, Scotland is the only nation in the UK to routinely publish data on chronic pain. That is welcome, as we have one in 20 living with disabling chronic pain that has a serious impact on physical wellbeing and mental health issues. There is no doubt that arthritis and musculoskeletal conditions can be very disabling, and we must take action to raise awareness about the conditions and improve musculoskeletal health—be that by promoting physical activity, tackling obesity or using medicines.

The hon. Member for Heywood and Middleton (Liz McInnes) made a point that we should all echo about carers' work, which is often overlooked. In my constituency—I am sure this will be the case for most—we have a number of support groups for arthritis sufferers. The central arthritis self-help group in Grangemouth is a good

example, with monthly meetings including entertainment and social events, along with talks on health and other subjects. The group also organises outings, hydrotherapy and exercise sessions. As a society, we owe a debt of gratitude to groups such as that for the work they do and to everyone else who is helping sufferers.

There is much that can be done for sufferers. One of the most important things is faster diagnosis of conditions such as inflammatory arthritis, as with earlier treatment, they can be controlled better. In Scotland, there is much focus on tackling obesity, both to prevent and to treat musculoskeletal conditions. We must strive to do more to improve diets and encourage physical activity—in saying that, however, I recognise the point made by the hon. Member for Neath (Christina Rees) about sport-related conditions.

In my area, a good example is Together for Health—often known as T4H—which is a community-based project that works to promote healthy lifestyles in the Armadale and Fauldhouse areas within my constituency and that of my hon. Friend the Member for Livingston (Hannah Bardell). It works in partnership with a range of local organisations, businesses and community groups to promote healthy lifestyles and delivers a variety of activities and events to encourage people to move more and eat better, with the overall aim of reducing childhood obesity.

Key messages of the project include the benefits of a balanced, affordable diet, and encouragement of children and families to be more physically active and spend less time doing sedentary activities. That is not just a Scottish or a UK problem, of course. We have a global ageing population and although the link between arthritis and ageing is well known in our own countries, there are fewer data on how older people in lower and middle-income countries are affected.

What we do know, however, is alarming. The World Health Organisation estimates that 9.6% of men and 18% of women aged over 60 have symptomatic osteoarthritis, and that 25% of those with osteoarthritis cannot perform the major daily activities of life. Taking action internationally is important for the millions of older people who are directly affected, but it also has an impact on the lives of many of those who depend on them. Often older people in developing countries are the main carers of children whose parents have had to leave for work or who have been orphaned due to conflict or illnesses such as HIV.

In conclusion, it is important that we do more locally and internationally to help alleviate these conditions, and we must make preventive measures a greater priority.

4.6 pm

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): It is an honour to serve under your chairmanship, Mr Betts.

Today we are debating arthritis and what more can be done to help those who suffer from this terrible health condition. It is very welcome that the Backbench Business Committee allowed this debate to happen today, which is in arthritis awareness week and so soon after World Arthritis Day. I also thank the Members from across the House who secured the debate with the Backbench Business Committee, and the hon. Member for Strangford (Jim Shannon) for leading the debate this afternoon. He eloquently and clearly set the tone, and I thank him for that.

[Mrs Sharon Hodgson]

As we have heard, this condition can often go unnoticed or ignored by individuals and wider society, and I hope that the awareness work seen this week has helped somewhat in changing that, along with the role that everyone here has played in supporting that culture change. Nearly 10 million people in the UK live with arthritis. The symptoms can vary; there are over 200 known types of arthritis and rheumatic disease. The symptoms include inflammation of the joints, pain, fatigue, stiffness and difficulty moving. It is quite a common misconception that arthritis is a health condition affecting only the elderly, but it can often affect all ages. That is why it is important that we raise awareness, and that more be done to educate the public on the symptoms, and on the support and help that is out there.

However, we must also be aware that, given the ageing population, more people will suffer with arthritis. The number of sufferers is expected to rise by 50% by 2030. It has to be said that the Government's short-sighted cuts to public health grants will only cause havoc if the proper finances are not put in place to address our nation's health.

