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HOUSE OF COMMONS
OFFICIAL REPORT

PARLIAMENTARY
DEBATES

(HANSARD)

Monday 24 October 2016

HER MAJESTY'S GOVERNMENT

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OFFICIAL REPORT

IN THE SECOND SESSION OF THE FIFTY-SIXTH PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2015]

SIXTY-FIFTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES

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SIXTH VOLUME OF SESSION 2016-2017

House of Commons

Monday 24 October 2016

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

House Building and Planning

1. **John Penrose** (Weston-super-Mare) (Con): What recent assessment he has made of the effect on (a) house building and (b) affordability of housing of allowing urban property owners to build up, not out, to the height of the tallest building in the same block without requiring planning permission. [906722]

The Secretary of State for Communities and Local Government (Sajid Javid): My hon. Friend highlights the importance of increasing brownfield development and building to higher densities to deliver more homes. I announced our plan for urban regeneration at our party conference and I will set out further proposals as part of our housing White Paper later this year.

John Penrose: I am delighted at the progress that my right hon. Friend has made so far, but may I urge him to go further still? I encourage him to include proposals to build up, not out, in his forthcoming White Paper, to

cut development pressure on green fields, release huge numbers of new buildable sites, regenerate urban centres and, most important of all, cut the cost of new homes dramatically?

Sajid Javid: My hon. Friend is absolutely right to highlight the need for more homes in the right places so that the housing market works for everyone. That means encouraging urban regeneration, making the best of brownfield land and building new homes where people desperately need them. Later this year, my housing White Paper will ensure that that happens across the country, including Weston-super-Mare.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Surely the Secretary of State is not going to fiddle-faddle with regulations like this at that level. What this country needs, given the housing and homes crisis—the deepest in a hundred years—is bold, imaginative innovation in the house-building programme, and we want it now.

Sajid Javid: I think “fiddle-faddle” is an appropriate description of what happened under 13 years of Labour government, when house building fell to its lowest level since the 1920s.

Jake Berry (Rossendale and Darwen) (Con): Recently the leader of Rossendale Borough Council and I wrote jointly to the Minister for Housing and Planning to say that our objectively assessed housing requirement did not take account of topographical and flooding issues in the Rossendale valley. Will the Secretary of State, on behalf of our hon. Friend the Minister, agree to a meeting with the leader of the local authority, Alyson Barnes, and me to discuss those specific issues?

Sajid Javid: My hon. Friend makes a passionate case, and while it would not be appropriate to comment on the details, I can make sure that the Minister for Housing and Planning meets him.

Mr Philip Hollobone (Kettering) (Con): I declare my interest as a member of Kettering Borough Council.

My constituents would broadly support the idea of building up, not out, but in middle England towns such as Kettering, with its limited public transport options, the problem is that the more residents we squeeze into any street, the greater the pressure on parking spaces. Does my right hon. Friend accept that there is a big difference between inner-city developments and developments of this sort in middle England towns?

Sajid Javid: My hon. Friend is right, and highlights the need for correct and adequate infrastructure in towns and villages across the country if we are to build the homes that we need. The proposals that we will introduce later this year, including the White Paper, will certainly take account of that.

Rough Sleeping

2. **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): What assessment he has made of trends in the level of rough sleeping since 2010. [906723]

The Secretary of State for Communities and Local Government (Sajid Javid): One person sleeping on the streets is one too many. All too often, support and intervention are only provided at crisis point, which is why we have launched our £40 million homelessness prevention programme—an end-to-end approach to tackling homelessness and rough sleeping to get people back on their feet.

Luciana Berger: St Mungo's reported last week that four in 10 people sleeping rough in England have mental health conditions, including schizophrenia, bipolar disorder and post-traumatic stress disorder. Poor mental health makes it harder for rough sleepers to get off the streets and almost impossible to gain access to mainstream NHS services. St Mungo's reports that

"the small number of specialist... mental health services are facing cuts or disappearing altogether."

How exactly is the Secretary of State addressing the growing mental health crisis among people sleeping on the streets?

Sajid Javid: The hon. Lady raises an important issue. As she rightly points out, homelessness is not just an issue of providing enough homes but of dealing with other causes. There is a cross-party working group on homelessness, and the Government are working across all Departments to deal with these complex issues. I am sure that we will make further progress.

Mr James Gray (North Wiltshire) (Con): It is often alleged—I am not sure how much statistical evidence there is—that a disproportionate number of rough sleepers in Britain come from the armed services. Will the Secretary of State tell us, first, whether or not that is true and whether there is any statistical evidence; and secondly, what more can be done to ensure that when people leaved the armed services they are given proper accommodation and kept off the streets?

Sajid Javid: My hon. Friend is absolutely right to raise this issue. It is a disproportionate number, which is unacceptable. Almost all local authorities have signed up to the armed forces covenant, which will help, but we

have to do more. The fact that the Government have committed £500 million to tackle homelessness and rough sleeping over the next four years will certainly help.

Daniel Zeichner (Cambridge) (Lab): Two weeks ago, I joined the excellent Wintercomfort organisation in Cambridge, which provides services for rough sleepers in the city. It was in no doubt that the numbers are rising inexorably. How can reducing the support for supported housing in any way help to deal with this issue?

Sajid Javid: The hon. Gentleman should know that we are not reducing support for supported housing. This is an issue that we continue to take seriously and that we will continue tackling.

Bob Blackman (Harrow East) (Con): Clearly, having any single individual sleeping rough in this country is a disgrace. Will my right hon. Friend take urgent action to identify the people who are sleeping rough and to ensure that they get the help and support that they need, so that they have a home of their own and they can get back to a normal way of life?

Sajid Javid: Of course the Government can help with that. My hon. Friend will know that last December the Government committed to looking at options, including legislation, to deal with homelessness and to help rough sleepers. I am pleased to announce to the House today that the Government will be supporting his Bill, the Homelessness Reduction Bill, which is also supported by Crisis and Shelter. I thank him for all his hard work on the Bill and also thank the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Nuneaton (Mr Jones), who is responsible for local government.

John Healey (Wentworth and Dearne) (Lab): It is good to see the Secretary of State and his new team in place, and it is even better to see our new strong Labour team in place. We will hold the Secretary of State and his team hard to account for the public for their failings.

With Labour in government, the number of homeless people sleeping rough on our streets fell by three quarters. Since 2010, the number has doubled. Why does the Secretary of State think that that has happened?

Sajid Javid: The right hon. Gentleman has raised the issue of Labour in government. Let me remind him what happened—he was a Housing Minister for some of that time. Labour cut the number of houses available for social rent by 421,000. Since we have been in office, more council housing has been built, helping people to find homes, than in the entire 13 years of the Labour Government. If Labour had spent as much effort on building homes as it does on building its Front-Bench team, we would have had better results.

John Healey: You can't help the homeless if you won't build the homes. Over the past six years, the Secretary of State's Government have cut all funding for building new, genuinely affordable social housing. He asks about my record. In 2009, when I stood where he is standing, Labour in government started 40,000 new social rented homes. Last year, it was 1,000. From Labour's Front Bench, I welcome the Secretary of State's

backing for the Bill promoted by the hon. Member for Harrow East (Bob Blackman), but will the right hon. Gentleman take the opportunity on Friday also to deal with the causes of rising homelessness? Build more affordable housing. Act on private renting and reverse the crude cuts to housing benefit for the most vulnerable people.

Sajid Javid: Again, the right hon. Gentleman raises his record in office. The House needs to be reminded that, under Labour, house building fell to its lowest level since the 1920s. That is Labour's record, and Labour will never get away from it. Soon we will introduce a White Paper on housing. Let us see if he is able to support it.

Neighbourhood Plans

3. **Jason McCartney** (Colne Valley) (Con): What plans he has to enhance and extend neighbourhood plans. [906725]

The Secretary of State for Communities and Local Government (Sajid Javid): The Government are fully committed to neighbourhood planning, which enables communities to shape the development and growth of their local area in a positive manner. The Neighbourhood Planning Bill will further strengthen and future-proof the process and ensure that communities have the support that they need.

Jason McCartney: I think we would all welcome local communities being involved in their local plans in more detail. However, does the Secretary of State agree that one of the big challenges is ensuring that developers use land that they already have planning permission for, with a particular emphasis, as we have heard, on brownfield sites?

Sajid Javid: My hon. Friend makes a good point. Where sites have planning permission, developers should move ahead as quickly as possible. People in desperate need of housing expect developers to work with the local authorities to deliver those new homes. That is why we are trying to help where we can. The Neighbourhood Planning Bill will make a difference, as will the £3 billion home building fund that was announced last month.

Greg Mulholland (Leeds North West) (LD): There will be no real localism while developers have the right to appeal planning decisions and communities do not. In cases where a neighbourhood plan is in place, will the Secretary of State commit to seriously consider allowing a community right of appeal when a developer proposes a speculative development that goes against that plan?

Sajid Javid: A community right to appeal would further slow down the planning process, which is not in anyone's interest. We need more homes built in this country and we need them built quickly, and measures such as those in the Neighbourhood Planning Bill are precisely the ones that will help.

Mims Davies (Eastleigh) (Con): In Eastleigh, we face countless hostile planning applications, some destroying ancient woodland and beautiful green spaces. Does the

Secretary of State agree that the borough council's failure to deliver a local plan and much needed associated policies for neighbourhood plans prevents councils such as Botley from bringing forward their neighbourhood plans, thereby letting down my constituents?

Sajid Javid: My hon. Friend has been a consistent champion in this House of the need for Eastleigh to have an up-to-date and properly supported local plan. Eastleigh Borough Council needs to get its act together. Her constituents deserve to have their voices heard, and our neighbourhood plan will strengthen that right.

Rob Marris (Wolverhampton South West) (Lab): In a recent appeal by the developer, the Planning Inspectorate totally overlooked the local neighbourhood plan in Tettenhall in my constituency. From memory, it made one passing reference to that plan in a 17-page decision upholding the developer's appeal. I would not expect the Secretary of State to comment on a particular appeal, but will he have a look at how seriously the Planning Inspectorate takes local neighbourhood plans?

Sajid Javid: It would be wrong of me to comment on the detail of a particular planning application, but I hope that the hon. Gentleman will agree that the Neighbourhood Planning Bill, which is now before Parliament, will strengthen these neighbourhood plans. It will bring them into legal force far quicker, it will make it much easier to modify them and it will give more support, including financially, for communities to put them together.

High Streets (England)

4. **Luke Hall** (Thornbury and Yate) (Con): What steps his Department is taking to support high streets in England. [906727]

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Percy): We all want to see our high streets succeed and thrive and that is why we have introduced the biggest cut in business rates, worth £6.7 billion. We have launched the high street pledge, we have introduced digital high street pilots, and we are celebrating our high streets through the Great British High Street award, the finalists of which we announced last week.

Luke Hall: Thornbury High Street attracts visitors from around the country to its art festival, regular farmers markets and annual carnival. Does my hon. Friend recognise the contribution of tourism to local high streets, and how is he working with his colleagues at the Department for Culture, Media and Sport to support high streets as local and regional tourism destinations?

Andrew Percy: I know from my constituency how important the high street is in attracting people in. I pay tribute to my hon. Friend for the work he is doing in his constituency. We saw an increase in footfall in August of 1.1%. We are working closely across government with our colleagues in DCMS on funds such as the Discover England Fund and, of course, the Coastal Communities

Fund, which is funding a significant number of projects that are all about increasing tourism and jobs in the tourism sector.

Bill Esterson (Sefton Central) (Lab): The Minister mentioned business rates. As a result of the business rate revaluation, many retailers on high streets up and down the country face significant increases in business rates. That will not help high streets, and it will not help retailers. Is that not the reality of what he has just announced?

Andrew Percy: Of course, the business rate cut is helping 600,000 of the smallest businesses, which do not pay any business rates at all. It is fiscally neutral, and three quarters of businesses will see a cut. I would have thought that that would be something the hon. Gentleman would welcome.

Amanda Milling (Cannock Chase) (Con): In the next week I will be launching my annual best shop and market stall competition, with a new category—best café—this year. Will my hon. Friend join me in wishing all the entrants the best of luck, and does he agree that independent outlets are key to creating a unique and thriving town centre?

Andrew Percy: I congratulate my hon. Friend on this excellent competition. I look forward to hearing the results, and pay tribute to all the work she is doing. Independent retailers are central to the success of many of our high streets and I pay tribute to the work they do. They of course will benefit from the small business rate cut that we have announced.

Tom Pursglove (Corby) (Con): We have some beautiful high streets in Corby and East Northamptonshire, and our pubs are an integral part of them. What steps are Ministers taking to help to promote our pub trade and ensure that these vital community hubs are protected?

Andrew Percy: Again, the business rate cut is of significant value to many of our pubs. A huge number of tourists coming to the UK list a visit to a great British pub among their desires for their trip. That is why we made the changes we did to beer duty.

Leaving the EU: Local Government

5. **Gavin Newlands** (Paisley and Renfrewshire North) (SNP): What assessment he has made of the effect of the UK's decision to leave the EU on local government. [906728]

The Secretary of State for Communities and Local Government (Sajid Javid): As well as some challenges, leaving the EU presents some fresh opportunities for the whole country. Working with Government colleagues, I am determined that local government takes advantage of those opportunities.

Gavin Newlands: The Convention of Scottish Local Authorities has stated that only one third of the £1.3 billion of structural funds Scotland will receive up to 2020 has been allocated to local authorities. Some 20,000 businesses will benefit from these funds, potentially creating up to 11,000 jobs. Will the Secretary of State guarantee that

there will be no financial detriment to our local communities if Scotland is dragged out of the EU through hard Brexit?

Sajid Javid: The hon. Gentleman will know that, first, the Chancellor has already guaranteed that any application for EU structural funds up to the autumn statement will be fully honoured and, beyond that, that fund applications will be honoured as long as they meet the UK national interest. However, leaving the EU also gives us an opportunity to design a new fit-for-purpose investment model that will benefit all our communities in the UK in exactly the way we want.

Mr David Nuttall (Bury North) (Con): Does my right hon. Friend share the view of his predecessor—that local government should have a say in the withdrawal negotiations?

Sajid Javid: Yes, I do. I agree with my hon. Friend that the impact across the country of leaving the EU will be felt by local authorities in some ways—we have just heard a good example of that—and I assure him that I am having a very strong dialogue with the relevant Ministers to make sure that local government's voice is heard.

Mr Clive Betts (Sheffield South East) (Lab): The Secretary of State has just said that the Government will guarantee the funding for EU-supported council schemes signed off before the autumn statement, and perhaps those signed off before we leave the EU. On support for farmers under the common agricultural policy, however, the Government are going to guarantee every single penny up to 2020. Why will the Government not give the same treatment to local communities, which will really suffer if these important schemes are lost because of the Government's failure to give them proper support?

Sajid Javid: We will make sure that no community suffers. That is why we have the transition process. The guarantees we have given local councils and local communities are very important. Again, once we leave the EU, we will be able to design a system that fits the needs of the UK and no one else.

Michael Fabricant (Lichfield) (Con): My right hon. Friend is dead right to say there will be opportunities. Is it not the case that, whereas at the moment local councils and regions are forbidden to fund regional airports and other forms of infrastructure under EU law, that will no longer be the case and the United Kingdom will be able to choose what is best for our citizens?

Sajid Javid: As always, my hon. Friend makes a very important point. Once we leave the EU, no EU rules or regulations will apply, and we will be able to come up with those that best suit the needs of local communities.

Alison Thewliss (Glasgow Central) (SNP): It is a very interesting point that the hon. Gentleman over there has just made.

Does the Secretary of State not accept that, even if we are not members of the EU, state aid rules may still apply under World Trade Organisation rules, so local authorities will still have to abide by a lot of these rules?

Mr Speaker: The “hon. Gentleman over there” was the hon. Member for Lichfield (Michael Fabricant).

Sajid Javid: The hon. Lady mentioned WTO rules, if I heard her correctly. That may or may not be the case, but even if it were, she will understand that WTO rules are not the same as EU rules.

Alison Thewliss: I thank the Secretary of State for that answer. I will certainly table more questions to find out more detail on that.

The Secretary of State may be aware that Glasgow City Council has produced a document with a series of requests of the Scottish Government and the UK Government to help to prevent the detriment that is likely as a result of a hard Brexit. I expect other local authorities around the UK will do something similar. How will he ensure that the range of voices within local government is listened to and acted on by this Government?

Sajid Javid: I will make sure the voices of English local government are heard. When it comes to Scottish local government, I am sure it will work with the Scottish Government, who, as we have seen today, are engaged in the process.

Jim McMahon (Oldham West and Royton) (Lab): I declare an interest as a member of Oldham Council.

In July, the Secretary of State highlighted the importance of local government having a say in the process of leaving the EU. He also committed to having a conversation with the Secretary of State for Exiting the European Union, so it would be great to get an update on those conversations and to find out exactly what role local government will have.

Sajid Javid: The hon. Gentleman will know that the process is ongoing and will take a number of months, if not years, so there will be plenty of opportunity for dialogue, including within the Government. I have had discussions with the Secretary of State for Exiting the European Union on various issues that will affect local government, but I will not give a running commentary on them.

Jim McMahon: I do not think that anyone is expecting a running commentary, but any commentary would represent progress, given the silence at the moment. Local government wants to know what part it will play; at the moment that understanding is fuzzy, to say the least. The Secretary of State will know the importance of EU structural funds—£5.3 billion of investment that is vital to many of our local communities—and the ability to administer those funds is a key component of the 10 devolution deals that are set so far. Does he agree that uncertainty about the future of those funds is stopping the vital long-term planning that is needed and risks damaging those devolution deals, which have only just been agreed, and that the poorest in the community will suffer as a result?

Sajid Javid: The Chancellor has provided significant certainty about structural funds, especially for applications that are made before the autumn statement. Recently, at the Conservative party conference, he provided further certainty about funds beyond then. That is exactly what business is looking for.

Empty Homes (England)

6. **Henry Smith** (Crawley) (Con): What estimate he has made of the number of empty homes in England.

[906730]

The Minister for Housing and Planning (Gavin Barwell): As of October 2015, 203,596 homes in England had been standing empty for longer than six months, the lowest number since records began.

Henry Smith: I thank my hon. Friend for that answer. Protecting green spaces and providing new homes are both important. What further steps can the Government take to ensure that empty homes are reutilised, notwithstanding the fact that they have already reduced the number of empty homes to an extremely low level?

Gavin Barwell: Local authorities have strong incentives. They earn the same financial reward through the new homes bonus for bringing an empty home back into use as for building a new one. They also have strong enforcement powers. They can charge up to 150% council tax for homes that have been empty for more than two years and apply empty dwelling management orders to force owners to bring properties back into use.

Mr Mark Prisk (Hertford and Stortford) (Con): In our town centres there are thousands of empty rooms on upper floors that could easily be converted into homes, yet they do not appear in the now excellent statistics to which the Minister refers. Will he bring together the key stakeholders and agencies to look at what the real barriers are that have meant that Governments of all hues have failed to achieve that conversion?

Gavin Barwell: My hon. Friend is a former Housing Minister. I am happy to do as he suggests and perhaps to talk to him offline about that. [*Interruption.*]

Mr Speaker: Order. I think the Minister meant outside the Chamber.

Affordable Homes

7. **Liz McInnes** (Heywood and Middleton) (Lab): What steps he is taking to ensure that the planning system encourages the building of more affordable homes to rent or buy.

[906732]

The Minister for Housing and Planning (Gavin Barwell): The Government continue to reform the planning system. We have set out our clear intent to intervene on those councils that do not have an up-to-date plan. We have legislated to ensure that the planning system delivers starter homes for first-time buyers, as well as affordable homes for people wanting to rent.

Liz McInnes: I thank the Minister for that answer. The recently published Greater Manchester spatial framework states an ambition to “significantly increase the supply of housing that people can afford, including through the planning system.”

How will Greater Manchester be able to achieve that ambition, given that the Housing and Planning Act 2016 lets developers off the hook by effectively ending their obligation to provide affordable homes to rent and buy?

Gavin Barwell: The Housing and Planning Act does no such thing. The hon. Lady's question made it clear that she was interested in more affordable homes for people to rent or buy. The Act requires developers to provide affordable starter homes for first-time buyers, but there will still absolutely be a determination to deliver affordable homes for rent. I look forward to visiting Greater Manchester shortly to discuss these matters.