Arthritis may not be a killer, but it does attack the way of life of many people. As has been put so eloquently today, this condition can make life a very painful struggle, with one in 10 people saying that they live with unbearable pain, day in and day out. The words of those who suffer with this condition can make the strongest cases for reminding us just how tough it can be to live with arthritis.

In the words of Sharon—I am not talking about myself in the third person here, Mr Betts—who suffers with psoriatic arthritis,

“It's the forgotten condition that no-one thinks is important. It affects everything. It's exhausting, depressing and makes you feel angry and frustrated.

It robs you of the life you thought you were going to have, the one you planned with your family. It robs you of a sense of purpose. You can't do what you want, when you want, it's unpredictable.

Life has to be adapted and constantly changed. The drugs make you feel sick and depressed and have side effects as long as your arm. It becomes important not to look back at what is lost and make an effort every day to look forward and think positively. But it's invisible, other people don't see any of that, you just look a bit stiff.”

Those are extremely powerful words and should be a reminder to us all of how important it is to do more to help those suffering with arthritis.

Hearing the stories and experiences of those who live with the condition is important to help raise awareness. That is why the aim of the awareness campaign “The Future is in your Hands” for World Arthritis Day last week was to highlight the stories of those who suffer. It reinforced the comments made by the chief medical officer back in 2012, who said that osteoarthritis, the most common musculoskeletal condition, is a

“generally unrecognised public health priority”.

The Government must listen to contributions of medical experts such as the chief medical officer, and to the expert opinion of those who experience arthritis. They must then act to do more to help those suffering with the condition.

The Government could help to prevent the development of arthritis with preventive measures that relate to obesity and physical activity. Studies have shown that obesity is the single biggest avoidable cause of osteoarthritis in weight-bearing joints. With two out of three obese people developing osteoarthritis, it is important that we seriously get to terms with addressing obesity; that will create an environment in which those suffering with arthritis can flourish, rather than struggle.

One key way to alleviate symptoms and support people who suffer with arthritis is by promoting physical activity, as it has been shown that regular physical activity can be beneficial in helping to reduce the impact of the condition on people's lives. My hon. Friend the Member for Neath (Christina Rees), who is no longer in her place, pointed out that it was a lifetime of sporting activities—she is a very well-known squash player—that probably caused, or exacerbated, her arthritis. However, the National Institute for Health and Care Excellence has published clinical guidelines that recommend exercise as a core treatment for people with arthritis, irrespective of the severity of their condition.

We need to know which services are out there, so that we can help people acquire the recommended treatment. That is why it would be beneficial for the National Audit Office to conduct a review into physical activity services for people with arthritis. That would help to ensure that we, as policy makers, have the necessary information to drive the policy agenda, and would help to map areas with a shortfall in support and services for those with arthritis. I hope that the Minister will shed some light on plans to undertake that work. Such an investigation would also be important in the light of the cuts to public health grants under this Government. Those cuts are a false economy, and compound the problems accessing services for people who are seeking to manage and improve their lives.

I quoted the following figures to the Public Health Minister at about this time last week from this very spot, but they are worth repeating to the Minister here today. In the autumn statement, the former Chancellor announced further cuts to public health grants, which amounted to an average real-term cut of 3.9% each year to 2021. That translates to a further cash reduction of 9.6%. That is in addition to the £200 million of cuts to public health grants announced in the 2015 Budget. The Minister must bear those figures in mind when responding to the debate and whenever the Department takes action on public health issues. It really is a false economy to cut funding to already overstretched and burdened public health services, as that will obviously exacerbate the problems with those services in the long term.

The need for further awareness of arthritis and its symptoms was clearly shown in a UK-wide survey of more than 2,000 people conducted by Arthritis Care last year, which found that more than a quarter of arthritis sufferers had waited two years to seek help after their symptoms began. When asked why, some 52% said that it was because it did not occur to them that they could have arthritis, and 28% felt that nothing could be done to address their arthritis. I hope that those who have listened to this debate have heard, loud and clear, that help is out there, and that delaying seeking that help will not aid them or their long-term health and wellbeing. That point was made eloquently

by my hon. Friend the Member for West Ham (Lyn Brown), who, I think hon. Members will agree, looks 10 years younger than she did a little over a year ago.