Mrs Maria Miller (Basingstoke) (Con): Developments such as Chapel Hill in my constituency will have 40% affordable homes. Does not that show that the planning system already gives local authorities the relevant powers they need, and that they should be using them in the same way as Conservative-led Basingstoke Borough Council?

Gavin Barwell: I had the privilege of meeting the chief executive of my right hon. Friend's council the other day, and I commend the council for its work. Her example clearly shows that our aim should be to deliver affordable homes to both buy and rent.

16. [906743] **Sue Hayman** (Workington) (Lab): In Cumbria, we suffer from brain drain, as graduates do not want to return to us after university. Proper planning for affordable housing in the rural north could be the answer. As well as attracting young talent, that could take pressure off the London housing crisis. Will the Minister ensure that we do not have a one-size-fits-all planning policy for affordable housing?

Gavin Barwell: I thank the hon. Lady for her excellent question. Too often, the housing problems that we face are portrayed as a problem for just London and the south-east. The Secretary of State, the ministerial team and I are clear that we need a housing policy that delivers more homes right across the country, and recognises the circumstances in different housing markets.

Ben Howlett (Bath) (Con): In Bath, all our brownfield sites will be developed by 2025 to 2030, with the only nearby sites being the brownfield land south of Bristol that has been left undeveloped for decades by the Labour council and Labour Mayor of Bristol. Does my hon. Friend agree that the changes in the last planning Act and the infrastructure Bill will make a huge difference to developing brownfield land across the whole of the south of Bristol and west of England?

Gavin Barwell: My hon. Friend makes a good point. Brownfield registers and permission in principle can make a big contribution to ensuring that as much development as possible goes on to brownfield sites. The example he gives also shows the benefit of sometimes working across councils, as is happening in Greater Manchester, to plan for strategic housing needs.

Teesside Investment

8. **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): With reference to the report by Lord Heseltine, "Tees Valley: Opportunity Unlimited", published in June 2016, whether he plans to provide increased levels of support or investment for Teesside. [906733]

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Percy): The Government are clear that there are huge opportunities on Teesside, which was why the Secretary of State met Tees Valley leaders last week. That is also why we are committed to implementing the groundbreaking devolution deal. We have made the transfer of the first £15 million. In addition, we will be providing Tees Valley with £37.7 million this year from our local growth fund.

Tom Blenkinsop: While not flawless, the Heseltine report recognises the real potential on Teesside. However, the recommended electrification of the North Allerton to Teesside line has been ruled out. Carbon capture and storage was recommended but has been ruled out. Prioritisation for the national teaching service for the area is still under review. The immediate transfer of the former SSI site to the new mayoral development corporation is recommended but still in limbo, with previous promises on funding taken away. Will the Minister give any of the report's recommendations the go-ahead in the near or middle-distant future?

Andrew Percy: We are already implementing some of those recommendations. Many, of course, were down to local implementation. Just last week, we issued the indemnity allowing the site inspections to be undertaken. Once the inspections have been completed, we expect the MDC, which we wish to establish in the middle of next year, to come forward with proposals on resources. The national teaching service pilot scheme has already been rolled out. We will confirm plans for rolling it out further later in the year. I want to work with the hon. Gentleman and other key stakeholders in the region because there is huge potential in that site—we are absolutely clear about that.

Midlands Engine

9. **James Morris** (Halesowen and Rowley Regis) (Con): What steps he is taking to improve trade and investment through the midlands engine. [906735]

The Secretary of State for Communities and Local Government (Sajid Javid): I led the inaugural midlands engine trade mission to north America in September. I am leading a second mission to China this month. Establishing a mayoral combined authority within the west midlands will help to bring about even more trade and investment opportunities for the midlands engine.

James Morris: The black country economy and the west midlands have had a substantial revival over the past few years. In the last year alone, there has been a 46% increase in foreign direct investment in the black country. Does the Secretary of State agree that we need to do all we can to take advantage of the devolution settlement in the west midlands, in the context of the midlands engine, to drive the growth of trade and investment into the west midlands from around the world?

Sajid Javid: The black country and the wider west midlands have seen strong performance of inward investment and exports. Our historic west midlands devolution deal includes an investment fund of £1 billion

to drive growth, and what we also need to drive growth is strong local leadership. There is no doubt in my mind that Andy Street will bring that to the west midlands.

Michael Fabricant (Lichfield) (Con): Hear, hear.

Mr Speaker: We note the sedentary approval for that proposition from the hon. Member for Lichfield (Michael Fabricant).

Tristram Hunt (Stoke-on-Trent Central) (Lab): There are many great businesses in Stoke-on-Trent, such as engineering firm Brown McFarlane, that want to grow through trade and investment. Thus far, however, we have had very little engagement from John Peace and the midlands engine. We are not part of the combined authority of the west midlands and the black country. Will the Minister tell the House when John Peace will be visiting Stoke-on-Trent, and what plans the midlands engine has for north Staffordshire?

Sajid Javid: I agree with the hon. Gentleman that there are many excellent businesses in his part of the world, and I think that Sir John Peace is a fantastic choice to chair the midlands engine. The hon. Gentleman rightly makes the point that the midlands engine is not the same as the west midlands devolution deal. I am sure that Sir John Peace will take a great interest in the hon. Gentleman's constituency, and I will make sure that he hears the hon. Gentleman's case.

Matt Warman (Boston and Skegness) (Con): Another key part of the midlands engine will be the Lincolnshire devolution deal. Will the Secretary of State join me in encouraging the eight out of 10 councils that have voted for it already to work with the Government to make sure that we get the best devolution deal for Lincolnshire and that Lincolnshire does not turn its back on half a billion pounds of Government money?

Sajid Javid: My hon. Friend highlights the importance of these devolution deals, including that for greater Lincolnshire, in bringing about more growth and better productivity in all regions of the UK. As my hon. Friend said, eight councils out of 10 have accepted the deal—I hope the others will as well—which will make a great difference to jobs and growth.

Andy Burnham (Leigh) (Lab) *rose*—

Mr Speaker: I had thought that the right hon. Member for Leigh (Andy Burnham) would require a degree of intellectual dexterity to relate the question to Leigh or Manchester, but he might have been saved by the Secretary of State's referring, perhaps gratuitously, to all regions. I think that the right hon. Gentleman is a beneficiary of that.

Andy Burnham: Thank you, Mr Speaker.

One cannot help but notice that all the talk these days is of the midlands engine. Suddenly, the northern powerhouse is about as popular on the Conservative Benches as its originator, the right hon. Member for Tatton (Mr Osborne). Although I am not against investment in the midlands, will the Secretary of State give a

cast-iron guarantee that manifesto commitments to invest in the north, including in High Speed 3, will not be delayed or diluted by new commitments to the midlands?

Sajid Javid: I know that the right hon. Gentleman has significant ambitions, but he must not talk down the north at every opportunity. He will know that the Government are as committed as ever to the northern powerhouse, and that applies to all our commitments around investment and growth.

House Building

10. **Mr Alan Mak** (Havant) (Con): What steps he is taking to build and develop more homes. [906736]

The Minister for Housing and Planning (Gavin Barwell): My right hon. Friend the Secretary of State recently announced the £3 billion home building fund to ensure that we are not so reliant on a few large builders, and the £2 billion accelerated construction programme to speed up building on public land. We will be setting out further plans in a White Paper later this year.

Mr Mak: Havant Borough Council is working with communities to update our local plans to ensure that local housing needs are met strategically. Will the Minister join me in congratulating them on their work and welcome their commitment to ensuring that home ownership is within reach of everyone?

Gavin Barwell: I am happy to do that. It was a pleasure to visit my hon. Friend's constituency recently and to meet Councillor David Guest, who is leading this work on behalf of Havant Council, and the great housing associations First Wessex and Radian, which are doing great work in this field.

Ms Karen Buck (Westminster North) (Lab): A fair proportion of these homes have to be affordable. Earlier this year, Westminster Council approved a scheme for 103 luxury flats in Westminster. Thirty per cent. of those would have given us an estimated value of £100 million; in fact, the council agreed to just 2% and took a contribution of £6 million. Will the Minister make it his urgent business to ensure that councils do not evade their commitments to providing a reasonable proportion of affordable housing?

Gavin Barwell: Both the Secretary of State and I have made it very clear that we need more homes of every single kind in this country—more homes for people to buy on the market, more affordable homes for rent, and more shared ownership. I hope that the hon. Lady will therefore welcome the Government's starter homes policy to ensure that developers provide starter homes for first-time buyers when they build out schemes.

Justin Tomlinson (North Swindon) (Con): In Swindon, we have cross-party support for our local plan, and by working with developers in advance of the submission stage of planning, we are delivering the popular Tadpole Farm development. Will the Minister agree to visit Tadpole Farm to see what best practice we can share to deliver much needed new homes?

Gavin Barwell: That would be a delight. It is good to hear in this Question Time about councils that are getting on with the business of developing local plans that meet the housing needs of their areas. I hope that all councils in England will follow that example.

18. [906745] **Chris Elmore** (Ogmore) (Lab/Co-op): Will the Minister give some reasons why home ownership among people under 35 has fallen by more than a third of a million since 2010? What will he do to start reversing that trend so that people of my age are able to afford their first home?

Gavin Barwell: The hon. Gentleman uses an interesting timescale, because the fall in home ownership among the under-35s started in 2004-05 and the previous Labour Government did nothing about it. Indeed, the new shadow Minister said that he is not sure that he thinks that is such a bad thing. That decline was halted in the past year. The job that now falls to the Secretary of State and me is to reverse that decline so that young people have the chance to fulfil their dreams.

Ruth Cadbury (Brentford and Isleworth) (Lab): In her conference speech, the Prime Minister acknowledged that the Conservatives' house building record was not good enough. Given the historic failure of the past six years under the Prime Minister's predecessor, whose house building record was worse than that of any Prime Minister since 1923, how can we be convinced that the present Government will do anything differently to prevent six years of failure from becoming 10?

Gavin Barwell: Let us take care of the party politics first. The previous Prime Minister inherited from the previous Labour Government the lowest level of house building since the 1920s, but the number of homes being approved has now increased significantly. In the year to June, our planning system granted a record number of applications. However, if the hon. Lady wants to put aside the party politics and is saying that we need to do better and to build more homes, she will find complete agreement among this ministerial team.

Light Pollution

11. **Helen Goodman** (Bishop Auckland) (Lab): If he will issue guidance to local authorities on taking steps to control light pollution and protect dark skies. [906737]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): The national planning policy framework is clear. Local planning policies and decisions should limit the impact of light pollution from artificial light, including the impact on intrinsically dark landscapes. Our March 2014 planning guidance sets out how light pollution should be considered in the planning system.

Helen Goodman: Light pollution is not just a problem for people who want to look at the stars; it is also a problem for birds, which become confused about when they should begin the dawn chorus. They sing for so long that they have no energy left to mate. I am sure that the Minister understands why this is a problem. But Brexit—

Hon. Members: Brexit! [*Laughter.*]

Mr Speaker: Order. I wish to hear the hon. Lady, at such point as she has had the opportunity to regain the necessary composure.

Helen Goodman: Brexit does give us the opportunity to control public procurement, so when the Minister is talking to local authorities about what kind of LED lighting to purchase, will he encourage them to buy lights from Thorn in Spennymoor in my constituency?

Mr Jones: It is always important to reserve enough energy, and LED lights are certainly one way of not using as much energy as our current street lights generally do. I hear what the hon. Lady says, and I think that, when practicable, local authorities should always seek to procure goods and services from UK firms.

Stephen Pound (Ealing North) (Lab): The Minister for encouraging avian procreation is not unknown in Ealing. May I invite him to return to that sweet borough, where he will see the stars glittering like diamonds on a bed of black velvet because a very hard-working, intelligent and innovative council has changed the street lighting programme to one with down-lighters and lower luminescence? Will he return with me to Ealing and gaze up at the stars, which are now visible?

Mr Jones: I usually expect most Labour local authorities to leave people in the dark, but on this occasion I hear what the hon. Gentleman says. I made a fantastic visit to Pitshanger Lane in his constituency not too long ago and I should be delighted to return at some point.

Building Regulations

12. **Steve McCabe** (Birmingham, Selly Oak) (Lab): When he plans to make an announcement on his Department's review of building regulations. [906738]

The Minister for Housing and Planning (Gavin Barwell): We have not set out any formal plans to review the building regulations as a whole, but we have publicly committed ourselves to reviewing part B following the Lakanal House fire. During the passage of the Bill that became the Housing and Planning Act 2016, we made a commitment to review the energy-efficiency standards for buildings in part L.

Steve McCabe: I am grateful for that answer, as far as it goes. I do not know whether the Minister has considered my Protection of Family Homes (Enforcement and Permitted Development) Bill, but surely he must agree that help is needed for home owners whose homes and neighbourhoods are blighted by rogue builders and developers who flout the regulations and planning laws because they know that current enforcement action is costly and complicated.

Gavin Barwell: I have had a chance to review the hon. Gentleman's private Member's Bill. The Government do not agree that further legislation is necessary, but we certainly agree with him that there is a problem in this area. Indeed, last week we announced further powers to give councils the ability to deal with smaller houses in multiple occupation that are causing the kinds of issues that he has mentioned.

Supported Accommodation

13. **Mr David Hanson** (Delyn) (Lab): What assessment his Department has made of the potential effect on homelessness of the decision to cap housing benefit for supported accommodation at local housing allowance rates. [906739]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): The Government are committed to protecting the vulnerable, including homeless people. That is why we deferred the implementation of the local housing allowance rates for supported housing until April 2019. From then on, we will provide a new funding model to meet additional housing costs above the local housing allowance rates.

Mr Hanson: That is all very well, but the chief executive of the National Housing Federation has already stated:

“We want to put supported housing on a secure and sustainable footing for the long term and we are not confident that the new system will guarantee this.”

What is wrong with that point of view?

Mr Jones: I have met the chief executive of the National Housing Federation and discussed this issue with him at some length. We are giving confidence to the sector that funding will be devolved to local authorities, and that that funding will be ring-fenced. Save for the changes to social rent increases, the quantum of funding to the sector will be the same. The chief executive seemed reasonably reassured on that point.

Peter Aldous (Waveney) (Con): Following the statement made by the Secretary of State for Work and Pensions, my right hon. Friend the Member for Ashford (Damian Green), on 15 September, it is vital that the consultation on the funding of supported housing should get under way as soon as possible. Can the Minister tell the House when it will commence?

Mr Jones: The consultation will be released very shortly, and the evidence review on which this process has been based will be released at the same time.

Chris Leslie (Nottingham East) (Lab/Co-op): The Minister should realise that people living in supported accommodation are among the most vulnerable in society. He has left a whole series of charities and others in the third sector, including Framework in Nottingham, in limbo as a result of the lack of a decision on this issue. He must ensure that the Government put their money where their mouth is and support those vulnerable people. They need help and they need it now.

Mr Jones: As I have just said, save for the social rent increases, the quantum of funding will be the same in this regard. We are setting out certainty, and we will certainly be doing that in the consultation, which will be released shortly.

Business Rates

14. **Sir David Amess** (Southend West) (Con): If he will make it his policy to reverse the decision to introduce a business rate rise for organisations that seek to own and supply themselves with rooftop solar power. [906740]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): Business rates are based on valuations carried out independently by the Valuation Office Agency. Nearly three quarters of businesses will see no change or a fall in their business rates next year, thanks to the 2017 revaluation, with 600,000 set to pay no business rates at all. For the minority that face an increase, a £3.4 billion transitional rate relief scheme will ensure that no business is unfairly penalised.

Sir David Amess: Despite what my hon. Friend has said to allay my fears, I wonder whether I could persuade him to meet me and local representatives of the solar industry and other constituency interests. We might come up with a few arguments that he has not yet heard and that might persuade him to change his mind about these rate rises.

Mr Jones: I am aware that the rateable values of certain types of rooftop solar insulation are increasing under the revaluation. However, there are many factors that determine the rateable value of a property, and the installation of solar panels is only one element. Many will see an increase in the rateable value of their solar panels but see their overall rates bill reduced. That said, I hear what my hon. Friend has said and I am more than willing to meet him and local representatives of the industry.

Coastal Communities

15. **Gordon Henderson** (Sittingbourne and Sheppey) (Con): What steps his Department is taking to regenerate coastal communities. [906741]

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Percy): It is a pleasure to see my hon. Friend in his place. We are all proud of our coastal communities. I say that as a Member representing a coastal community myself. We have already invested £125 million in coastal communities across the United Kingdom through the coastal communities fund, £92 million of which was invested in England. We want to go even further, and we have identified at least a further £90 million for local projects. The bidding for those funds has begun, and 40 projects have made it through to the next round. We will be making a decision on them early next year.

Gordon Henderson: I welcome the Minister's response and his kind words. The Queenborough Harbour Trust in my constituency has been successful in the stage 1 bidding process for obtaining a grant from the coastal communities fund. What advice would he give to the trust members as they enter stage 2 of the process, to ensure they get some success?

Andrew Percy: I pay tribute to my hon. Friend for his advocacy on behalf of the trust. It should seek guidance and support from its funding officer and its capital adviser who has been assigned to it by the Big Lottery Fund, which administers the coastal communities fund on our behalf. Advice is also available to it on the Big Lottery Fund website.

Topical Questions

T1. [906747] **Dan Jarvis** (Barnsley Central) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Communities and Local Government (Sajid Javid): The recess was far from a quiet period in my Department. Earlier this month we announced the £5 billion of funding for new homes, we have continued to drive forward devolution deals, and we are in the process of offering councils extra certainty through four-year funding settlements, but there is plenty more to come, including the White Paper—and, if I am even daring to dream, the press pack outside No. 10 might stop confusing me with Sadiq Khan.

Dan Jarvis: I thank the Secretary of State for that answer. I am sure he shares my concern about the very high number of excess winter deaths in our country each year. He will understand the importance of Government, national and local, working together to address this, so will he say what specific plans his Department has to co-ordinate activity and minimise the number of cold weather deaths this winter?

Sajid Javid: The hon. Gentleman raises an important issue and rightly highlights the need for co-ordinated Government action. Public Health England has already published a cold weather plan, which gives recommendations for the NHS and public health and social care and community organisations to work together and help the people who are most vulnerable this winter.

T3. [906749] **Luke Hall** (Thornbury and Yate) (Con): Will my right hon. Friend update the House on his plans to encourage innovation in the construction industry?

The Minister for Housing and Planning (Gavin Barwell): We have huge plans in this area. One of the key objectives of the home building fund and the accelerated construction projects the Secretary of State announced at party conference is to encourage more use of offsite construction.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): The Secretary of State's Department is supposed to be England's voice in government, yet standing up for the English and the services they depend on seems low on Ministers' list of priorities. The independent Care Quality Commission pointed out recently that the Government's huge funding cuts have left services for England's elderly and vulnerable at tipping point. With the social care crisis across England getting worse week by week, when might we expect the Secretary of State to act?

Sajid Javid: I recognise that there is growing demand for social care across the UK, especially in England, which is why in the last spending review we pledged an additional £3.5 billion by 2020, including allowing councils to have a social care precept, so there is money that is ring-fenced, and also the better care fund.

T6. [906752] **Peter Heaton-Jones** (North Devon) (Con): North Devon Council and the coastal communities team have just heard that their bid for funding for Ilfracombe's excellent new water sports centre has made it through to the next round. Will the Minister

congratulate them and agree that this is an excellent example of this Government reinventing our coastal communities?

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Percy): Of course I agree with my hon. Friend's compliments to the Government on this and wish Ilfracombe all the best. It has made it through to the final 40, and we will be making an announcement on the final fund early next year, so congratulations again.

T2. [906748] **Lucy Powell** (Manchester Central) (Lab/Co-op): The northern powerhouse project has brought much needed investment, attention and cohesion to northern cities like mine of Manchester. So why is it that many of the key players involved in the northern powerhouse project, including former Ministers, now feel that the programme has been all but cancelled?

Andrew Percy: I am sorry, but that is complete and utter nonsense, and I have to say that if Opposition Members are really interested in the northern powerhouse, they should stop talking it down at every single opportunity and trashing it. We have delivered through the northern powerhouse a record number of enterprise zones and billions of pounds of investment in public transport projects across the north, and I know from my 10 years as a local government councillor in the north that that is a lot more than the Labour Government managed to do for the north during their time in power.

Mr Speaker: Order. The hon. Member for Pendle has perambulated from one part of the Chamber to the other, but we are nevertheless happy to hear from him.

T7. [906753] **Andrew Stephenson** (Pendle) (Con): Local business rates retention will be a great boost for many local councils. What discussions has my hon. Friend had with local authorities about 100% retention?

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): This is a reform for which local government has long campaigned and in which my hon. Friend has shown great interest. To deliver the commitment, we held an open consultation that invited councils and businesses to have their say and have established a joint steering group with the Local Government Association to consider the mechanisms needed to set up and run the new system.

T4. [906750] **Alex Cunningham** (Stockton North) (Lab): The revaluation of property for business rates is creating uncertainty for businesses and local authorities. Stockton faces two different problems: small leisure businesses have been priced out of our town centre; and telecommunications companies are fighting their valuations, potentially knocking huge holes in the council's budget. How will small businesses be protected? Will the Minister assure me that the 2017-18 finance settlement will take future valuations and changes into account so that Stockton Council will be no worse off?

Mr Jones: The hon. Gentleman is confusing two issues. On business, there is a record package of £6.7 billion of business rates relief. On local government funding,

I assure him that the revaluation process is a revenue-neutral exercise after which no local authority will be disadvantaged.

T9. [906755] **Mr Mark Prisk** (Hertford and Stortford) (Con): The rapid growth in our elderly population is a key driver of housing demand, so what are the Government doing to ensure that we are building not only enough homes, but enough of the right homes for an ageing society?

Gavin Barwell: The national planning policy framework requires councils to plan for a mix of housing, but my hon. Friend makes a good point. It is important not only to get the right housing for our elderly population, but to release crucial family housing and to boost the second-hand market, allowing developers to build more homes.

T5. [906751] **Rob Marris** (Wolverhampton South West) (Lab): How is the Government's proposal for 100% business rates retention compatible with the statement in their consultation document that there will be "a level of redistribution between authorities similar to the current system of 9 tariffs and top-ups"?

Mr Marcus Jones: I say to the hon. Gentleman that 100% of business rates will be retained in local government to be spent on local government services. There will need to be a form of redistribution so that local authorities that do not collect as much in business rates are not left in a difficult situation. The hon. Gentleman will be glad to know we consulted extensively in the sector and received more than 450 responses.

T10. [906756] **Sir Desmond Swayne** (New Forest West) (Con): What is my hon. Friend doing to help small builders?

Gavin Barwell: We are doing a number of things. At the party conference, we announced the home building fund, which will provide home builders with the finance that they often cannot secure commercially. We are also looking into planning policy to ensure that we release the vital small sites that small builders can take on.

T8. [906754] **Danny Kinahan** (South Antrim) (UUP): I welcome the Prime Minister's determination to keep the Union together. With devolution to councils and cities and to areas such as the northern powerhouse, can we have regular meetings with the devolved Governments and their oppositions to ensure that we are all pulling together?

Sajid Javid: I assure the hon. Gentleman that we will. I am pleased that he has expressed his views about the importance of Unionism. It is key that we continue to work together—that is when we are at our strongest. I support the Union, and Unionism is absolutely central to that. That is my view and that is the Prime Minister's view.

Sir Gerald Howarth (Aldershot) (Con): General aviation airfields, not least White Waltham in the constituency of my right hon. Friend the Prime Minister, make a valuable contribution to pilot training, business aviation and sporting aviation. Is the Minister aware that they

are now seriously under threat? It is proposed that Redhill aerodrome will become an estate of 4,500 homes, and he will know about Wellesbourne airfield near his constituency. Please can we have a policy that protects general aviation airfields across the country, because otherwise they will all be covered with concrete?

Gavin Barwell: My hon. Friend's passion for the aviation industry is well known. I am happy to meet him to discuss that vital sector and what we can do in planning policy on protection.

Toby Perkins (Chesterfield) (Lab): Chesterfield Borough Council stands ready to help end the housing crisis by building more homes, but the Government have reneged on the deal they did with Chesterfield in 2012. Changes to rents and the money coming into councils have made it much more difficult to deliver the houses that we need. Will the Minister meet a delegation from Chesterfield to understand the changes so that we can build the houses that Chesterfield needs?

Gavin Barwell: I am happy to meet a delegation to discuss this issue, but of course the reduction in rates helps vulnerable tenants in reducing the bills they face. The hon. Gentleman is, however, right to say that we must make sure we find a way to ensure that councils, along with housing associations and private builders, can build the homes we desperately need.

John Glen (Salisbury) (Con): Will my hon. Friend confirm that he is fully engaged in evaluating the regional growth fund bid from Swindon and Wiltshire? Will he ensure that the emphasis on long-term skills development at Wiltshire College will be looked upon favourably in due course?

Andrew Percy: I met my hon. Friend recently to discuss issues across south Wiltshire. We are assessing the local growth fund bids at the moment—this will be a massive investment in regeneration across the country—and we will have an announcement on that particular proposal shortly.

Ian Paisley (North Antrim) (DUP): On the Secretary of State's regeneration of coastal communities, he will know that North Antrim has off its shore the only regional island that is inhabited by people—with the exception of Great Britain—Rathlin Island. He will also be aware of Ballycastle, Bushmills and Ballintoy. May I invite him to these areas to see regional communities' regeneration—

Mr Speaker: We are extremely grateful to the hon. Gentleman, but the extinguisher has run out of water.

Sajid Javid: The hon. Gentleman is always passionate. He can invite me and I would love to come.

Mr Speaker: I would call the hon and learned Member for South East Cambridgeshire if she were standing, but she is not and so I cannot. She is now, so I call Lucy Frazer.

Lucy Frazer (South East Cambridgeshire) (Con): I would like to refer to the question raised by my friend, the hon. Member for Liverpool, Wavertree (Luciana Berger), who mentioned the link between mental health

and homelessness. Does the Secretary of State understand that the reports say there is a link, with 60% of people from the homeless community also having mental health issues? What is he doing to liaise with the Department of Health and with local authorities to change that link?

Sajid Javid: As my hon. and learned Friend highlights once again, homelessness is more than just a housing issue. She can be assured that we are working across government—my Department, the Department of Health and the Treasury—in making sure that we are doing everything we can, as our recent announcement on homelessness helps to demonstrate.

Matthew Pennycook (Greenwich and Woolwich) (Lab): One of the main ways that developers in London manage down the levels of affordable housing is by a financial viability assessment. Does the Minister agree that all local authorities should make those assessments public at the start of the planning process, so that communities can transparently scrutinise them?

Gavin Barwell: What we need to do is take as much of the conflict as possible out of our planning system, be it in respect of agreeing the level of need, the local plan determination or viability assessments. There is nowhere in this country where the gap between what we are building and what we need to build is greater than in London.

Nusrat Ghani (Wealden) (Con): Forgive me, Mr Speaker, as I raise the issue of Christmas shopping. As internet retailers prepare for black Friday and as online shopping breaks records, rural high streets struggle. Will the Secretary of State support Wealden high streets in Hailsham and Crowborough and increase footfall by visiting Uckfield high street for his Christmas shopping?

Andrew Percy: I will of course be spreading my Christmas shopping across large parts of my constituency, but I would be delighted to visit my hon. Friend's constituency. She raises an important point, which is that as we get towards Christmas people should try their best to shop local.

NEW MEMBER

The following Members took and subscribed the Oath required by law:

Tracy Lynn Brabin, for Batley and Spen.

Robert Alexander Courts, for Witney.

Paul Flynn (Newport West) (Lab): On a point of order, Mr Speaker.

Mr Speaker: Order. We will come to points of order later, but in the usual way. I am very happy to attend to a point of order at a later time.

European Council

3.37 pm

The Prime Minister (Mrs Theresa May): With permission, Mr Speaker, I will make a statement on my first European Council.

I went to the Council last week with a clear message for my 27 European counterparts. The UK is leaving the EU, but we are not leaving Europe, and we are not turning our backs on our friends and allies. For as long as we are members of the EU, we will continue to play a full and active role. After we leave, we will be a confident, outward-looking country, enthusiastic about trading freely with our European neighbours and co-operating on our shared security interests, including on law enforcement and counter-terrorism work. That is the right approach for Britain to take. It was in that spirit that we were able to make a significant contribution at this Council on ensuring a robust European stance in the face of Russian aggression, on addressing the root causes of mass migration, and on championing free trade around the world. Let me say a word about each.

Russia's indiscriminate bombing of civilians in Aleppo and the atrocities that we have seen elsewhere in Syria are utterly horrific. It is vital that we keep up the pressure on Russia and the Syrian regime to stop the appalling actions and to create the space for a genuine political transition in Syria. It was the UK that put this issue on the agenda for the Council. My right hon. Friend the Foreign Secretary made the case for a robust response at the Foreign Affairs Council last Monday, and I spoke personally to Chancellor Merkel and President Tusk ahead of the Council last week. The Council strongly condemned the attacks, called for an immediate cessation of hostilities, and demanded that those responsible for breaches of international humanitarian law and human rights be held accountable—but we need to go further, which is why we agreed that, if current atrocities continue, the EU will consider “all available options”. We also agreed that everything should be done to bring in humanitarian aid to the civilian population.

On Friday in Geneva, the UK secured an extraordinary session of the UN Human Rights Council to press for a ceasefire to enable humanitarian access to Aleppo. There are millions of innocent civilians trapped there and in other besieged locations across Syria in desperate need of food, shelter and healthcare. The UK is already the second largest bilateral humanitarian donor to this crisis. If we can secure the access needed to Aleppo and other besieged areas, we stand ready to accelerate over £23 million of aid for the UN to distribute on the ground to help the most vulnerable in the hardest-to-reach parts of Syria.

Turning to the migration crisis, the Home Secretary will be giving a statement on Calais shortly. At the European Council, I confirmed that the UK will continue to provide practical support to our European partners, including through our naval presence in the Aegean and the Mediterranean. As part of that effort, HMS Echo will take over from HMS Enterprise in the central Mediterranean early next year. However, I also reiterated the case that I made last month at the United Nations for a new global approach to migration based on three fundamental principles: first, ensuring that refugees claim asylum in the first safe country they reach; secondly,

[The Prime Minister]

improving the way we distinguish between refugees and economic migrants; and thirdly, developing a better overall approach to managing economic migration, which recognises that all countries have the right to control their borders and that all countries must commit to accepting the return of their own nationals when they have no right to remain elsewhere. This new approach includes working more closely with both source and transit countries, and the Council agreed to do more to help those countries prevent illegal migration and to return migrants who have no right to stay in EU countries.

On trade, I am determined that as we leave the EU, Britain will be the most passionate, the most consistent and the most convincing advocate of free trade anywhere in the world, so as we look beyond our continent, we will seize the opportunities of Brexit to forge an ambitious and optimistic new role for Britain in the world. As part of this, I have been clear that the UK is already discussing our future trading relationships with third countries. As I made clear to the other member states last week, this will not undermine the EU's trade agenda. In fact, it is not even in competition with it, and for as long as we remain a member of the EU, we will continue to back the EU's free trade negotiations.

I share everyone's disappointment over the stalled talks between the EU and Canada, and we will, of course, do anything we can to try to help get those discussions back on track. I remind those who suggest that these difficulties have a bearing on our own future negotiations that we are not seeking to replicate any existing model that any other country has for its trade with the European Union. We will be developing our own British model—a new relationship for the UK with the EU—for when we are outside the EU, a deal that is ambitious and bold for Britain.

I updated the European Council on our position on Brexit. I have said that we will invoke article 50 no later than the end of March next year, and that as part of the withdrawal process, we will put before Parliament a great repeal Bill which will remove from the statute book once and for all the European Communities Act. The legislation that gives direct effect to all EU law in Britain will no longer apply from the date upon which we formally leave the European Union, and the authority of EU law in Britain will end.

The Government will give Parliament the opportunity to discuss our approach to leaving the European Union. In addition to regular updates from my right hon. Friend the Secretary of State for Exiting the European Union, my own statements following Council meetings, and the deliberations of the new Committee on Exiting the European Union, the Government will make time available for a series of general debates on the UK's future relationship with the EU. These will take place before and after the Christmas recess, and I expect will include debate on the high-level principles that the Government will pursue in the negotiations.

Members on all sides will recognise that the Government must not show their hand in detail as we enter these negotiations, but it is important that Members have this opportunity to speak on the issues that matter to their constituents as we make our preparations to leave the EU. Although we have not yet formally started the Brexit negotiations, I made it clear at last week's European Council that my aim is to cement Britain as a close

partner of the EU once we have left. I want the deal we negotiate to reflect the kind of mature, co-operative relationship that close friends and allies enjoy; a deal that will give British companies the maximum freedom to trade with, and operate within, the European market, and allow European businesses to do the same here; a deal that will deliver the deepest possible co-operation to ensure our national security and the security of our allies; a deal that is in Britain's interests and the interests of all our European partners. But it will also be a deal that means we are a fully independent, sovereign nation, able to do what sovereign nations do, which means we will, for example, be free to decide for ourselves how we control immigration. It will mean our laws are made not in Brussels but here in this Parliament, and that the judges interpreting those laws will sit not in Luxembourg but in courts right here in Britain.

The negotiations will take time. There will be difficult moments ahead, and as I have said before, it will require patience and some give and take. But I firmly believe that if we approach this in a constructive spirit, we can ensure a smooth departure. We can build a powerful new relationship that works both for the UK and for the countries of the EU, and we can secure the deal that is right for the British people, whose instruction it is our duty to deliver. I commend this statement to the House.

3.46 pm

Jeremy Corbyn (Islington North) (Lab): I thank the Prime Minister for the advance copy of the statement she has just given us.

Funnily enough, I, too, was in Brussels last Thursday, meeting socialist leaders and their counterparts. [Interruption.] I have to say I was given a little longer to speak than the five minutes the Prime Minister had at the dinner that evening, and I had it at a more reasonable time of the day.

Emily Thornberry (Islington South and Finsbury) (Lab): And listened to.

Jeremy Corbyn: Indeed, I was listened to very carefully by all those around the table.

I made it clear to the other leaders that Britain should continue to be a full and active member of the European Union until negotiations on our exit are complete. I think the Prime Minister was trying to send the same message, but the manner in which she conveyed it was rather different, as she seemed not to be trying to build the consensus that is necessary or to shape a future relationship with the European Union that is beneficial to everybody. She had a very different approach.

The message that came to me loud and clear from European leaders last week was that the tone taken by this Tory Government since their Tory party conference earlier this month has damaged our global reputation and lost us a lot of good will, not just in Europe but around the world. Although the Prime Minister's words may have appeased the hard-line voices behind her, the approach she and her party have taken has only spread anger and resentment all across Europe. I do not believe that we will get the best deal for this country by using threats, by hectoring or by lecturing the European Union. For these negotiations to succeed, the Government need to adopt a slightly more grown-up approach.

For negotiations to succeed, Britain needs a plan. What is clear to everybody—European leaders, non-governmental organisations and business—is that, quite clearly, the Government do not have one.

Can the Prime Minister tell the House if any progress has been made since the Council meeting last week? Is she willing to tell us whether access to the single market is a red line for her Government or not? She has made it clear that she wants to end freedom of movement, but she has not been clear to business about what will be in its place, causing uncertainty for business and for the many EU nationals who reside in this country and make such a great contribution to our economy. Can she tell us if her Government are supporting moves by senior Conservatives to amend the great repeal Bill by adding a sunset clause, allowing Ministers to strip away EU laws on workers' rights and environmental protection in the years that succeed the exit from the European Union? Can she also tell us how the Government plan to make up the shortfall in funding to the regions resulting from the loss of structural funding to vital capital programmes all over this country?

One week, the Secretary of State for Exiting the European Union will say one thing; the next week, the Chancellor will say another. Meanwhile, the Prime Minister says very little, other than, "Brexit means Brexit" and "We will not provide a running commentary." The rest of the world looks on and concludes that Britain has not got a clue. The truth is that this is not a soft Brexit, or even a hard Brexit; it is simply a chaotic Brexit.

With all that uncertainty and all those mixed messages, confidence in the economy falls day by day and the British people become more worried about their future. Two weeks ago, the Treasury said that leaving the single market would lead to a £66 billion loss to the economy. The trade deficit is widening and the value of the pound has already fallen by 18%, resulting in industries, including the auto industry, delaying vital investment decisions and the banking sector looking to relocate. That indecision and poor economic management is starting to hit our economy severely, weakening our hand as we walk into the most important negotiations for many generations.

We on the Labour Benches respect the referendum result and accept that Britain must leave the European Union. We also understand that this will be a monumental exercise, with the decisions made now affecting the lives of British people for years to come. The Prime Minister appeared to make some sort of concession about parliamentary scrutiny. In her reply, I would be grateful if she would explain the exact nature of the debates that will take place each side of the Christmas recess.

We as an Opposition will not just stand by and let this Government choose the terms of Brexit unopposed. It is our duty to scrutinise and to make sure that this Government have a Brexit plan for this country, not just for the Eurosceptics sitting behind the Prime Minister. We will continue to push for this Parliament to have a very full say in the matter, whatever happens in the debates around the time of the Christmas recess.

Today the French authorities begin the formal closure of the Calais camp, and I would like to take this opportunity to welcome those children who have already arrived in this country, as well as others who have family connections. The camp—I have seen it for myself—has become a hellish place where a few of the world's

most vulnerable people have come to try to survive and to call it their home. Yet it remains unclear what process and timetable the Government are working under to bring refugee children who are entitled, under international law and the Dubs II amendment, to refuge in the UK.

I reiterate the urgency in the letter that I sent last week to the Prime Minister, asking her to intervene personally on behalf of our country and to be open and accommodating to those children. I am grateful for the reply that I received an hour ago, but will the Prime Minister be more precise about the timetable for allowing children and others who have family connections to come to this country, and will she ensure that Britain does not evade its responsibility to help those who have suffered from the biggest global displacement since the end of world war two? The displacement is primarily caused by atrocities in Syria, and we utterly and totally condemn indiscriminate bombing. The only solution in Syria is a political one.

These issues are the ones that future generations will look back on when it comes to defining this political generation. If we continue to approach the challenges that we face in a divisive and aggressive manner, they will only grow larger. If, instead, we work together—in this House and with our European partners and the rest of the world—to help those desperate people all around the globe, we may quickly find that the large problems that we face today will appear smaller than we first thought.

The Prime Minister: The right hon. Gentleman said at the beginning of his response to my statement that he had been over in Brussels last Thursday, meeting various socialist leaders who listened to him. I suppose that, from his point of view, it is good to know that somebody is listening to him.

May I address the last two issues to which the right hon. Gentleman referred? As I said in my statement, and as he knows, my right hon. Friend the Home Secretary will make a statement on Calais and our response to the issue of unaccompanied minors, bringing children to the United Kingdom and the details involved. All I will say now is that we have been working very carefully, for a considerable time, with the French Government, not only to improve matters in relation to Calais, but to ensure that we abide by our requirements, under the Dublin regulations, to bring to the UK children—unaccompanied minors—who have family links here. That process has speeded up. We have put in extra resources from the Home Office and we have seen more children brought here. We have also adopted a scheme to bring 3,000 vulnerable children from the region—the middle east and north Africa—to the United Kingdom, working with the United Nations High Commissioner for Refugees. We are putting in place the Dubs amendment—the Immigration Act 2016 proposals—which require us first to negotiate and discuss with local authorities their ability to receive children in the United Kingdom. The overriding aim of everyone in the House should be to ensure that it is in the best interests of the children who are being looked at and dealt with. It is no help for those children if we cannot properly provide for them when they come to the United Kingdom.

The right hon. Gentleman did not discuss the wider migration crisis, other than to make a reference in which he said it was mainly due to Syrian refugees.

[The Prime Minister]

What we have seen in the migration crisis is large numbers of people moving, not from Syria but mainly from parts of Africa, which is why the United Kingdom has consistently argued for more work upstream to stop the numbers of people coming through and to ensure that people have opportunities in source and transit countries, rather than requiring to come here to the United Kingdom.

The right hon. Gentleman made a reference to the indiscriminate bombing in Aleppo. I assume that he was referring to Russian action as well as to Syrian regime action. It was important that the UK put that matter on the table for the agenda of the European Council, which made the agreements that it did.