Raising awareness is vital. Last week, world-famous performer Robbie Williams gave a candid interview explaining that he suffers with arthritis and describing the impact that has had on his performance; as a Robbie fan, that concerns me. The more we talk about the condition, and the more that high-profile people, such as the MPs here today, talk about their experiences, the better.

There have been so many eloquent and personal accounts in this debate. I particularly mention the brave and moving account of my hon. Friend the Member for West Ham. She will be playing tennis soon with our own parliamentary tennis champion, Mr Speaker, and I, for one, definitely want a front-row seat for that one. My hon. Friend is a true inspiration to the 10 million arthritis sufferers across the country.

I hope that the Minister has listened not only to the debate and contributions from Members present, but to the voices of those outside this place who have called on the Government to do more for those living with arthritis and the pain that comes with it. There are many ways for the Government to do something, and ideas have come from across the House to steer the Minister in a direction that will help the 10 million people who suffer with the various levels of pain associated with arthritis. Let us hope that this time next year, when we recognise National Arthritis Week again, we will have helped more people to lead a healthier, happier and more pain-free life.

4.16 pm

The Parliamentary Under-Secretary of State for Health (David Mowat): It is a pleasure to serve under your chairmanship, Mr Betts. I congratulate my hon. Friend the Member for Congleton (Fiona Bruce) and the hon. Member for Foyle on leading the charge—[HON. MEMBERS: “Strangford!”] I beg your pardon; I meant the hon. Member for Strangford (Jim Shannon).

Jim Shannon: I have more hair than the hon. Member for Foyle (Mark Durkan), but not much more.

David Mowat: Don't take it as a compliment. It has been a long day.

It seems extraordinary, thinking about some of the subjects we debate, that it has been five years since we have debated this subject in the House of Commons. The debate has been such a pleasure, and I am sure that hon. Members here will see to it that it is not five years before we debate it again. An objective of having a debate in Westminster Hall is to raise awareness. People watch these things, so it is right that we do that and it is important that we do it again next year.

I have been a Minister for about two months, during which time I have met many people, so it has probably been remiss of me not to have met with Arthritis Research UK yet. I am keen to do that. Its representatives are pushing at an open door if they would like to come and see me. As the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) said, it is about action, not words. We will organise that meeting if Arthritis Research UK would like it to happen.

Several hon. Members have mentioned the statistics, but I will repeat them because they are so important. Some 10 million people in the UK—one in six of the population—have an MSK condition. The most common, with 3 million sufferers, is osteoporosis. One in six is an extraordinary figure, and there are 200 variations of MSK conditions. One in 10 people in the UK suffers chronic pain as a consequence of arthritis.

The numbers are mind-boggling. Some 20% of GP consultations are due to MSK conditions, and this at a time when our GP services are stretched in Scotland and in England. MSK conditions account for 30% of GP consultations for the over-55s, and some 7.5 million working days are lost each year. This long-term condition alone costs the NHS between £4 billion and £6 billion, so it is right that we are having this debate.

There have been a number of interesting and useful speeches. Westminster Hall is sometimes a better place to debate such topics. The hon. Member for Strangford talked about lifestyle factors and preventive factors, and he and another Member made an interesting point about DWP and PIP. We need to be more joined up in how we deal with some of these long-term conditions, particularly as they become more prevalent. He also talked extensively and knowledgeably about research—he has clearly been well briefed—and about what we are doing.

The hon. Member for West Ham (Lyn Brown) made an excellent speech about her personal experience, and she emphasised the overlap with mental health. She talked about first suffering from this during her election campaign last year. In fact, it prevented her from canvassing. I note that she got 36,000 votes and her vote went up by 6%. I do not know whether those factors are related. Well done on 36,000. We pass on our congratulations and awe at her performance.

Mrs Hodgson: Maybe it was a telephone canvass.

David Mowat: Maybe it was. The hon. Lady also talked about the delays to the start of her treatment and the one-year delay before she got the right drugs, which have been so transformative for her. That is an impressive story.