Coming on to Brexit arrangements, the right hon. Gentleman referred to the tone since the Conservative party conference. I have to tell him that when I was in the European Council last week a number of European leaders commended the speech that I gave at the conference, including one or two socialist leaders who may have talked to him.

The right hon. Gentleman says that we do not have a plan. We have a plan, which is not to set out at every stage of the negotiations the details of those negotiations, because that would be the best way to ensure that we did not get the best deal for the UK. He talked about free movement, and I notice that at the weekend the shadow Foreign Secretary once again refused to say what the Labour party's position on free movement was and whether it would bring an end to it.

The right hon. Gentleman talked about indecision. I have to say to the Leader of the Opposition that he could not decide whether we should be in or out of the European Union, and he could not decide when we should invoke article 50. The only thing we know about his position is that he would have unfettered immigration into this country—the very thing that the British people have told us they do not want. Unlike him, the Conservative party is listening to the British people.

Sir William Cash (Stone) (Con): In congratulating my right hon. Friend on her principled stand in implementing the verdict of the British people, despite the doom and gloom that pours out from parts of the media, may I ask whether she is aware that last week the Chairman of the European Parliament's Committee on Budgets stated that the EU was too intrusive, it broke its own rules, its members did not trust one another and that it needed, as he put it, an electric shock? Does she agree that the EU itself is in deep trouble? It knows it, and the British people got it right.

The Prime Minister: One of the challenges for the 27 remaining states of the European Union is to decide the shape and way in which the EU acts as it goes forward. They have seen the views of the British people, and that a number of elements led the British people to decide to leave the EU. It is for the remaining 27 to think carefully how they want to take the EU forward in future.

Angus Robertson (Moray) (SNP): I thank the Prime Minister for advance sight of her statement. As she knows, 62% of voters in Scotland voted to remain in the European Union. Since then, we have heard regularly that apparently Scotland matters to the UK Government. Indeed, we hear that Scotland is an equal partner in the

United Kingdom. Given that, I imagine that the Prime Minister must have raised it at the European Union Council meeting, but for some inexplicable reason she has not mentioned it in her statement today, so can she perhaps tell the House which specific issues raised by the Scottish Government she shared at the EU Council meeting?

Today, the Prime Minister held meetings in relation to the Council with the Governments of Scotland, Wales and Northern Ireland. They have reacted since with frustration. The Welsh First Minister, Carwyn Jones, has said:

“If the UK government cannot negotiate an agreed position with the devolved administrations then it has little hope of negotiating a good Brexit deal with 27 EU countries.”

Scotland's First Minister, Nicola Sturgeon, said that she had received

“no more information or detail”

about the UK's negotiating position. The Institute for Government has warned that imposing a settlement on Scotland, Wales and Northern Ireland may result in

“a serious breakdown in relations between the four governments and nations of the UK”.

The Prime Minister cannot pretend to take the interests and concerns of Scotland, Wales, Northern Ireland and for that matter Gibraltar seriously. Either she will or she won't and, if she won't, Scotland is absolutely right to hold an independence referendum and we will protect our place in Europe.

The Prime Minister: The right hon. Gentleman asked me to take seriously the views of the Scottish Government and indeed of the other devolved Administrations. That was precisely why we were sitting round in the Joint Ministerial Council plenary session this morning. It is precisely why I have said to the First Ministers of Scotland and Wales and the First and Deputy First Ministers of Northern Ireland that we will have more of those meetings, so that we have a greater level of communication with those Governments.

What I want is for us, in determining the UK's position—because it will be the UK that will be negotiating with the EU our future relationship—to take into full account and understand properly the impacts and the particular issues that are of concern to the devolved Administrations. That is precisely what we discussed today. It is precisely what we are going to be discussing in detail with them over the coming weeks and months. Of course there are particular positions in Northern Ireland. The issue of the border with the Republic of Ireland is a specific concern that we are aware of and working on, and it is that understanding that we want for the future.

The right hon. Gentleman referred to the possibility of yet another referendum in relation to Scottish independence. I suggest, if he wants to ensure the future prosperity of the Scottish economy, that he just look at the fact that, actually, Scotland has more imports and trade arrangements with the rest of the UK than it does with the EU. Her first and foremost desire should be to remain part of the UK.

John Redwood (Wokingham) (Con): I strongly welcome the Prime Minister's statement. Will she confirm that this Parliament and the last Government gave the decision

to the British people on EU membership, so surely it is now the duty of this Parliament smoothly to implement their wishes?

The Prime Minister: I absolutely agree with my right hon. Friend. This Parliament voted six to one for the British people to decide whether we should leave or remain in the EU. The British people gave their verdict. It is now our job to get on with it and to make a success of it.

Dame Rosie Winterton (Doncaster Central) (Lab): In preparation for the Council meeting, did the Prime Minister commission any English regional impact assessments of Brexit? DB Cargo UK, whose headquarters are in Doncaster, last week announced 893 redundancies, stating, and I quote from a letter to the ASLEF trade union:

“The Brexit effect means investment decisions on major infrastructure projects...have been delayed or stopped altogether and customers have decreased or cancelled orders.”

Therefore, will the Prime Minister undertake to publish Brexit regional impact assessments? How will she ensure that the voice of the English regions is heard during Brexit negotiations?

The Prime Minister: The right hon. Lady makes an important point about the impact that Brexit will have on the economy generally as we go through this period of negotiations. Although people often talk about the impact on Scotland, Wales or Northern Ireland, there will of course be potential impacts on different parts of the United Kingdom. The Department for Exiting the European Union is talking to different industrial sectors and to agriculture throughout the UK precisely to understand what the priorities are and what the impact might be to ensure that when we negotiate the deal we negotiate the best possible deal—one that is right not just for the four nations but for the country and that works for everyone.

Mr Peter Lilley (Hitchin and Harpenden) (Con): I congratulate my right hon. Friend on the very positive message she delivered in Brussels about future co-operation and about free trade, and, in particular, her desire to continue tariff-free trade between us and Europe. Did any of her European colleagues advocate to her the return of tariffs on trade between us and Europe?

The Prime Minister: I thank my right hon. Friend for his question. I know that he has long been an advocate not only of our leaving the European Union but of the trade possibilities that would be available to us thereafter. We did not have a detailed discussion about the matters to which he refers, precisely because we have not yet started the formal negotiations.

Hilary Benn (Leeds Central) (Lab): The Prime Minister is about to embark on a very complex set of negotiations with her European counterparts. Everybody recognises that she will not want to reveal the details of her negotiating hand, but that is very different from setting out her objectives, which I hope will contain a lot more detail than just high-level principles. May I ask the Prime Minister to give the House an undertaking that she will publish her negotiating objectives in time for

the House and the new Select Committee to consider them before she presents them to the other member states?

The Prime Minister: I have set out the objectives that we wish to aim for in the negotiation that we will undertake. I congratulate the right hon. Gentleman on having been elected as Chairman of the new Select Committee, and his Committee will of course be looking at a whole variety of issues to do with Brexit. There are in fact already more than 30 different reviews and investigations being undertaken by Parliament into various aspects of Brexit, so Parliament is going to have every opportunity to consider the various issues involved.

Anna Soubry (Broxtowe) (Con): Rolls-Royce, a magnificent British company, employs a number of my constituents and offers many of them fantastic apprenticeships. I went to see them on Friday and they told me about their concerns, which are shared throughout the whole of the aerospace sector and other sectors, such as the automotive sector, about the consequences of our nation leaving—if it does—the single market and the customs union. Will the Prime Minister give an assurance to British businesses that she will listen to their needs and concerns as we now move to leave the European Union?

The Prime Minister: My right hon. Friend makes an important point about the quality of businesses that we have here in the United Kingdom. Rolls-Royce is one of those businesses that sets a fine example, including in the way it takes on apprentices. The way in which it has contributed to the growth of our economy is very important. I and all those involved in the negotiations will be listening to business. That work has already started and my right hon. Friend the Secretary of State for Exiting the European Union has already been holding those discussions. I have held a number of roundtables with business to hear their concerns from them. The overwhelming view that has come to me is that, given that we have taken the decision to leave the European Union, business wants to work with us to make sure that we make every success of the opportunities to us outside the EU.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): In her discussions with fellow European Council members, was the Prime Minister able to spell out that despite the complicated negotiations ahead it is quite clear that the British people expect the next general election in 2020 to represent the final vote and say on our immigration policy, the final vote and say on our trade policy and the final vote and say over UK laws?

The Prime Minister: I have said on a number of occasions that the vote to leave the European Union was a vote to ensure that we can have control over our budget, control over our laws and control over the rules on immigration that we set out.

Crispin Blunt (Reigate) (Con): Since it is clear from the Prime Minister's welcome endorsement of free trade that she will seek the closest possible engagement for a sovereign country with the European single market, does she agree that this objective would be better served by lobbying our partners than by throwing dust in the eye of the commentariat in this country?

The Prime Minister: I agree with my hon. Friend that it is important that we recognise that the work that will be done will be done sitting around the table with our European partners and negotiating with them. There will obviously be comments made in the United Kingdom and elsewhere in public about what is happening, but what will matter is the discussions that will take place sitting around that table.

Tim Farron (Westmorland and Lonsdale) (LD): I thank the Prime Minister for advance sight of her statement. It is a sad day when a Government are willing to compromise the safety and security of their citizens to appease the dangerous and irrational ideology of a few, so will she confirm now that we will remain an active member of Europol and that we will urgently opt in to this critical aspect of European cross-border security and policing, for which the regulations were confirmed in May this year, to defend ourselves from terrorists and to combat organised crime, including drug trafficking, paedophilia and people trafficking?

The Prime Minister: The hon. Gentleman does not need to tell me about the importance of our security and law enforcement co-operation with our European partners. I simply refer him to my statement, where I said:

“After we leave, we will be a confident, outward-looking country, enthusiastic about trading freely with our European neighbours and co-operating on our shared security interests, including on law enforcement and counter-terrorism work.”

Sir Edward Leigh (Gainsborough) (Con): I wonder whether the Chair of the Select Committee does not have a point in arguing that we should quite soon publish our objective. Is not our objective that, having adopted every last EU law into our laws, on Brexit day we want to conclude a free trade agreement? That is overwhelmingly in the interests of the rest of Europe and, incidentally, it would do so much for the poorest nations of the world, as we lead the battle in the world for free trade and prosperous world.

The Prime Minister: I agree.

Chris Leslie (Nottingham East) (Lab/Co-op): Just to be crystal clear about the Prime Minister’s statement and her answers, is it her intention that the UK will be leaving the customs union?

The Prime Minister: I could give the hon. Gentleman a very lengthy answer about that—[*Interruption.*] From a sedentary position, the shadow Foreign Secretary talks about “the substance”. The important point about the customs union is that the way in which you deal with the customs union is not a binary choice. There are different aspects to the customs union, which is precisely why it is important to look at the detail and get the answer right, not simply make statements.

Mr Steve Baker (Wycombe) (Con): As we proceed with new bilaterals, surely none of us wants to see first-class European goods and services becoming uncompetitive. I understood from my right hon. Friend’s answer to my right hon. Friend the Member for Hitchin and Harpenden (Mr Lilley) that there is no proposition

to put tariffs between us and our European partners. Will she confirm that she is willing to offer them a free trade deal bilaterally?

The Prime Minister: At the risk of repeating yet again what I have said previously in this House, we want to get the right deal. I want to get the best possible deal with the maximum possible opportunities for British businesses to be able to trade with Europe: to operate within the single market and to trade with it in both goods and services. That is our clear aim—we want to be able to have that good trading relationship with the European Union—but there are other things that we will be doing at the same time, such as ensuring we can control the movement of people from the European Union into the UK.

Sir Jeffrey M. Donaldson (Lagan Valley) (DUP): We welcome the Prime Minister’s meeting today with the First Ministers of the devolved Administrations, and we hope that that will continue to be a meaningful engagement. It is vital that we do everything we can to support industry. Would the Prime Minister care to comment on speculation that we are considering a cut in corporation tax? We would of course very much welcome that in Northern Ireland.

The Prime Minister: No, I have to say to the right hon. Gentleman that he should not believe everything he reads in the newspapers.

Mrs Cheryl Gillan (Chesham and Amersham) (Con): On migration, on 14 September in a communiqué to the Council the Commission said that we should establish a European travel information and authorisation system by November of this year. Greece is now objecting to the common European asylum system. Where does that leave the proposed agency?

The Prime Minister: I am happy to say to my right hon. Friend that the European Union has been looking for some time at the proposal for something that it has described as a smart borders system, looking at the model of the system used in the United States. That concerns the security of the EU’s external border. There is a separate issue, namely the arrangements in Greece relating to the asylum system. The Greek Government have made some changes to how they deal with asylum claims in response to the requirements of the EU-Turkey deal.

Ms Angela Eagle (Wallasey) (Lab): The Prime Minister is being uncharacteristically coy about the terms of the negotiation to leave the European Union, yet we know that once the papers are given to the Commission they will be shared with the European Parliament. Will she not now undertake to share those papers with this Parliament—the sovereign Parliament—so that we can have a proper opportunity to look at the position that the Government are taking and comment upon it?

The Prime Minister: I assure the House, as I have before, that it will have a proper opportunity to look at these issues as we go through—and not just a one-off opportunity: as I have set out, there will be a number of debates that will enable Members of this House to give

more detailed comments on various aspects of the impact of Brexit on different sectors of the economy, for example.

Mr Bernard Jenkin (Harwich and North Essex) (Con): The Public Administration and Constitutional Affairs Committee is conducting an inquiry and drafting a report on inter-institutional relationships in the UK, so I very much welcome the meeting of the Joint Ministerial Council this morning. Will the Prime Minister say a bit more about that? Will she in future give oral statements to the House on meetings of that Joint Ministerial Council to emphasise the importance of those meetings? Did the other Administrations accept the principle that there should be a sub-committee looking at the particular issue of Brexit?

The Prime Minister: We discussed having more meetings of the plenary session, which is what I chaired this morning, and those further meetings will take place in due course. We agreed that a Joint Ministerial Council sub-committee will be set up to deal with the negotiations for leaving the European Union, looking at the issues around those negotiations. That was welcomed by all the devolved Administrations. I look forward to that being a constructive discussion around the table. As we put together the UK's position on these matters, it is important that we fully understand the impacts on the various parts of the United Kingdom.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): The Prime Minister spoke in her statement of negotiating to reflect the kind of mature, co-operative relationship that close friends and allies enjoy. With that in mind, if Northern Ireland can quite rightly get a special deal and the City of London is being considered for one, too, why is it so politically difficult for her even to comprehend a deal for Scotland, something supported by the voters, the Scottish Government and the Scottish Parliament?

The Prime Minister: The deal we will negotiate will be the right deal for the United Kingdom. It will take account of the concerns and the implications for various parts of the United Kingdom—different sectors of our economy, for example. The position of Northern Ireland will be a particular one because it will be the one part of the UK with a land border with a country that will be remaining inside the European Union. Given that, there is good will and a good spirit from both this Government and that of the Republic of Ireland for ensuring that future arrangements do not entail a return to borders of the past.

Mr Andrew Tyrie (Chichester) (Con): The Prime Minister has a very difficult job on Brexit, but the Government's policy of saying as little as possible will become increasingly unsustainable. The vacuum is already being filled by leaks not from the Commission but from her own Cabinet Brexit Committee colleagues. Does she accept that unless the Government can provide at least some clarity about their direction of travel soon, many financial and other businesses, which have been in touch with me about this, will respond to the uncertainty and plan for the worst, and that that will be at a considerable cost to the UK?

The Prime Minister: I am well aware of the impact uncertainty has on businesses making future decisions about investment here in the United Kingdom. It was in that light that I set out the framework of the timetable for invoking article 50. I have also given clarity to both employers and employees about the legislative position that will apply on day one when we leave the European Union: EU law will be brought into UK law, as part of the great repeal Bill, to ensure that there is no legal vacuum. The Government will continue to speak about these matters. I understand the point my right hon. Friend makes, but I think he knows full well that if the Government were to set out every jot and tittle of our negotiation position, that would be the best way to get the worst deal for the UK.

Andy Burnham (Leigh) (Lab): A few moments ago, the Prime Minister failed to adequately answer the important question from my right hon. Friend the Member for Doncaster Central (Dame Rosie Winterton). Has the Prime Minister carried out any detailed analysis of the impact the harder form of Brexit she seeks will have on the economy in the regions, in particular the north? If she has, will she publish it? If she has not, will she concede that her anti-EU rhetoric, and her talking up of a hard Brexit over the last month, has been deeply irresponsible?

The Prime Minister: First of all, as I said in response to the right hon. Member for Doncaster Central (Dame Rosie Winterton), we are looking at the impacts on different parts of the United Kingdom. The premise of the right hon. Gentleman's question is a false one. He talks about the hard Brexit that the Government are going to take the country into. There is no suggestion of that whatsoever. *[Interruption.]* The right hon. Gentleman seems to think that all of these matters are binary decisions between either being able to control immigration or having some sort of decent trade arrangements. That is not the case. We are going to be ambitious for what we obtain for the United Kingdom. That means a good trade deal as well as control of immigration.

Mr Mark Harper (Forest of Dean) (Con): It seems to me that we are much more likely to achieve our foreign policy objectives working together, so I welcome the Prime Minister's moves to put Russia's behaviour on the Council's agenda. She may have noticed the very robust statement at the weekend by the new shadow Secretary of State for Defence condemning Russia's behaviour. When does she think the Leader of the Opposition will join the shadow Secretary of State in being able to criticise Russia for the indiscriminate bombing taking place in Syria and recognise its part in the Syrian refugee crisis that we are all trying to deal with?

The Prime Minister: My right hon. Friend makes a very valid and important point. I note that although the European Council discussed the role that Russia was taking in the indiscriminate bombing in Syria, the Leader of the Opposition failed to refer to Russia and its actions in Syria when he came to the Dispatch Box. I hope he will not be too slow in coming forward and making it clear that he condemns Russia's activities; otherwise people will assume that he does not.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): The European Investment Bank provides vital funds for affordable housing, hospitals, investment in new technologies and our utilities. We received £5.6 billion last year for projects up and down the country. Has the Prime Minister had any discussions about our stake in the European Investment Bank—we hold a sixth of the shares—and will she confirm that she will do nothing to put it at risk?

The Prime Minister: The hon. Lady makes an important point. I can inform her that the Treasury is in discussions with the European Investment Bank. We recognise the important role the bank plays and want to ensure that nobody loses out as a result of the decision taken by the British people. Those discussions are ongoing with the European Investment Bank.

Michael Fabricant (Lichfield) (Con): Although a committed European, Tony Blair once said that he faced European summits with a sinking heart, so may I say how pleased I am that the Prime Minister enjoyed her first summit? Does the experience of the Wallonians dictating to Belgium and causing a walk-out by the Canadians not show that Brexit must not only be for England and Wales but for the whole United Kingdom?

The Prime Minister: My hon. Friend is absolutely right. The decision taken to leave the EU is a decision of the United Kingdom. It will be the United Kingdom that negotiates that deal, and it will be the right deal for the United Kingdom.

Mr Ben Bradshaw (Exeter) (Lab): Our national health service, universities and businesses are already losing talent because of the uncertainty about the status of EU citizens here in the event of Brexit. It is an uncertainty the Prime Minister could end now. Why won't she?

The Prime Minister: I expect to be able to guarantee the status of EU citizens here in the United Kingdom. I intend and want to do that. The only circumstances in which that would not be possible would be if the status of British citizens in the European Union member states was not guaranteed. This is an issue that, as I have said previously, I hope to be able to discuss at an early stage.

Suella Fernandes (Fareham) (Con): As someone who campaigned to leave the European Union, I am delighted to see my right hon. Friend's incontrovertible commitment to honouring the will of the British people and forging a successful future for our country outside the EU. Does she agree that her starting position in the forthcoming negotiations is a strong one, and that we are beginning to see positive revisions of growth, steadily low unemployment and exports set to outpace imports—proving the scaremongers who predicted dire recession absolutely wrong?

The Prime Minister: My hon. Friend has seen that some of the economic data since the referendum have been more positive than was predicted prior to the vote. I will not, however, pretend that it is going to be plain sailing in the future. There will be ups and downs, and there will be difficult moments in the negotiations, as I have said. What is clear is that we will maintain a clear focus on delivering what the British people want, which is to leave the European Union.

Mark Durkan (Foyle) (SDLP): In her elliptical words on migration, is the Prime Minister alluding to the UK and EU's interest in making President Bashir, indicted by the International Criminal Court, a partner in managing migration and countering terrorism? She needs to be more explicit about what she and her colleagues envisage from the Khartoum process, and what it means for the hordes of refugees from Sudan and through Sudan.

The Prime Minister: The European Union is looking initially at working with a small number of African countries to ensure that support is available to reduce the number of people who wish to move to Europe. The Khartoum process is an important element of the work that is being done. The UK has consistently said that we need to operate upstream. That is about working with source countries, working with the transit countries and dealing with the organised crime groups that are engaged in these horrific crimes of people smuggling and human trafficking which are leading to misery. As I say, the EU is looking at dealing initially with a small number of countries, but of course we recognise that it is difficult to return people to some countries. It is important to accept the principle and start to put into practice the process of working with people upstream.

Mr Jonathan Djanogly (Huntingdon) (Con): Technically, it seems that the UK cannot enter into trade deals with third-party countries while we are still a member of the EU. It is also generally acknowledged that we will start to do this at some point before we leave. Is this an issue that my right hon. Friend has looked at? Is there some timetable to work to here? Was it mentioned at the summit?

The Prime Minister: As far as the summit is concerned, my point was that any discussions on trade deals with third countries are not in competition with what the EU is doing. We continue to press for the EU-Japan deal and we continue to press the benefits of the Transatlantic Trade and Investment Partnership around the European Union table. My hon. Friend is right that there is a limit to what we can do when it comes to entering into a trade arrangement before we have left the EU, but that does not mean that we cannot scope out negotiations and start to have those discussions, which indeed we are doing with a number of countries.

Stella Creasy (Walthamstow) (Lab/Co-op): The Prime Minister made quite a revealing statement today when she said that she will not seek to replicate any parts of the Canadian-European Union trade deal. We know that that is stalling over guarantees for labour, environmental and consumer protection. So we know what the right hon. Lady is ruling out; will she now tell us what she is ruling in?

The Prime Minister: Nice try, but I did not say that I was ruling out bits of the Canadian deal. What I said was that we would not replicate the EU-Canada deal, just as we are not trying to replicate the Norway model or the Switzerland model. What we are trying to do, and what we will do, is to deliver the deal that is right for the UK.

Mr Philip Hollobone (Kettering) (Con): I commend my right hon. Friend for her approach to her first EU summit. Some 61% of people in Kettering voted to

leave the European Union and they voted to leave the whole thing, so that we get back control over our laws, our budget, our borders and our trade policy. While there might be 500 Members of this House who were remainers and are now remoaners, she is acting on behalf of the British people in trying to get the best deal for this country.

The Prime Minister: All I would say to my hon. Friend is that, regardless of which side of the debate Members were on before 23 June, we should all accept the voice of the British people and put that into practice.

Kate Hoey (Vauxhall) (Lab): I congratulate the Prime Minister on her handling of her first European Union summit. I will not ask her whether she enjoyed it, but does she accept that millions of people who voted to leave—including, let us not forget, millions of Labour voters—will only believe that we are really leaving when we invoke article 50? Will she assure the House that she will not be taken in by those who want to delay and delay and delay in the hope that somehow, somewhere, they will get another referendum?

The Prime Minister: I have made it very clear that there is no question of another referendum. While I felt that it was right for us to take some time to prepare before the start of the negotiations through the invoking of article 50, it is also true that, as the hon. Lady says, members of the public will want to see article 50 invoked so that they know that this is going to happen. That is why I think that the timetable for invoking it by the end of March 2017 is the right one.

Mr Jacob Rees-Mogg (North East Somerset) (Con): The people of Somerset are rejoicing at the clarity of the Prime Minister's approach to leaving the European Union. To encourage further rejoicing, will she confirm my understanding that once we have left the European Union, the European Court of Justice will have no jurisdiction of any kind whatsoever as the final arbiter of any UK law?

The Prime Minister: When we leave the European Union, UK laws will be determined here in the UK. It will be British judges sitting here in the UK who opine on the application of those laws, and it will be this House that determines the legislation that covers the British people.

Emma Reynolds (Wolverhampton North East) (Lab): Given that our European partners have not yet committed themselves to trade negotiations alongside negotiations on article 50, what assurances can the Prime Minister give British businesses that in March 2019, when we leave the European Union, they will not face World Trade Organisation rules and tariffs?

The Prime Minister: We are seeking not just to negotiate the exit from the European Union, but to be able with negotiate the new relationship with the European Union. As I have said, our ambition and intention in doing that are to ensure that we get the best possible deal in relation to trade with, and operation within, the European market. That is what the whole Government are working on.

Mr Peter Bone (Wellingborough) (Con): The terrible migration problem that we are currently seeing is largely due to human trafficking gangs. One of the great legacies of the former Prime Minister, and indeed the former Home Secretary, is that we now lead the fight against human trafficking. Does the Prime Minister agree, however, that we must build relationships not just with the European Union but with all European countries if we are to deal with this evil trade?

The Prime Minister: My hon. Friend has taken a particular interest in the issue of human trafficking, and has done excellent work in encouraging activity that reduces and indeed stops it. He is right: there are countries such as Albania where it is important for us to operate, and, indeed, the Government have been working with them to try to reduce human trafficking. It is also important for us to work with countries such as Nigeria, which are often sources for the trafficking of young women, in particular, into sexual exploitation here in the UK, to reduce the number of opportunities for the criminal gangs to ply their horrific trade.

Keith Vaz (Leicester East) (Lab): May I pursue the point made by the hon. Member for Wellingborough (Mr Bone)? The situation in Libya is becoming beyond a crisis: 150,000 people have crossed the Mediterranean, and 3,000 have died on the way. Was there any discussion about sending the High Representative, Federica Mogherini—herself an Italian—to Tripoli, perhaps with our Foreign Secretary, to try and work directly with the Libyan Government to deal with human traffickers, but also to prevent people from setting off in the first place?

The Prime Minister: The European High Representative has been making a number of visits to countries in north Africa that are either source countries or transit countries for the migration crisis that we have seen in Europe. The right hon. Gentleman is right to say that many people are coming across from Libya into Italy. I am pleased that it was the United Kingdom that was instrumental in getting the United Nations Security Council resolution that has enabled action off the Libyan coast to be taken, as well as rescuing thousands of people. Sadly, people are still dying in the Mediterranean, but the Royal Navy has been involved in the breaking up of boats that have been used by the criminal gangs. This is an ongoing activity, however, and we need to take every step we can to stop this terrible trade in human beings that brings so much misery.

Mrs Flick Drummond (Portsmouth South) (Con): The University of Portsmouth in my constituency depends on an interchange of people and ideas with EU countries and other countries around the world. What action will the Government take to reassure students and academics that the UK universities sector will remain open and inclusive?

The Prime Minister: We want to ensure that Britain is open for business and that our universities sector is open for those sorts of exchanges. This is precisely what we have done in relation to people coming to the United Kingdom from outside the European Union. I hope that we have given some reassurance to the universities in relation to the arrangements that they put in place with other EU member states prior to our leaving.

[*The Prime Minister*]

We have made it clear that when funding arrangements are put in place that meet our priorities and provide value for money, they will continue beyond the point at which we leave.

Frank Field (Birkenhead) (Lab): I suggest to the Prime Minister that people believe that she is going to lead this country out of Europe and that they certainly do not judge her on when she is going to activate article 50—if they know what the hell article 50 means. In those circumstances, and given that as time goes on we will realise the enormity of the task, may I suggest that she invokes article 50 by March next year only if it is truly in the interests of this country to do so?

The Prime Minister: I would simply say to the right hon. Gentleman, as I said in earlier response, that the British people want to see action being taken to ensure that we leave the European Union. We are doing the preparatory work, and although I have not set a specific date in the first quarter of next year, I believe that the decision to invoke article 50 by the end of March is the right one.

Sir Gerald Howarth (Aldershot) (Con): I too rejoice that my right hon. Friend's iron resolve that "Brexit means Brexit" is sending a clear message to the British people. May I invite her to remind the country that, while it is necessary for us to discuss these issues with a number of interested parties, not least the devolved Assemblies, she speaks for 17 million people and that Nicola Sturgeon speaks for 1.7 million?

The Prime Minister: The important point is that over 17 million people voted to leave the European Union. It was a majority vote here in the United Kingdom to leave, and it is the United Kingdom that will be negotiating the relationship we have with the EU in future.

Joanna Cherry (Edinburgh South West) (SNP): The City of London is determined to remain in the single market and it wants a bespoke arrangement to enable it to do so, at least so far as financial services are concerned. I understand that the Prime Minister has not ruled that out. Would she consider a similar bespoke arrangement for the financial sector in Edinburgh, which is the second largest in the UK and employs many thousands of my constituents?

The Prime Minister: As I have said, people talk about being members of the single market or having access to the single market, but what matters is the relationship we have with the European Union that will enable the maximum possibility to trade with and operate within that single European market. We will be negotiating on behalf of the financial sector across the whole of the United Kingdom.

Andrew Bridgen (North West Leicestershire) (Con): Being in the European Union has been compared with being in the back of a crowded taxi that is heading in the wrong direction. Does my right hon. Friend agree that, if we remain in the single market when we leave the EU, we will no longer be in the taxi but tied up in the boot?

The Prime Minister: It is important that as we look to get the right deal for the UK, we recognise that what we are doing is negotiating a new relationship with the EU, and that is ensuring our businesses are able to operate and trade within the European market, but that we also put in place the other things I believe were a requirement of the British people in their vote, such as control of immigration.

Paul Flynn (Newport West) (Lab): Does not the decision in the referendum deserve similar respect to the public majority in favour of the name Boaty McBoatface? Does the Prime Minister notice there has been a strong movement in public opinion in Wales against Brexit because people realise the promises of the Brexiteers will not be honoured and they now see the effects on the Welsh economy? There is going to be an awful result in Ireland to fixed, hard borders that will not be enforceable and will be hugely expensive, and the Prime Minister is ignoring the views of the people of Scotland. Does she not think her little Englander myopia will lead to the break-up of the United Kingdom?

The Prime Minister: The United Kingdom voted to leave the European Union, and this Government are putting that into practice. The hon. Gentleman and others can try all they like to reverse that decision and to delay the implications and the application of that decision—to find ways to weasel around the decision that was taken. The British people spoke. This Parliament said to the British people, "It is your choice." They chose; we now will do it.

Nusrat Ghani (Wealden) (Con): India invests more in the UK than the rest of the EU combined and has spent the last nine years trying to negotiate an EU deal. What plans does my right hon. Friend have to visit India to boost trading links between our two countries, noting that the Confederation of Indian Industry stated that an agreement between us "would be almost made in heaven"?

The Prime Minister: My hon. Friend is very perceptive because in fact I will be visiting India in early November, and I am pleased to say I will be taking a trade delegation with me, but it will be focusing on small and medium-sized enterprises to try to ensure we boost the relationships between SMEs here in the UK with the important Indian market.

Chris Bryant (Rhondda) (Lab): Russia's behaviour in Syria has already been utterly despicable, but it was particularly worrying to see the Admiral Kuznetsov sailing through the English channel this weekend probably on its way to smash what is left of Aleppo into smithereens. I am delighted the Prime Minister wants to have a strong position with European colleagues in relation to Russia, but there is one thing we in this country can do ourselves, which the Americans have done as well: to say that anybody involved in the murder of Sergei Magnitsky or the corruption he unveiled is not welcome in this country and will not come to this country. [*Interruption.*] The Prime Minister is being advised by others and will end up going back to the old Cameron position, but may I suggest to her that this is something we could do and it would make a difference?

The Prime Minister: This is an issue the hon. Gentleman has campaigned long and hard on. He has asked this question of David Cameron in the past when he was Prime Minister and he has asked it of me as Home Secretary, and I am sure he has asked it of previous Foreign Secretaries. We have our own rules and regulations in terms of how we determine who is able to enter the UK. The hon. Gentleman talks about the old position; it was the position of the UK Government and it remains the position of the UK Government.

Mr Speaker: There is much to be said for a bit of repetition, which is not a novel phenomenon in the House of Commons.

Richard Drax (South Dorset) (Con): The majority of voters in South Dorset are also congratulating the Prime Minister on her stance. Does she agree that voters of EU countries will scrutinise their politicians very carefully as we negotiate our exit and vote accordingly at the next opportunity they have if they perceive their leaders doing anything to endanger jobs and prosperity to maintain a flawed political project?

The Prime Minister: As I said in response to an earlier question, it is important that the leaders of the remaining 27 think about what the nature of the EU going forward should be. But I have also been clear with them that from the UK's point of view the vote was not an attempt to break up the whole of the EU. We have an interest in seeing a strong EU and in working with it, with the UK continuing to be a strong and dependable partner. But I do think other leaders inside the EU should consider the message given by the British people when they voted on 23 June.

Rushanara Ali (Bethnal Green and Bow) (Lab): The head of the British Bankers Association, a former adviser to the current Foreign Secretary, has warned that many of Britain's biggest banks are preparing to relocate in early 2017, putting at risk some 70,000 jobs, many of which are in my constituency. Will the Prime Minister tell us how the Government plan to ensure that the UK-based banking sector retains passporting rights to operate freely elsewhere within the European Union after Britain leaves?

The Prime Minister: I have been clear in a number of responses this afternoon about the importance we place on being able not just to trade with but to operate within the European market—for goods and for services. I say that precisely because I am aware of the importance of financial services to the United Kingdom, to our economy as a whole and, obviously, to particular constituencies regarding individuals and their employment. Being able to operate within the European Union is important to other parts of our professional services, such as legal services. We are in discussions with the financial sector on the issues that it believes are the priorities for the future so that we can ensure that we are able to get the best possible deal in the negotiations.

Robert Jenrick (Newark) (Con): Does my right hon. Friend agree that in a free society there is never an obligation on anyone, certainly not Members of Parliament, to change their views just because a majority has voted a different way? However, there is an obligation on all of

us, including those of us who voted to remain, to work in the national interest and not to undermine it by tying the hands of the Prime Minister and the Government in a way that would never happen in commerce or in private negotiations.

The Prime Minister: My hon. Friend speaks with the voice of experience on this matter. That is exactly the point. If we are to get the best possible deal for the United Kingdom, it is important that we are able to enter the negotiations not having set out a whole series of red lines and not having set out our negotiating position in detail. We need to be able to negotiate the best possible deal for the UK. Tying the Government's hands would be the best way of getting the worst deal for the UK.

Danny Kinahan (South Antrim) (UUP): I welcome the fact that the Prime Minister met the leaders of the devolved Governments this morning, but uncertainty is what is giving everyone doubt about Brexit, particularly in Northern Ireland where one member of the Executive is for in and one for out—we do not know where we are going. Who do we have on the ground in Europe ensuring that we are gathering intelligence and advice and that we are ready to fight our corner and ensure that we get something in the best interests of the whole UK?

The Prime Minister: It is important that we understand the possibilities of our future relationship with the European Union. That is why I thought that was important in the negotiations, which will be lengthy. I recognise that there will of course be an element of uncertainty until we have agreed the deal, but that is why I set up an entirely new Government Department to do the work of understanding not just what is important for us here in the UK, but what is of importance for the 27 member states of the European Union. The deal will be not just about the UK, but something that works for both sides.

Rehman Chishti (Gillingham and Rainham) (Con): On Syria, paragraph 20 of the European Council conclusions talks about the “resumption of a credible political process”.

Is that in line with Geneva I and Geneva II, the peace process and the transition to democracy? We must ensure that the opposition get the right assurances about a fair deal rather than their having to go to the talks and accept a diktat from the Russians because of their upper hand in the aggression and their killing of civilians on the ground.

The Prime Minister: As my hon. Friend knows, we want the ability to return to talks that can lead to a proper political transition in Syria. The United Kingdom has played an important role and will continue to play an important role in supporting the opposition. Only two or three weeks ago, my right hon. Friend the Foreign Secretary hosted Syria opposition parties here in London, where they set out their future aims and vision for Syria. It was important for us to support them then and we will continue to do so.

Mary Creagh (Wakefield) (Lab): The Prime Minister said that she wanted the UK to be the most passionate, consistent and committed advocate of free trade anywhere in the world. Would that not be best demonstrated by

[Mary Creagh]

the UK remaining a member of the single European market of £9 trillion, protecting the jobs and incomes of my constituents? Does she also agree that following the same process as Canada—seven years to negotiate a trade deal only to see it fall at the eleventh hour because it was rejected by one of Belgium's seven Parliaments—is not something that we should aspire to?

The Prime Minister: I understand that although the discussions on the Canadian deal have stalled, attempts are still being made to ensure that that deal can go ahead, and we would encourage it to go ahead. On the wider point the hon. Lady makes, I am sorry but I am going to repeat what I have said previously: people put this purely in terms of some variation of access to or membership of the single market, but what matters is what the trading relationship is. If we make ourselves hidebound, saying that it has to be in this particular form at this stage, it will not be open to us to negotiate the best possible deal. What matters is that we have the maximum possible ability to trade with and operate within the single European market, and to do that across both goods and services. That is what we are aiming for.

Lucy Frazer (South East Cambridgeshire) (Con): Does the Prime Minister agree that when negotiating for Brexit it is important not only to negotiate collectively with the member states, through the European Council, but, equally if not more importantly, to have conversations individually with each member state, as has been shown by the experience of negotiation on the Canadian trade deal?

The Prime Minister: My hon. and learned Friend makes a very important point. That is precisely why both I and other Ministers are not just interacting with the European Union in its various forms—the Council and so forth; I have made a number of trips to meet my opposite numbers in various member states of the European Union. We will continue those discussions with those countries bilaterally because we want a good, strong relationship with them bilaterally when we leave the European Union, as well as having a good relationship with the EU.

Stuart Blair Donaldson (West Aberdeenshire and Kincardine) (SNP): A recent report by Common Vision highlighted that young people are more internationalist in their outlook and, as such, voted overwhelmingly to remain in the EU. What discussions did the Prime Minister have with her European counterparts about protecting the opportunities that the EU provides for young people in my constituency, across Scotland and throughout the UK?

The Prime Minister: Of course the negotiations have not yet formally started with the European Union, but the sort of deal we are talking about, and the sort of deal we want to get that will enhance prosperity and ensure jobs for the future, will be good for all generations here in the UK.

Craig Mackinlay (South Thanet) (Con): Have our European partners realised that a new UK-EU free trade arrangement will be good as a positive-sum game

for all concerned, given that 22 of 27 of them have a trade surplus with us? Is the Prime Minister detecting that common sense is finally starting to prevail?

The Prime Minister: I think that member states and the EU are increasingly looking at this in relation not just to what it means for the UK, but what it means for them as well. I have said consistently that this is not just about the UK, in some sense, being a supplicant to the remaining 27 of the EU; it is about us negotiating a relationship that works for both sides.

Mr Chuka Umunna (Streatham) (Lab): Article 50 puts any country seeking to leave the EU at a disadvantage, in that if you have not got the deal you want within two years, you could flip on to trading with the EU on World Trade Organisation terms, putting your companies and sectors at huge disadvantage. With that in mind, we need to create a certain amount of good will from our European partners, and making them think that their EU citizens living here are the cause of all our problems is not the way to build good will. I accept that the Prime Minister will want to find reforms to the way that immigration works, but will she guarantee that her Cabinet—I see the Home Secretary sitting next to her—will exercise more care in the language they use on these matters?

The Prime Minister: The Government, and all Ministers in the Government, exercise every care in the language they use in these matters. I have to say to the hon. Gentleman that the image he portrays of the impression we have given for EU citizens is quite the wrong one; I have been very clear about our expectations and intentions in relation to EU citizens living here in the United Kingdom. But he must accept, as must other Members of this House, that we also have a duty to British citizens who are living in EU member states, and that is why I want to ensure that the status of both is guaranteed.

Bob Stewart (Beckenham) (Con): I am very pleased that my right hon. Friend raised the matter of the crisis in Syria at the European Council, but I am wondering whether any spotlight was put on the crisis in Yemen. Approaching 7,000 people have been killed there, and when 7,000 people were killed in July 1995 at Srebrenica the international community moved into high gear to sort it out. Does the European Union have any plans to try to sort out the appalling crisis that is happening in Yemen?