The hon. Lady also talked about the concerns about the consequences of Brexit. The Government have made it clear that, whatever version of Brexit we end up with, science research will continue to grow in real terms and ongoing scientific programmes will continue. I was a remainer, and we often talk about the money that Europe gives to programmes. She said that £2.5 million was given to a particular programme, which should be seen in the context of the £20 billion that flows in the other direction. The real point is that we understand the need for science and will continue to ensure that that funding happens.

The hon. Member for Neath (Christina Rees) made a good intervention about the consequences of sport and the unpredictable flare-ups that she has. She made the interesting point that arthritis can be invisible for much of the time before flaring up. The right hon. Member for Knowsley (Mr Howarth) is right to remind us of the role of carers. I remind Members that we are putting together a carers strategy, which will focus on unpaid carers in particular. That will come out at the end of

[David Mowat]

this year. We are talking to a number of charities about that because it is important, given the stress and strain on our various systems.

Mr George Howarth: I am grateful to the Minister for giving way and for the thoughtful way in which he is responding to the debate. For the sake of completeness, I should say that my impacted disc results from playing rather over-enthusiastic football in the fourth division of the Liverpool Shipping league, which the Minister will know is not a lofty place to play. Unfortunately many of my sliding tackles were badly mistimed, to my detriment.

David Mowat: I thank the right hon. Gentleman for his intervention. The fourth division of the Liverpool Shipping league is probably a higher division than I played in during my very short football career.

Due to the time, I will not refer to every speech. The Scottish National party spokesman, the hon. Member for Linlithgow and East Falkirk (Martyn Day), talked about what Scotland is doing on managing obesity and chronic pain. I would like to see England learning more lessons from Scotland's health system; and, I humbly suggest, vice versa—I also include Wales in that. Health is devolved and we are beginning to do things in different ways. Sometimes things will work well, and sometimes things will work less well. One of the highlights of these debates is to hear what happens in other nations, and those remarks are interesting.

The shadow Minister also gave a good speech. She talked about budgets and health spending, particularly public health spending—she has now been able to tell two Health Ministers about that issue—and it is true that the public health budget was cut. The UK spends above the OECD average on health and adult social care, which has not always been the case. We are not the highest spender—we spend 9.9%, but France and Germany probably spend about one percentage point more—but we are above the OECD average. It matters very much how effectively we spend that money. There are always decisions to be made, and those decisions are sometimes difficult.

What are we doing? I will not be able to answer all the points in great detail other than to say that MSK is a priority because it is so important. MSK is one of the national programmes within NHS England, and in 2013 we appointed a clinical director, a gentleman called Peter Kay, who is running a £5 billion programme covering a number of areas and seven strands of work, which I will briefly run through.

First, we need to ensure good awareness of the signs and symptoms of MSK. That is about public health and things such World Arthritis Day and the UK “Share your Everyday” campaign. It is also about the

important Public Health England activities that we have heard about. We ran a successful public health campaign on arthritis last year, and we need to maintain that pressure.

Secondly, we need high-quality clinical guidance to diagnose and manage the disease. Thirdly, we need to provide holistic care, support, and planning in partnership with patients. Fourthly, and this is important, we must spread best practice across the NHS—I would go further and talk about spreading best practice across the health systems of all the Administrations within the UK. Fifthly, we have heard a lot today about the benefits of physical activity for MSK patients, notwithstanding some of the issues experienced by the hon. Member for Neath and the right hon. Member for Knowsley. Fitness and exercise are of course a preventive measure for nearly everything, particularly for MSK diseases.

Penultimately, we need to do more to enable people to remain in work and to return to work. Finally, we need to invest in research. Those are the seven streams of activity, and I will talk a little about the one that has been spoken about most this afternoon, which is what we are doing to keep people in work. As I said, the points about DWP and PIP were well made, and I will see that that is reflected to DWP Ministers.

Philip Boswell: I am delighted to hear about the open door to Arthritis Research UK, which has been excellent in championing the rights of arthritis sufferers, preventing the onset of arthritis, developing a cure for arthritis and transforming lives. Arthritis Research UK's work is considerable, and it is worthy of our support. I thank the Minister for his words and his initial actions.