The Prime Minister: My hon. Friend is right to draw attention to the problems that are being experienced by many people in Yemen and to what is happening in Yemen. We want to see a political solution there, just as we do in relation to Syria. That is the only way to get long-lasting peace and stability for the country. I am pleased to say that there has been at least a temporary cessation of hostilities in Yemen. Over the weekend, I spoke to the Crown Prince of Abu Dhabi, and among the issues that I raised in that conversation was the importance of trying for all involved to sustain that cessation of hostilities.

Helen Goodman (Bishop Auckland) (Lab): The Prime Minister has had a lot of questions about the customs union, because, for exporters into the EU, having to comply with the rules of origin from the outside would raise costs by 25%. She knows that Nissan is one of

those exporters. It has an extremely important role in the north-east. When Nissan officials left the meeting with her, they seemed much happier and satisfied with what she had said. Will she share with the House what she said to them?

The Prime Minister: I am sure that the hon. Lady knows—I said this in answer to an earlier question from a Labour Member—that the customs union is a more complex issue than it at first seems when people describe it in public. We have been discussing this matter with a number of companies, and I am very clear that the intention of this Government is to ensure a competitive market and that people are able to prosper here in the United Kingdom and to add to our economic growth.

Mr David Nuttall (Bury North) (Con): May I thank the Prime Minister for her statement and say that I entirely agree with her that, until we leave the European Union, we should continue to play our full part in its affairs, not least because I expect the EU will want us to keep paying our full contributions until we leave. Does she think that her fellow EU leaders understand that if we leave the European Union and have to fall back on WTO tariffs then, according to today's Civitas report, EU exporters would be liable to pay £12.9 billion a year, which is more than twice the £5.2 billion a year that UK exporters would be liable to pay, and it is therefore very much in the interests of the rest of the EU to agree a tariff-free deal with us?

The Prime Minister: My hon. Friend makes a very important point. Of course this is not just about the United Kingdom, but about the future impact on the economies of the member states of the European Union. He is absolutely right that, as we go into the negotiations, it will be for member states to recognise that there are implications for them, and those implications could be negative for businesses and jobs in their countries. That is why it is in the interests of all of us to get the best possible deal in relation to trade.

Stephen Kinnock (Aberavon) (Lab): The President of the European Council, Donald Tusk, recently issued a statement in which he said that there will be no soft Brexit; there is either a hard Brexit or no Brexit at all. Given that the Prime Minister was just in Brussels, did she pick up on that hardening political mood music, which makes it absolutely clear that the idea of the unfettered access to the single market that we so desperately need is rapidly becoming a pipe dream?

The Prime Minister: I repeat what I said earlier, which is that we have not yet started the negotiations, but what I found when I talked to other leaders and colleagues in the European Council at the end of last week was a recognition that this is a complex matter that we have to negotiate, and an increasing recognition that we have to ensure that the deal that we get is positive for both the European Union and the United Kingdom. I got the impression from what was being said to me that we are going to be able to sit down around that table and get the best possible deal for both sides.

David Rutley (Macclesfield) (Con): During a recent visit to Berlin with Members of the Bundestag, it was clear that there was genuine goodwill towards the United

Kingdom, as well as an understanding that there are detailed negotiations ahead. There are clear shared economic interests with member states, but can my right hon. Friend confirm that there are also common security concerns relating to Russia as well as counter-terrorism issues that will help focus the minds of EU negotiators on arriving at a positive outcome in their deliberations?

The Prime Minister: My hon. Friend makes an excellent point. Much of the discussion tends to focus on the trade relationship that we have, but there are many other areas in which we co-operate with other European Union member states, such as law enforcement, counter-terrorism and security, where we want to have a close and enduring partnership with them once we leave.

Steve McCabe (Birmingham, Selly Oak) (Lab): I am sure the Prime Minister understands the concerns of the British medical research sector about its continued access to vital European medical research networks post-Brexit. Without revealing her hand, can she give an assurance that she has a plan to protect access for this vital research?

The Prime Minister: There is an assumption behind the hon. Gentleman's question that the only way to access such research networks is through being a member of the European Union. Of course, there are those here in the United Kingdom who are members of a number of research networks that operate as effectively but are nothing to do with the European Union. I can assure him that that is another aspect of the future implications that we are aware of and will be taking into consideration.

Jeremy Lefroy (Stafford) (Con): There is a dangerous political crisis in the Democratic Republic of the Congo, which has seen 6 million people die in the past 20 years. There is a crisis, too, in Burundi with extra-judicial killings happening every week, and there is in effect a bloodbath in South Sudan. All these are of great interest and concern to the European Union and the United Kingdom. Were any of these subjects discussed at the summit?

The Prime Minister: No. The subjects on the summit's agenda were Russian action in relation to Syria, migration and trade, so the Democratic Republic of the Congo and South Sudan were not discussed, but I am well aware of the concerns of my hon. Friend and others about what has been happening, particularly in South Sudan recently. This is a matter that my right hon. Friend the Foreign Secretary is looking at closely.

Peter Grant (Glenrothes) (SNP): Earlier the Prime Minister assured us that she was looking to raise at an early stage the concerns of UK citizens living elsewhere in the EU and of EU citizens living in the United Kingdom. Can she tell us whether she raised those concerns at an early stage last week and if not, why not?

The Prime Minister: I have said on a number of occasions, including last week, that I hope to be able to address that issue at an early stage. I repeat my earlier comments in relation to our expectation for EU citizens, and I repeat once again that it is for this House not simply to ignore the interests of British citizens who are

[*The Prime Minister*]

living in European Union member states. We must ensure that their rights are guaranteed, as the rights of EU citizens living here will be guaranteed.

Henry Smith (Crawley) (Con): I commend my right hon. Friend's statement to the House. Last Friday evening I held a public meeting in my constituency for EU nationals concerned about the Brexit vote, and was heartened by a majority seeing the opportunities of the UK leaving the EU possibly leading to reform for their home countries in the future. Given Wallonia's effective veto on the Canada-EU agreement, what discussion was there among other EU leaders about the need for EU reform?

The Prime Minister: It is up to the 27 member states to discuss among themselves the future shape that they wish the European Union to take once the United Kingdom leaves. I have raised with other leaders the importance of their paying attention to the message that was given by the UK vote to leave the European Union, but I leave it to them to discuss the future of the EU without the UK.

Wes Streeting (Ilford North) (Lab): Last week the Treasury Committee heard from the Chancellor. We were told that the Treasury is modelling the range of options and scenarios available to the Government to look at the economic implications of those options. Today the Prime Minister confirmed that the Government are looking at the regional impacts of those options. Given the Prime Minister's apparent commitment this afternoon to a series of debates in the House of Commons, she must surely agree that that debate will be better informed if we have the evidence before us, so will she give a commitment to publish the various options so that this House and the public may have an informed debate about the options ahead?

The Prime Minister: I can assure the hon. Gentleman that we want to ensure that debates that take place in this House are as informed as possible. There is, of course, a wide variety of pieces of work being undertaken, not just by Government, in relation to the implications of leaving the European Union in different sectors and different parts of the United Kingdom.

Tom Pursglove (Corby) (Con): My right hon. Friend was absolutely right to stress that we are not leaving Europe. Indeed, would she confirm that when we leave the European Union, we will continue to play a full and active part in the Council of Europe, working together on the basis of friendship and co-operation, not political union?

The Prime Minister: Yes, my hon. Friend is absolutely right. The UK will be continuing to play its role in the Council of Europe. I want us to continue to have a good relationship with the member states in the EU and with the EU itself—I think that is in all our interests.

Mr David Hanson (Delyn) (Lab): Did the Prime Minister find time in her busy weekend to emphasise to European colleagues how much we value things such as the prisoner transfer agreement, Europol and the European

arrest warrant? Will she confirm that, whatever negotiating she does, nothing will lead to the watering down of those commitments?

The Prime Minister: The right hon. Gentleman will know my commitment to the relationship that we have with other member states of the European Union in relation to justice and home affairs matters. I have had a lot of questions this afternoon about the detail of the discussions that I had on Brexit at the European Council. Of course, the main topics that we discussed at the European Council were Russia, migration and trade. Negotiations and discussions on the detail of our negotiations will be for the future.

Matt Warman (Boston and Skegness) (Con): The people of Boston and Skegness voted more than any others to leave the European Union, and no constituency, I am sure, approves more of the Prime Minister's approach, but does she agree that what they deserve is the speedy triggering of article 50, the speedy commencement of trade negotiations, a speedy approach to taking back control over immigration and, while we are at it, a speedy roll-out of the controlling migration fund?

The Prime Minister: I note what my hon. Friend slipped in at the end of his question. What I would say to him is that it is absolutely right and, as I said in response to a couple of questions from the Opposition earlier, important that people see that we are committed to invoking article 50, because there are those, I fear, who wish to delay the invocation of article 50 as a proxy for not leaving the European Union. It is important that we give people certainty, and that is why I have set out that we will invoke article 50 by the end of March next year.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): The Prime Minister said that discussing trade at the European Council was a topic for the future. In relation to lesser duty tariffs, her chief of staff, Nick Timothy, seems to know the Government's hand very well and has, indeed, declared it. He says:

“We do not have to accept ‘dumping’ by the Chinese steel industry”

and we

“could impose retaliatory tariffs on Chinese steel”,

but it is the UK Government's policy “to oppose these measures.” Do the Government not have their hands tied behind their back and, indeed, are they not tying the hands of British steelworkers as we speak?

The Prime Minister: No. The Government have, in a number of ways, been supporting steel production here in the United Kingdom, as the hon. Gentleman will know—both in compensation in relation to climate change and renewables costs, and by the ability to take social issues into consideration when deciding on the procurement of steel. There is a whole range of measures that we have taken. In relation to the action that is being taken by the European Union, we decided at the end of last week that we will modernise the trade defence instruments, but we will do that in a balanced way—balancing the interests of users, producers and consumers. As I am sure he will know, the application of the lesser

duty relief has actually meant that, for certain parts of the steel industry, imports from China have dropped by 90%.

Patrick Grady (Glasgow North) (SNP): Of all the European laws and regulations that the Prime Minister wants to reincorporate democratically into UK law through the great repeal Bill, which does she want to abolish or amend first?

The Prime Minister: It will be for this Parliament to decide how we deal with the regulations and laws once they have been brought into UK law, but there are two points I would make to the hon. Gentleman. It is right to bring that EU law into UK law at the point at which we leave the European Union, to ensure that there is no legal gap and that everybody has certainty of the legislation that they will be operating under. The second important point is that, once that has happened, it will be for this Parliament to decide, and to be sovereign in determining, those laws.

Dr Rupa Huq (Ealing Central and Acton) (Lab): Will the Prime Minister enlighten us on whether her discussions touched on the subject of higher education? Are there any clues about whether UK universities will retain access to EU research projects after we leave, and about the fees status of EU students in 2018 and beyond? On the first point, we have already heard anecdotal evidence that British researchers are being turned down for Horizon 2020 funds, and my written questions to the Government on both points remain unanswered.

The Prime Minister: The hon. Lady will, of course, get responses to her written questions in due course. A number of people have raised with me a concern that an approach is being taken, particularly in relation to the university sector, whereby, because we have decided to leave, we should be treated somewhat differently while we are still in the European Union. It is important that we emphasise and ensure that, while we are still members of the EU, we are still treated as full members and therefore have access to those sorts of projects.

Martin Docherty-Hughes (West Dunbartonshire) (SNP)
rose—

Gavin Newlands (Paisley and Renfrewshire North) (SNP) *rose—*

Mr Speaker: I call Martin Docherty-Hughes.

Martin Docherty-Hughes: And here was me wanting to save the best for last.

Recently the Secretary-General of NATO called the European Union

“an essential partner for NATO”,

and said that NATO has every opportunity to strengthen “our unity and practical cooperation even further.”

Therefore, how can a newly confirmed Brexit Prime Minister deliver security without even closer military union with the European Union, as accepted by our NATO allies?

The Prime Minister: In the quote given by the hon. Gentleman, I think the Secretary-General was talking about NATO operating and working with any defence arrangements in the European Union; it was not about the UK being part of stronger defence within the European Union. We will continue to play a leading role in NATO, as we have done over the years. We will continue to have a close relationship with the European Union, and it will be in all our interests to ensure that we work together for the collective defence of member states and of Europe.

Gavin Newlands: Why is the Prime Minister in a position seemingly to offer specific assurances to Nissan Motors on the outcome of article 50 negotiations, but not to the 3.3 million EU citizens who make such a vital contribution to our economy and our communities?

The Prime Minister: I will repeat this yet again, as the hon. Gentleman does not appear to have heard the answer when it was given previously: I expect, intend and want to be able to guarantee the status of EU citizens living in the United Kingdom, but the only circumstance in which that would not be possible is if the status of British citizens, including people from Scotland, who live in the European Union is not guaranteed in return. It is a very simple position. We cannot abandon British citizens.

Calais

5.13 pm

The Secretary of State for the Home Department (Amber Rudd): With permission, Mr Speaker, I would like to make a statement on Calais.

The French Government today began the clearance of the migrant camp. I am clear that that is in the national interests of both the UK and France. It is the start of a challenging but necessary humanitarian operation and an important step in bringing to an end the difficult situation.

Our priorities are to keep our border secure, to tackle the criminal gangs that profit from the lives of the vulnerable, and to ensure that those in the camp in need of protection are moved to places of safety. Today's camp clearance supports all those objectives.

On 10 October, I updated the House, having just met my French counterpart, Bernard Cazeneuve. We had discussed, among other things, the importance of keeping all children safe during the camp clearance operation. My officials have been working with the French authorities to ensure that that protection is provided, and UK personnel are taking an active role on the ground today, helping to move all children to a place of safety. They will continue to do so for as long as necessary.

That meeting with Monsieur Cazeneuve was one of many over the past few months, and we have made good progress to speed up the process for transferring children with a close family link to the UK. More than 80 children with a family link to the UK were transferred from France in the first nine months of this year under the Dublin regulation, but I have been pressing to go even further. The House will recall that on 10 October I stated my absolute commitment to bring to the UK as many children as possible with close family links before the closure of the camp. I also made clear my intention to transfer unaccompanied refugee children from Calais who meet the criteria of the Dubs amendment to the Immigration Act 2016.

Since my statement, working in partnership with the French, we have transferred almost 200 children, including more than 60 girls, many of whom had been identified as at high risk of sexual exploitation. They are receiving the care and support they need in the UK. I want to make it clear to the House that the Government have sought every opportunity to expedite the process to transfer children to the UK. My officials were given access to the camp to interview children only in the past week and, similarly, we have only recently received agreement from the French Government that we could bring Dubs cases to the UK. Before that, we worked closely with the French behind the scenes, but without their agreement it was not possible to make progress on taking non-family cases from Calais.

In the past seven days, my officials have interviewed 800 children in the camp claiming to have close family in the UK, working in conjunction with non-governmental organisations and charities. Every child who presented in the past week has been interviewed by UK staff. Much of this work has been carried out in difficult conditions, and on a number of occasions interviews have been paused and UK staff have withdrawn for safety reasons. I would like to thank the French authorities for the additional

protection they have provided throughout and to put on record my gratitude for the work done by my staff in what have been pretty challenging conditions.

Until a few weeks ago, the French Government requested that we did not transfer children outside of the Dublin regulation process. Again, that was due to their concerns that it might encourage more children to come to Calais. That is why, until recently, we focused our efforts under the Dubs amendment on children in Greece and Italy, where we have 50 cases in progress. It is only in recent weeks that that has changed. Looking ahead, we will bring more children from Calais to the UK in the coming days and weeks. As well as the remaining children with close family in the UK, we will continue to transfer unaccompanied refugee children from Calais under the wider criteria of the Dubs amendment. We will follow three guiding principles in determining whom we bring to the UK from Calais under the Dubs amendment. We will prioritise those likely to be granted refugee status in the UK; we will also prioritise those 12 years old or under; and we will consider those assessed as being at a high risk of sexual exploitation. In doing that, we will also establish whether it is in each child's best interests to come here.

Throughout this process it is important that we do not encourage more children to head to Calais, risking their lives in the hands of traffickers. That is why we will consider only those present in the camps before the start of the clearance operation today. We will continue to do that quickly, but it is essential that we carry out the proper safeguarding, age assessment and security checks, working closely with local authorities and social workers in the UK to ensure that the children are eligible and that it is in their best interests to come.

I am pleased that my French counterpart has agreed to support minors in safe facilities in France during the weeks in which we need to carry out those important checks. It is important that on arrival in the UK the identity of those children is not compromised, and they are allowed to begin their life here with the support that they need. It is crucial that we ensure that local authorities can manage the numbers coming here. As part of our commitments under the Dubs amendment we have consulted local authorities on capacity. It is clear that there is capacity to support the children we intend to take from Calais, as well as continuing to meet our other commitments. The key now is to make sure that we get those places up and running as soon as possible. I pay tribute to the work and generosity of local authorities so far in providing both the temporary and permanent support that the children arriving require. However, as more children arrive in the coming weeks we will need to identify further places, and we will work with local authorities over the coming days to ensure that that happens.

While responsibility for Calais lies with the French Government, the juxtaposed controls are a vital part of the UK's border security, and are a valuable economic link. That is why the UK Government will contribute up to £36 million to maintain the security of the controls, to support the camp clearance and to ensure in the long term that the camp is kept closed. The funding will also be used to help to keep children safe in France. That contribution is not made unconditionally and we will continue to work with the French Government to ensure that the clearance operation is full and lasting.

Work in Calais is important, but the situation there is a symptom of a wider migration crisis. We are clear about our moral responsibility to assist those who are suffering, including by providing support in conflict regions, development work upstream and protection to those who need it.

The French authorities face a huge challenge over the coming days and weeks to move people out of the camp in Calais, but let me be clear—neither Government is prepared to allow people to continue to live in those conditions, and neither Government is prepared to allow people smugglers to continue to profit from risking the lives of the people there. We will continue to support the French Government in the operation and we will continue with our progress in bringing those children with a right to come to the UK as quickly and safely as possible.

Clearing the camp is not just about our legal and moral obligations; it is also in our national interest. The rise in the number of people in the camp has led some in France to question the Le Touquet agreement. That agreement has helped us better protect our borders and ensured strong trade links between Britain and France. By clearing the camp, we can help to secure the future of the juxtaposed controls, as well as playing our part to help those most in need in Calais. I commend this statement to the House.

5.21 pm

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): As we speak, thousands of men and women are being bussed out of Calais—one more leg in a desperate odyssey that has taken some of them half way around the world. It is worth noting that the situation in Calais represents everything that is wrong about Europe's response to the refugee crisis. There was not enough co-operation. The French claimed that, because the migrants said they wanted to go to the UK, they were somehow not their responsibility, whereas we refused, for far too long, to go into the camp and identify those who might have a legal right to come to the UK.

The men, women and children in the Calais camp were treated by the French and the UK like pawns, but these are real people fleeing war and economic devastation, living in appalling conditions. In addition, in the absence of any proactive action by either the British or the French, those people were at the mercy of people smugglers and criminal gangs, who were in and out of the camp, as I discovered when I visited the camp in January.

It was left to charities, church groups and individual volunteers to go across and provide basic support and services in the Calais camp. I take this opportunity to pay tribute to all those selfless volunteers. I thank the UK staff now working in the camp in difficult and dangerous conditions and I congratulate the local authorities that are providing temporary and permanent support.

I accept that the Home Office has accelerated the processing of child refugees in recent weeks, but it has known for months that the camp was to close. More should have been done to persuade the French either to process all the children themselves, or allow us in. The truth is that we should have made it clear to the French that the camp should not be demolished until we had processed all the children.

The media are in uproar about the supposed failings in the processing, and commentators are in a lather about whether some of these children are seventeen and a half, eighteen and a half or, God forbid, nineteen and a half—as if being a year over the legal definition of childhood makes them miraculously immune to illness caused by freezing temperatures and raw sewage in front of their tent, fear caused by violence and the deadly attentions of sex traffickers. If the commentators who are now suggesting that these young people should be treated like cattle and have their teeth tested had made as much noise about the Government's slowness in processing these child refugees in the first place, we would not be in the situation we are in. We know that the last time there was an eviction, more than 100 children went missing because that eviction began before their safety was guaranteed. If children go missing this time, the fear must be that they will disappear into the hands of people smugglers and sex traffickers. Can the Home Secretary give the estimated timings for processing the remaining 1,000 children left in the camp? Will she note that the Opposition regret that any new children arriving at the Calais camp will not be able to access family reunion and Dubs transfers?