David Mowat: I thank the hon. Gentleman for those words. It occurs to me that I have to give the hon. Member for Strangford time to say a few words at the end. I will write to Members about the various specifics that have been raised. I will now sit down and allow him half a minute or so. I apologise for there being so little time.

4.29 pm

Jim Shannon: I especially thank the right hon. and hon. Members who have made such fantastic contributions—every contribution and intervention has been great. The attendance has also been great. It is genuinely refreshing to have a Minister who understands the issue and is able to respond. We will take him up on his offer to have a meeting with Arthritis Research UK—I thank him for that. I look forward to working on behalf of constituents from across the whole of the United Kingdom of Great Britain and Northern Ireland.

4.30 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

Written Statement

Thursday 20 October 2016

INTERNATIONAL DEVELOPMENT

The Global Fund to Fight AIDS, Tuberculosis and Malaria

The Secretary of State for International Development (Priti Patel): I would like to update the House on my attendance at the fifth replenishment conference of the global fund.

The fifth replenishment conference took place on 15 and 16 September in Montreal, Canada. The conference was hosted by Prime Minister Justin Trudeau and brought together participants from Governments, the private sector, civil society and non-governmental organisations to raise funds for the fight against the three diseases—HIV/AIDS, tuberculosis and malaria—up to 2020.

At the conference, I announced that the UK would make £1.1 billion available to tackle these three diseases. Our investment will help the global fund to save eight million lives, avert 300 million infections, and help build resilient and sustainable systems for health.

To support the fight against malaria, I structured our investment to increase contributions from the private sector by agreeing to double private sector contributions to the global fund for malaria up to a maximum of £200 million.

I also made it clear that the UK, as an engaged, outward-looking nation, has a duty both to the people we are trying to help and to the UK taxpayer to ensure the aid system is as effective as possible. I therefore announced that, starting with the global fund, I will be rolling out performance agreements with all major organisations in order to challenge, change and reform the global development system so that it properly serves the poorest people in the world. We will therefore use our investment to secure a step change in the global fund's performance to ensure every penny of UK taxpayers'

money is achieving the maximum possible impact. As a result, I have agreed a new £90 million performance agreement with the global fund, which is based on delivery in 10 key areas of improvement, including increasing the impact of our investment by ensuring the most vulnerable and hardest to reach parts of society receive the support they need, by rooting out corruption and inefficiency and by focusing resources on countries with the least ability to pay.

By helping to free developing countries from the burden of the three diseases, we are not only saving lives; we are boosting economies and helping countries leave aid dependency behind to become trading partners of the future. But ending the three diseases as epidemics by 2030 is an enormous challenge. Britain has a proud record as a global leader in development and following the referendum result, we now have the opportunity to further build on our place in the world. UK support to the global fund over the next three years will:

- Fund 40 million bed nets to tackle malaria;
- Provide enough lifesaving anti-retroviral therapy for 1.3 million people with HIV;
- Support the treatment of 800,000 people with tuberculosis.

Overall, the replenishment conference was a success, raising pledges worth US \$12.9 billion, which will go towards tackling the epidemics of AIDS, tuberculosis and malaria for the period 2017-19. The conference raised nearly \$1 billion more than the previous replenishment conference in 2013.

The UK will hold the global fund and key donors to their commitments to ensure the UK's investment achieves the maximum possible impact, while rolling out this new approach to performance agreements for future aid spending.

I am aware of the significant degree of interest in this issue from Members across the House, whose advice and support on this issue has been invaluable for the Government. For the convenience of Members, I am depositing a copy of the performance agreement in the Libraries of both Houses.

Attachments can be viewed online at: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-10-20/HCWS205/>

[HCWS205]

Petition

Thursday 20 October 2016

PRESENTED PETITION

Petition presented to the House but not read on the Floor

Implementation of the 1995 and 2011 Pension Act

The petition of residents of Central Ayrshire,

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.—[Presented by Dr Philippa Whitford.]

[P001964]

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Thursday 20 October 2016

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