I am glad to hear that work is being done in Greece and Italy, because Calais is not the only refugee camp. I have visited the camps in Lesbos in Greece. I have seen the traumatised men, women and children there. They had already risked their lives crossing the Mediterranean. These children will have seen others, perhaps family members or friends, perish at sea. These children should not feel that they have no option but to make their way across France and attempt the dangerous journey to the UK. Will the Home Secretary therefore say more about her plans to create similar expedited family reunion and Dubs transfers in countries such as Greece and Italy? How long does the Home Secretary estimate the Dubs and Dublin children will be held in the temporary accommodation centres in the UK before being reunited with their families or placed into the transfer scheme? Will there be funding and support for the local authorities that are stepping up to play their part in helping these traumatised child refugees?

This House knows that from 1999 to 2002 there was a migrant camp near Calais at Sangatte. More than 2,000 men, women and children were living in appalling conditions. The camp was closed with great fanfare 14 years ago, but this new encampment that the French are attempting to close had four times as many people and the conditions were even worse. The French might be closing this camp now, but there is an urgent need for more co-operation Europe-wide on migration issues and, as the Home Secretary noted, unless we deal with the underlying issues of poverty, civil war and ill-conceived foreign interventions, this will not be the last time that this House has to debate encampments of desperate people in appalling conditions in Calais.

I am glad that we are moving to help the child refugees. I think more could have been done earlier, despite the Home Secretary's attempts to hide behind the French, but let us remember that all those people in that camp—which I have visited—are human beings. We will do what we can do for the children, but we need a more considered and Europe-wide strategy to deal with the tragedy of refugees moving across Europe.

Amber Rudd: The hon. Lady has raised some important points. I draw her attention to some of the comments that my right hon. Friend the Prime Minister made about the important work that the European Union is doing, some of which we are leading on, on upstream funding to ensure that the terrible tragedy of refugees moving, quite often from east and west African countries, is stopped. We do that by being one of the largest donors and by working in partnership arrangements, and I share her view that if we can stop the scale of movement, that deals with the most important element of why people come over to Europe and then make their way across France.

I do not need reminding by the hon. Lady about the scale of misery in the camp in Calais. That is why I have made it such a priority to work with my French counterpart to see the end of that camp and, I believe, the end of the misery that has taken place there. Protecting children has always been at the forefront of what we are doing.

The hon. Lady referred to the Dubs amendment and what else we are doing to take children according to Dubs, and I can tell her that we are continuing to interview to ensure that over the next three weeks—she asked particularly about the time frame—we continue to take several hundred more children in addition to the 200 we have already taken. Yes, we are continuing to work on the Dubs children who will be eligible in Greece and Italy, and we will bring some of them over soon. There is a funding arrangement with local authorities for each child who is given a place as they arrive.

The hon. Lady specifically mentioned Sangatte in 2002. She is right that the camp was closed. There were approximately 2,000 people there. At that time, the UK agreed to take half of the adults. We have not put in place such an agreement this time. Instead, we are taking some of the most vulnerable people, who will mainly be children. However, lessons have been learned from the closure of the Sangatte camp, because camps grew up swiftly afterwards, particularly the Calais camp. As she points out, this camp is several—four and possibly even five—times larger than Sangatte ever was. I refer her to my earlier comment that part of our funding commitment to the French is based on securing the camp as it is—in other words, once it has been closed. We want to make sure that we work closely with them so that no future camp is erected there.

I believe that if there is no camp for people to come to, that will stop the dreadful passage of people across France and the dreadful endeavours that people put themselves through, such as throwing themselves on to lorries and trucks, in trying to get to the UK. I believe that that will go some way to stopping them being easy prey to the traffickers, whom the hon. Lady and I both abhor.

John Redwood (Wokingham) (Con): What success have the various authorities had in arresting or stopping the people traffickers? What more can be done to do that, and how can we dissuade any adult from committing money and a child to these dreadful people?

Amber Rudd: The National Crime Agency works closely with the French border force and the UK Border Force, and we have had success in arresting traffickers. However, there is so much more that we can do, which is one of the reasons why we want to protect the Le Touquet agreement, which allows us to work together to intervene to stop the traffickers plying their trade.

Joanna Cherry (Edinburgh South West) (SNP): I welcome the Home Secretary's statement, and the news that the UK Government have now brought unaccompanied children from the camp at Calais to the UK both under the Dublin regulations and under Lord Dubs's scheme. I also welcome her confirmation that they will continue to do so.

I congratulate the Home Secretary on the fact that she has certainly got things moving in the last couple of weeks. There has been some delay in the past, but credit where credit is due—things are moving now. I thank her for keeping me informed of what she has been doing. I am very grateful to her for her acknowledgment of the contribution made to the preparations for the children by local authorities in Scotland and the Convention of Scottish Local Authorities.

I join the Home Secretary in thanking the staff who are in the camp at the moment doing difficult work. I want to add my thanks and the thanks of the Scottish National party to all the NGOs and British and Irish volunteers who have worked in the camp during the past few years, when there were no official staff there.

A number of concerns remain. There have been reports today that the Calais police commissioner has told migrants there are not enough buses to transport them to the town, which is worrying. That points to a lack of adequate planning and preparation for the evacuation on the part of the French, which does not bode well for the vulnerable people and children in the camps, who are at serious risk of getting lost in the chaos.

May I press the Home Secretary to confirm what plans the UK and French Governments have made to ensure that unaccompanied children do not get lost in the chaos and are protected from falling prey to smugglers or going missing, as we know happened last time round? May I also press her to give estimates of the timings for processing the remaining children left in the camp?

Finally, removing the camp does not remove the need for a long-term solution to the migrant and refugee crisis. What plans does the Home Secretary have to create similar expedited family reunion and Dubs transfers from other EU countries, such as Greece and Italy, to stop children feeling forced to make the journey across Europe to try to get to the UK?

Amber Rudd: I thank the hon. and learned Lady for her questions. I agree that we should thank the NGOs and the volunteers, who have done great work in the camp to protect vulnerable children. They will be integral to protecting the children during the closure of the camp over the next few days and weeks, because there is sometimes a great lack of trust between Government agencies and the refugees or asylum seekers there. Their role will therefore be critical in trying to reach a resolution.

The hon. and learned Lady mentioned reports from Calais. I had not heard the particular report she raised. In this sort of environment, a lot of reports and counter-news go around. We are very clear that we try to keep everyone informed about what is going on when we are there. I respectfully point out that it is a pretty tricky situation. We are dealing with volatile people in some cases, and there is a lot of misinformation. Our staff are doing their best to make sure that everyone is kept informed.

On protecting children, I have repeatedly stated to the French that our priority is to ensure that those children are kept safe. They have agreed to transfer all the children into a secure area as the camp is cleared. Once the children are in that secure area we should be able to expedite our interviewing process and make sure that we can keep track of the children whom we would like to transfer to the UK; frankly, over the past few days, having agreed to transfer children, it has then sometimes been difficult to find them on the day to make sure that they get on the buses. I hope that, with the children held securely in that area of the camp, that situation will improve.

On other Dubs transfers, we have learned a lot and I hope we can speed up in other areas of the world, such as Italy and Greece.

Sir Roger Gale (North Thanet) (Con): Those relatively few Members of the House who have in the past accommodated young asylum seekers in their own homes are in a position to confirm to my right hon. Friend that that cannot be undertaken lightly and proper preparation needs to be made. If this humanitarian exercise is not to end in tears it is vital that the Home Secretary sticks to her guns. Will she reassure the House that before any child is admitted, every receiving family will be properly screened, and that, in the interests of national security, every young adult admitted to the United Kingdom will be screened before they are allowed to come into the country?

Amber Rudd: I know that my hon. Friend has housed asylum seekers in the past, and I value his experience in this area. I reassure him that we will always make the correct safeguarding checks and will always make sure that the families are prepared. We will not take any risks, either in terms of national security or on behalf of the children who are moving here.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): I also welcome the progress that the Home Secretary has made since her last statement, and her commitment to take several hundred more child refugees. I join the tributes to all those, including charities and local councils, who are making it possible for Britain to do what it has always done and help those who are most vulnerable. She will know my concern that this has started so late, and that there are therefore risks of trafficking and of those left in the camp disappearing. Will she confirm that up to 1,000 children and teenagers are expected to stay in container camps overnight tonight and that Help Refugees has warned that it is concerned that there will be no youth workers or social workers staying with those children? Will she urgently make representations to the French Government to make sure that there is enough support to keep those children safe and in particular that there are additional arrangements for the girls and young women in the camp tonight?

Amber Rudd: The right hon. Lady has done much to raise this issue so often in the House, and is right to do so. I can tell her that the plan is—this is what the French have said they will do—to maintain the 1,000-plus children and minors in the secure area of the camp. As I said earlier, we think this will help us in expediting the process of bringing some of them over here in the next few weeks. We expect there to be a three-week period, but we will be moving straightaway, although no children

are moving today. I have not followed up with the French on the support offered to the children there, but I will make sure that I do.

Several hon. Members *rose*—

Mr Speaker: Order. I imagine colleagues will want to congratulate the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) on her election as Chair of the Home Affairs Committee.

Mr Peter Bone (Wellingborough) (Con): One of the classic routes of trafficking is to bring teenage children— young girls, in particular—into the country and put them into local government care; then, within weeks, they are disappeared back into trafficking. Will the Home Secretary assure us that on this occasion every single child admitted to this country will be monitored? May we have a written statement each month to confirm that those children are still being looked after and have not been re-trafficked?

Amber Rudd: My hon. Friend raises such an important point. I know he has done a lot of work in this area. He is absolutely right that there is always a risk to accepting these young women, but it is because they are at risk that we have been so keen to prioritise them. That is why, to protect them from the sort of dangers he sets out, of the nearly 200 people we have taken over the past weekend, nearly a third have been young women. I can reassure him that we will be making constant safeguarding checks. I will write to him more fully to set out exactly what we are doing.

Tim Farron (Westmorland and Lonsdale) (LD): I thank the Home Secretary for her statement and advance sight of it, and for her work in recent days in trying to expedite the response to this crisis. However, we should step up to the mark and challenge the suggestion that human trafficking is the cause and the source of the crisis. Human traffickers are wicked people who exploit a crisis that is global and European.

Specific to Calais, many of the vulnerable children being brought to the UK will have family somewhere, even if they are currently separated. I understand that the United Kingdom is the only European Union country that does not allow unaccompanied children with refugee status the right to sponsor immediate family, including parents, to join them. Given the importance of keeping families together, will the Home Secretary ensure that unaccompanied refugee children are able to sponsor their parents, for the purpose of refugee family reunion, if and when they are found?

Amber Rudd: The hon. Gentleman is right that traffickers are a part of the problem, not the whole problem. He and I know, as the whole House does, that there are many reasons why this takes place. It starts with the upstream problem that we are trying to address, supporting African countries where a lot of these refugees are coming from, with other countries internationally. On our immigration policy on asylum, there are no plans to change it.

Wendy Morton (Aldridge-Brownhills) (Con): I would like to add my thanks to the Home Secretary for her statement. In working to transfer eligible children from

[Wendy Morton]

Calais to the UK, will she confirm that this is being done through a proper process with the agreement of the French, and that all the children coming over will undergo appropriate security checks?

Amber Rudd: My hon. Friend is absolutely right. We are initially making proper checks on every individual—every child or minor—who is brought across. We have to ensure that there is safeguarding and the interest of the child is served first before bringing them over to the UK. Those checks are always being done.

Keith Vaz (Leicester East) (Lab): May I join you, Mr Speaker, in congratulating my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) on her election as Chair of the Home Affairs Committee? She will do an excellent job.

Does the Home Secretary agree that the primary responsibility for the disturbing scenes we are seeing lies with the French Government? This is happening in France. I do not believe that we in this country would have allowed the development of the camp in this way. We want this to end as quickly as possible. My concern, while welcoming her strong commitments on child protection, is that the problem will be displaced to the Hook of Holland and to Denmark. There is already evidence that the people traffickers are moving away from Calais and into other areas. Can she assure the House that our small ports and airports will receive the security back-up they need to protect them from this activity?

Amber Rudd: The right hon. Gentleman is right that this is taking place in France and is largely a problem for the French to address. It is, however, in the UK's interests that it is addressed, that the camp is dealt with in this way, that Le Touquet is maintained and that we play an active role. He is also right to point out the danger of displacement. We are alive to that. We are talking with our French counterparts, and with intelligence services, border forces and police forces, to make sure that we keep an eye on where that might happen. We will of course support our ports to address that.

Jeremy Quin (Horsham) (Con): I congratulate the Home Secretary and her Department on the fact that 800 interviews have taken place so swiftly, in difficult circumstances. What is being done to prioritise the most vulnerable children?

Amber Rudd: My hon. Friend is right that we are committed to prioritising the most vulnerable, which means the youngest and minors at risk of sexual exploitation. We will always make sure that we do that. We are putting them at the front of the queue in terms of interviewing. Frankly, these are the ones who are most likely to qualify under the Dubs amendment, where it becomes clear that they are better served by being in the UK.

Stella Creasy (Walthamstow) (Lab/Co-op): I associate myself with the comments of the new Home Affairs Committee Chair about the progress being made. I want to pick up what the Home Secretary said about the reports from the camp today and the chaos that we

are seeing there as it is being closed. I have details with me of 49 children under the age of 13 who the voluntary agencies say could not register at the warehouse today. I would be happy to share those details directly with the Home Secretary and her officials. Will she give me a personal assurance that she will investigate the fate of those 49, including three who are under the age of 11? Will she give an assurance that any child brought here under this legal process will not be put in a detention centre here in the UK?

Amber Rudd: I am surprised to hear the hon. Lady talk about a detention centre. We are making sure that all the children who come over here are looked after in a way that we, as a proud and compassionate nation, can rightly call the best way. If she has any additional information, she is welcome to send it to me or to hand it to the Minister for Immigration at the end of this statement. We have 36 staff on the ground who have gone over during the past few weeks specifically to do this. They are engaged with the NGOs as well. There is no “them and us” feeling in the camp. We all have the same aims, and I would ask her to bear that in mind. We want to get the youngest children and the most vulnerable out. There is nothing but good will and good intent on this side to make sure that we can achieve that.

Byron Davies (Gower) (Con): I thank the Home Secretary for her comprehensive statement. It will not have gone unnoticed from media reports that a number of the children coming into the UK appear to be mature young men. Can she confirm how many people the Home Office has rejected on the grounds of age?

Amber Rudd: My hon. Friend is right that there have been reports about some of the children turning out to be older than 17. We do checks as thoroughly as we can—highly professional checks—on the ground in an environment that is incredibly challenging. I ask my hon. Friend and other hon. Members to bear with us while we try to deliver the best for the young people who need, sometimes in the interest of safety, to come to the UK. But no one should be in any doubt: we take all assessments very seriously, and we will continue to make sure that we prioritise the most vulnerable, which will always be the youngest.

Gavin Robinson (Belfast East) (DUP): I listened carefully to the Home Secretary and I am grateful for her comments about frustrating the misdeeds of the criminal gangs that prey on the most vulnerable. Le Touquet and displacement in Belgium or Denmark have been mentioned. Are we not dealing with the consequences of those people's actions rather than frustrating them in the first place? Rather than talk about Europol or the relations between this country and France, will the Home Secretary tell us what work has gone on with Interpol outside or across the Mediterranean to stop people sending folk here in the first place rather than dealing with the consequences of their misdeeds?

Amber Rudd: The hon. Gentleman is absolutely right. More work needs to be done upstream to stop people coming here in the first place, to stop these dreadful scenes where we see people arriving and not being able to get over to the UK, and to stop the dreadful scenes of people drowning in the Mediterranean as well. My right

hon. Friend the Prime Minister referred earlier to our work with the UN under UN Security Council mandate. We are working under Operation Sophia, with HMS Enterprise in place at the moment. That makes sure that we do our bit—play our leading role—in trying to stop the dreadful smuggling of people across from Libya.

Mr Stewart Jackson (Peterborough) (Con): I commend the Home Secretary for her statement. Notwithstanding the obduracy of the French, the situation is not being improved by the catastrophic decision of the German Government last year to disregard the Dublin protocol in respect of processing refugees. That said, I believe that the decision to close the camp is absolutely right, because it will save lives by stymying the evil work of people traffickers. Specifically, children aside, what efforts is the Home Office making to assist the 10% of the camp who are vulnerable women?

Amber Rudd: I thank my hon. Friend for his support. He is absolutely right: the ending of that camp is in the interests of everyone in this country as well as in France. We believe that, as he said, only 10% of those in the camp are women, and we are prioritising them because they are the most likely people to be vulnerable to sexual exploitation. Currently, about a third of our intake are women, which is a positive result by comparison with the 10% figure.

Ms Karen Buck (Westminster North) (Lab): I was pleased to hear the Home Secretary send a clear message about the recent media practice of photographing migrants who are coming into this country through Calais, whether they are children or young adults. Will she send that message and loud and clear, emphasising that this is reckless behaviour that puts people at risk? Will she also deplore the current media practice that appears to be identifying temporary reception centres for people coming from Calais, thus raising both security and safeguarding risks? Will she please urge caution and care in the reporting of these affairs?

Amber Rudd: The hon. Lady is quite right. It is essential that we maintain, as far as possible, the anonymity of the young people who are coming over here. One reason for that, which was pointed out to me, is that it is claimed by smugglers and traffickers that some of those young people—particularly the young women—owe them money, and if they see the pictures, they may come after them. We must keep them safe by keeping their faces discreet and their locations secret.

Sir Desmond Swayne (New Forest West) (Con): When I raised the question of returns with President Ghani in May, he told me bluntly that his priority was his people who were taking the fight to the Taliban, and that only after considering them could he turn to the needs of those who had given up on his country and gone away. They were hard words, but will my right hon. Friend reflect on them when she attaches priority to the most vulnerable and the most deserving?

Amber Rudd: I agree with my right hon. Friend that returns are an important part of a strong immigration policy. We are constantly working with other countries to ensure that consent can be established, and demonstrating that that is in their interest as well as ours.

Brendan O'Hara (Argyll and Bute) (SNP): Much of what the Home Secretary has said is very welcome, but what has she instructed her officials to do if an unaccompanied English-speaking 12-year-old girl appears in Calais next week, a child whose best interests are clearly served by being resettled in the United Kingdom? In such circumstances, will her officials be permitted to be flexible with the cut-off date?

Amber Rudd: I would expect the girl, in all likelihood, to claim asylum in France, but of course I hope that that event never comes to pass.

Nusrat Ghani (Wealden) (Con): I welcome the news that the French are closing the camp now, given that many months ago, in the Home Affairs Committee, we challenged the Calais mayor and other French officials to deliver comprehensive plans to clear it. No doubt my right hon. Friend will confirm that it is not possible for the British Government to do anything in Calais without French agreement, but I hope she will accept that we can take the lead in tackling the people traffickers. Can she tell me how many criminal gangs have been stopped thanks to the hard work of the UK security forces?

Amber Rudd: My hon. Friend is right. We have been urging the French to take action for a while, and we have been working closely with them, but only in the past few weeks and days have we been able to really engage with them, and conduct interviews in a way that is quick and effective and has yielded results. My hon. Friend is also right in suggesting that that allows us to make more progress in arresting criminal gangs.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): In one of her earlier answers, the Home Secretary gave assurances about the importance of the safety of children. She said that the tracking of those children was paramount, whether the Dublin or the Dubs process was involved. I have learned of worrying allegations that the Home Office was aware that a number of children had gone missing. Will the Home Secretary commit herself to investigating the cases of those whom the Home Office had expected to take on, but who are now missing? Will she also commit herself to investigating and tracking down what has happened to those young people, particularly if their safety has been put at risk?

Amber Rudd: The hon. Gentleman is welcome to send me any information that he has. However, over the past few days there have been cases in which we have expected children to be available to board the bus to come to the UK, and sometimes non-governmental organisations themselves have been surprised not to have been able to find them. The position is not quite as straightforward as we wish it were; but I hope that, following the changes in the camp whereby all the children will be in one secure area, it will be more straightforward, when we have made a commitment to bring a child here, for us to do so without its being impossible to find them on the day.

Andrew Stephenson (Pendle) (Con): I thank my right hon. Friend for her statement. Will she tell us how much money the Government have invested in reinforcing the border at Calais?

Amber Rudd: The total package is £36 million, of which approximately £14 million is for security. The existence of security in Calais is very much in the UK's interest. We need to ensure that we can protect tourists and enable truckers to maintain their economy and go about their normal business, which I hope will be much improved after the camp has been cleared.

Mr Jim Cunningham (Coventry South) (Lab): Can the Home Secretary reassure us that local authorities will be adequately funded, and will she tell us exactly who will fund them and provide compensation? More importantly, will she reassure us that adequate accommodation will be provided for the children, and that they will not be institutionalised?

Amber Rudd: As the hon. Gentleman may know, the Dubs amendment can be implemented only if local authorities come forward and volunteer to take the children. We are fortunate in that enough local authorities have offered places, but we shall need more over the next few weeks, so if any Members wish to urge their local authorities to volunteer, they are most welcome to do so. Authorities are aware of the costs and the rate that the Government pay, and I hope they will consider the compensation adequate and volunteer to take the children.

Henry Smith (Crawley) (Con): I welcome my right hon. Friend's comments about the robustness of the process of checking that children are eligible to be relocated to the United Kingdom, because there are legitimate concerns about that. One of the reception centres is in West Sussex. Will my right hon. Friend assure me that the county council—which is the social care authority—will be given support, given that there are already pressures on its budget, to ensure that the process will be beneficial to the children without being detrimental to others in West Sussex?

Amber Rudd: We are always grateful for the generous way in which local authorities come forward, and for their positive response to our call for their support. I particularly thank West Sussex County Council for the good work that it has been doing, notably in hosting one of the dispersal centres. We will of course work closely with the council to ensure that that good relationship continues.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I have listened carefully to the Home Secretary's statement and the answers that she has given to a number of very serious questions about safeguarding. A social worker contacted me this week to say that for the children who have started to enter Britain, it has been a "bureaucratic shambles": those are her words, not mine. She says that the social services have been given wrong addresses, wrong family contacts, and no forms or pro formas. How will the Home Secretary and her Department, as a matter of urgency, ensure that the correct provisions are in place to help social services throughout the country to ensure that once children are here, they do not fall through the cracks?

Amber Rudd: We do not always have all the information that we need. One of the reasons why the full cohort of nearly 200 "Dublin" children has not yet been brought

over is that we have not been able to establish where their close family members are. It is possible—this is an issue to which the hon. Lady has particularly drawn attention—that the close family members who have been claimed, and have been contacted before the children have been brought over, are no longer quite as contactable once the local authority is trying to address the situation. As I have said to other Members, this can be a complicated process, and it is not always straightforward to follow up the contacts that we have been given. However, if the hon. Lady wants to send me a particular example, I will of course look at it.

Mr David Burrowes (Enfield, Southgate) (Con): I thank the Home Secretary for her close attention to and compassion towards child refugees in Calais, and for her talk of a humanitarian operation. When I was there in February witnessing the partial demolition, it was far from humanitarian. Can the Home Secretary confirm again that the camp shelter will be sufficient to accommodate all child refugees if the French authorities do not accept the French Red Cross offer of a child centre? Will she truly be able to ensure that children who are dispersed across child accommodation centres across France will be accommodated, particularly those in respect of whom we have a legal duty under Dubs and Dublin?

Amber Rudd: The only reassurance that I can give my hon. Friend is the reassurance that I have been given by the French. We have particularly asked them to ensure that the children are kept in a secure area, and our request was that it should be, potentially, outside the camp. They chose to keep the children inside the camp, reassuring us that they could keep them secure there. We are in close contact: we now have a large number of Home Office representatives in the camp, as well as the hundreds of Border Force staff who are in the area. We are hopeful that we will be able to work closely with them to keep the children safe. Ultimately, however, this is a French responsibility, although we are giving the French all the support that we can.

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): I very much welcome what the Home Secretary has said today about children, but we should remind ourselves that it is not only children who require international protection. When I visited Calais with colleagues at Easter, we met Afghans who had interpreted for members of our armed forces and Kurds who had previously been granted asylum in the United Kingdom before returning home, who had had to flee for a second time and ended up at Calais. Will the Home Office look at cases such as theirs when considering who it is appropriate for the UK to take responsibility for?

Amber Rudd: In this case, while the camps are being demolished, we have made a commitment to take the most vulnerable children, and within that cohort of children, the ones who are youngest and those who are vulnerable to sexual exploitation. On the question of other people who might be vulnerable, there might be one or two who qualify under the Dublin amendment, but otherwise people will need to apply for asylum in the normal way in France. We must stick to the generally accepted principle, which the UK supports, of applying for asylum in the first country of safety.

Matt Warman (Boston and Skegness) (Con): A number of my constituents have got in touch with me to express their compassion for those in the Jungle camp, but a number are also worried about the age of those who we are being seen to take. Can the Home Secretary tell us a little more about the numbers that we are rejecting on the grounds of age, and also about the comprehensive security package relating to those we take in the first place?

Amber Rudd: I would like to reassure my hon. Friend that the best way to assess age is by using experienced social workers. That is what we are doing in order to assess people's age on the ground. Most of the young people we are talking to—children, minors, whatever we care to call them—are teenagers. We are prioritising those under 12, but most of them are teenagers and most are young boys. I still think that this is the right thing to do, and I ask my hon. Friend to reassure his constituents that we will always do the proper safeguarding checks to ensure that people are indeed who they say they are.

Matthew Pennycook (Greenwich and Woolwich) (Lab): I commend the Home Secretary and her staff for the efforts they are making to accelerate the process of bringing unaccompanied minors, in particular, to this country. May I just press her on the challenges that local authorities are facing? My understanding is that local authorities that do not have sufficient foster places of their own are all calling the same limited number of independent agencies. Does she see a more central role for the Government in co-ordinating the availability of places in the independent sector?

Amber Rudd: The hon. Gentleman raises an important point, and if that were the case, it would not be a successful outcome. Our information is that a lot of the local authorities are choosing to work together, and we have a lot of examples of good practice in which four or five local authorities are getting together to make a joint offer rather than competing with each other.

Suella Fernandes (Fareham) (Con): I welcome the Home Secretary's statement. Prior to my election to this place, I regularly defended the Home Office in immigration and asylum cases. It is widely accepted by many judges and practitioners that age assessment of undocumented children is notoriously difficult and not an exact science. Indeed, the rise in the number of cases in the administrative court reflects that fact. Will my right hon. Friend confirm that dental checks are not an appropriate method of age assessment? Does she agree that considerable guidance exists in case law and as a result of the practices of the London Boroughs of Croydon and Hillingdon, which have now been adopted throughout the country, which suggests that listening to a child's history, observing their behaviour and hearing their live evidence are much better indicators than physical maturity?

Amber Rudd: I know that my hon. Friend has substantial experience in this field, having acted as an immigration lawyer before coming into Parliament. She is absolutely right to say that the best way to assess age is to use

experienced assessors, and we will continue to do that. The British Dental Association has said that dental checks are not the way to go, because they are ineffective and unreliable. The best way is to use the type of assessment that we are using, which is based on experience.

Paul Flynn (Newport West) (Lab): Would it not be in the best interests of the asylum seekers and local authorities if the asylum seekers, especially the children, were located more evenly throughout the country? My local authority copes with 500 each year, yet the constituencies of the present Prime Minister, the previous Prime Minister and the previous Chancellor of the Exchequer take none at all. My local authority is doing very well, but there are inevitably strains on local services, including the schools and the health service. The new asylum seekers will be especially vulnerable, and many will have lifelong health problems, so will the Home Secretary ensure that the money given to local authorities is adequate for the long years for which it will be required?

Amber Rudd: The hon. Gentleman is probably aware that there is a national transfer scheme to ensure that unaccompanied children are fairly shared around the country. We are urging local authorities to step up, and we are getting a very strong response. This has gone to the heart of people in this country and of local authorities, who want to participate and help, and who believe in this as an endeavour to try to address the problem. However, we will always need more, and I again urge any Members of Parliament who think that their local authority could help to please urge it to step forward and do so.

Mr Philip Hollobone (Kettering) (Con): I know that the situation is fluid and fast moving, and the Home Secretary has said that her officials have been hard at work in the past week. She says that they have conducted 800 interviews and that 200 children have been admitted to the UK. First, how far through the process are we, and how many more applications does she expect her staff to process? Secondly, is that ratio of one acceptance for every four applications a ratio that we are likely to see continue? [*Interruption.*]

Mr Speaker: Somebody is chuntering about the fact that the hon. Gentleman has had two questions, but I have to say, in fairness to him, that it takes him less time to ask two questions than it takes a lot of people to ask one.

Amber Rudd: I have to say to my hon. Friend that that is not quite how it is working out. The 200 are largely made up of the Dublin regulation children, which means that they have a strong family tie in the UK. About a quarter of them are Dubs children. The balance of the additional children we will take will also be Dubs children. Not all of the 800 who have been interviewed will be coming to the UK; we are just processing their claims. There will be another 200 to 300 to interview, and we hope to reach a figure of a few hundred more over the next two to three weeks while the camp is being cleared. We will then have fulfilled our commitment to the French, which we hope will involve approximately half the children who were there.

Point of Order

6.6 pm

Paul Flynn (Newport West) (Lab): On a point of order, Mr Speaker. This is a point of order that I raise with the greatest reluctance, but it is a matter for you, and a matter of some urgency. You will recall that, in November 2015, the Conservative delegates to the Council of Europe were queried and there was a debate on the matter in this House. A report was produced about the selection of delegates. At the time, you rightly said that it was not your job to interfere with the decisions of parties on which delegates they sent to the Council of Europe. I believe that a decision that was made a few hours ago was not only improper but possibly illegal. I have sent you an email and a letter about what has happened. It might well have been a misunderstanding, and it might have been resolved, but in the meantime, can I ask you to repeat what you did in regard to the Conservative delegates, and to decline to send the delegates chosen by the Labour party to the Council of Europe until the matter has been resolved?

Mr Speaker: I thank the hon. Gentleman for his point of order. He did sidle up to the Chair earlier to indicate that he had written to me about this matter, and I do not dispute that for one moment, but I have to say to him that I have not yet seen his email. It would be prudent for me to study it and to reflect carefully upon the matter and take advice before pronouncing on it. Of course I well remember the sequence of events to which he has referred. If memory serves me, it principally concerned Members from the governing party. In this instance, I think he is concerned about his own party's delegation. I do not interfere in the choice of members of the delegation. That is not a matter for me. If memory serves me, however, I do have a responsibility to notify the Parliamentary Assembly of the Council of Europe of the decision made here, and of course I would not wish to do anything that was procedurally improper. I will have to satisfy myself that what I am being asked or instructed to do is procedurally proper. I will not be sending any letter until I have so satisfied myself. I hope that that is helpful. Of course, in the pursuit of that duty, I will study the letter from the hon. Gentleman.

Health Service Medical Supplies (Costs) Bill

Second Reading

6.9 pm

The Secretary of State for Health (Mr Jeremy Hunt): I beg to move, That the Bill be read a Second time.

This is a short and focused Bill which is vitally important not only for the NHS but for patients. NHS spending on medicines is second only to staffing costs. The Health and Social Care Information Centre—now NHS Digital—estimated that the NHS in England spent over £15.2 billion on medicines during 2015-16, a rise of nearly 20% since 2010-2011. With advances in science and our ageing population, those costs can only continue to grow.

Medicines are of course a vital part of patient care in the NHS, both in hospitals and in the community. Thanks to the research and development efforts of the life sciences industry—an industry which contributes £56 billion and tens of thousands of jobs to the UK economy every year—our understanding of diseases and the best way to treat them has improved dramatically over the past 20 years. Who would have thought for instance that UK work pioneering superconducting magnets would result in MRI scanners—scanners which would save hundreds of lives each year through the early detection of breast cancer—or that the remarkable research by our National Institute for Health Research into translational medicine would lead to scientific breakthroughs in areas such as gene therapy being taken from the lab to the clinic? In a six-year period this has led to 340 patents, generating over £80 million from intellectual property.

This Government are committed to ensuring that patients get access to innovative and cost-effective medicines as quickly as possible. I pay tribute to the work carried out by my hon. Friend the Member for Mid Norfolk (George Freeman), who worked tirelessly in government to promote the life sciences industry, and who established the accelerated access review to provide clear recommendations on how the Government, the NHS and the industry can work together to ensure patients benefit from transformative new products much more quickly. That review was published today and is an excellent document which challenges everyone in the medicines system to up their game.

Our mission is to continue our progress in ensuring patients get rapid access to life-changing and cost-effective medicines. However, we also need to ensure that we are getting the best value for the NHS, which is why we have brought this Bill before the House.

The purpose of the Bill is to clarify and modernise provisions to control the cost of health service medicines and to ensure sales and purchase information can be appropriately collected and disclosed. These provisions will align the statutory and voluntary cost control mechanisms currently in existence, allow the Government to control the cost of excessively priced unbranded generic medicines, and ensure we have comprehensive data with which to reimburse people who dispense medicines. Taken together, these measures will enable us to secure better value for money for the NHS from its spend on medicines.

James Cartledge (South Suffolk) (Con): I congratulate my right hon. Friend on this effort. I recently received a written answer saying that last year GPs spent £85 million prescribing paracetamol. A packet of 500 mg paracetamol costs 19p in Asda, and I wonder whether this Bill will enable us to look those costs and whether such prescribing is appropriate.

Mr Hunt: I am grateful to my hon. Friend for raising that issue. Although the measures he mentions are not directly covered in this Bill, he reminds the House that the business of getting value for money from our drugs business is everyone's business throughout the NHS. There is a huge amount of prescribing of medicines that is not strictly necessary. Indeed, we had further evidence of that from the Academy of Medical Royal Colleges this morning. My hon. Friend makes an extremely important point: this Bill is part of the effort to get better value for money from our medicines budget, but initiatives such as the one he talks about are equally important.

Steve McCabe (Birmingham, Selly Oak) (Lab): Further to that question, I can see how the Bill will deal with the issue of debranding, and that is very welcome, but I understand there are three other areas of concern. There is the question of price delay, which the Competition and Markets Authority has been looking at, and there are the problems of tying and bundling and so-called loyalty schemes, all of which act to inflate the cost of medicines to the NHS artificially. Will the Bill also deal with those areas?

Mr Hunt: It will deal with some of those concerns, and we will listen to all the concerns raised by hon. Members during the progress of the Bill. On the particular issue the hon. Gentleman raises, the CMA is already investigating the behaviour of pharmaceutical companies in certain situations, but it has become clear to us that there is a particularly unethical and unacceptable practice of drugs companies getting control of generic drugs for which they command a monopoly position and then hiking the prices. There was one product whose price increased by 12,000% between 2008 and 2016, and if the price had stayed the same as before the increase, the NHS would have spent £58 million less. The Government's conclusion is that the simplest and quickest way to sort this out is through new legislation, but I will happily take the hon. Gentleman's other concerns offline and look into them further.

John Glen (Salisbury) (Con): I welcome the provisions of the Bill that will close a loophole and deal with terrible examples of where the NHS is in effect exploited, but can my right hon. Friend point to the future in light of the suggestion that the drugs bill will increase to £20 billion by 2020—a much more significant increase than can be afforded under the projected expenditure in the NHS? What bigger measures need to be put in place for us to deal substantively with that bigger problem?

Mr Hunt: My hon. Friend is right in that we see demand for NHS services, which includes treatment and drugs, increasing by a total of around £30 billion over the next five-year period, which is a huge amount and certainly more than we as a country can afford without changing practice. That is why we are implementing a very challenging series of efficiency reforms designed to make sure that we can afford to continue current

levels of NHS service on the £10 billion increase this Government are putting in. Part of that is indeed measures such as those in this Bill to control the drugs bill. My hon. Friend is also right that going forward over the next 25, rather than five, years we will be seeing the bigger issue of the accelerating pace of innovation in science. That provides great opportunities for the NHS, but potentially great pressures for the budget, and I am sure we will continue to discuss those issues extensively in this House.

Dr Andrew Murrison (South West Wiltshire) (Con): What assessment has my right hon. Friend made of the impact this Bill might have on the parallel trade in pharmaceuticals, which he will know has both costs and benefits for the NHS and for patient care?

Mr Hunt: My hon. Friend obviously knows about these matters in a great deal of detail and should be reassured that this Bill should prevent people who are part of the current voluntary pharmaceutical price regulation scheme—PPRS—from parallel-importing through European subsidiaries, which currently under single market rules we are not able to do anything about. That loophole will be closed.

The first element of the Bill relates to controls on the cost of branded medicines. For many years the Government have had both statutory and voluntary arrangements in place with the pharmaceuticals industry to limit the overall cost of medicines to the NHS. Companies can choose to join either the voluntary scheme or the statutory scheme. Each voluntary scheme typically lasts for five years before a new scheme is negotiated.

The current voluntary scheme is the 2014 PPRS. The objectives of that agreement include keeping the branded health service medicines bill within affordable limits while supporting the availability and use of effective and innovative medicines. For industry, the PPRS provides companies with the certainty and backing they need to flourish both in the UK and in the global markets.

The current PPRS operates by requiring participating companies to make a payment to the Department of Health of a percentage of their NHS sales revenue when total sales exceed an agreed amount. So far the PPRS has resulted in £1.24 billion of payments, all of which have been reinvested back into the health service for the benefit of patients.

Rob Marris (Wolverhampton South West) (Lab): The early part of the Bill appears incredibly tortuous, because it relates to whether something is under the voluntary scheme or the statutory scheme and to switching back and forth between the two. Is that because we have a voluntary scheme which started in 2014 and will run until 2019, and the Government intend not to renew it? If the Government are minded to consider renewal in 2019, why have parallel schemes making the whole thing much more complex than it needed to be?

Mr Hunt: The hon. Gentleman makes an important point. It will be for this House and the Government to reflect prior to 2019 on whether it is worth carrying on with two schemes, which has been the arrangement for many years. Successive PPRS voluntary agreements have covered the vast majority of sales to the NHS and the statutory scheme has been a back-up for people who

[Mr Jeremy Hunt]

do not want to participate in the voluntary scheme. Recently, however, there has been an element of gaming the system whereby more and more firms have been moving from the voluntary scheme into the statutory scheme. The Bill will remove the incentives for them to switch between schemes and will make the benefits to the NHS essentially the same whichever scheme people choose. It will be for this House to reflect on and for the Government to consider whether the dual structure is right going forward.

Daniel Zeichner (Cambridge) (Lab): The Secretary of State tells us that £1.24 billion has come back through the rebate, but many are puzzled about where that money has been spent. Can the Secretary of State tell us?

Mr Hunt: Absolutely. The money comes back to the Department of Health and is invested in the NHS. Indeed, it would be wonderful if it was more than £1.24 billion, because there is an awful lot of need on the NHS frontline right now; the funds are much needed. Our concern is that companies have been exploiting the differences between the voluntary and statutory schemes, particularly the loophole, which the Bill seeks to close, that if companies have drugs in both schemes, we are unable to regulate at all the prices of the drugs that would ordinarily fall under the statutory scheme. That is why the Bill is so important.

Kit Malthouse (North West Hampshire) (Con): Notwithstanding the Bill's objectives, which I can see are admirable, does the Secretary of State accept that hundreds of millions of pounds could be saved in the drugs budget if there was better analysis of NHS prescription patterns? I have called before for the appointment of analytical pharmacists to look at the balance between prescription efficacy and cost and at trying to increase the use of biosimilars. Some of that £1.24 billion could be invested in that greater analysis.

Mr Hunt: Yes. My hon. Friend makes an important point. The third part of the Bill will provide for much better data collection to allow that analysis to take place. We are also seeking to break down the barriers between the pharmacy sector and general practice. During this Parliament, we will be financing 2,000 additional pharmacists to work in general practice so that we can learn exactly those sorts of lessons.

Dr Sarah Wollaston (Totnes) (Con): Further to that important point about biosimilars, and in welcoming this legislation and the opportunity to create savings for the NHS, will the Secretary of State also address the long-standing issues around Lucentis and Avastin? The hon. Member for Mid Norfolk (George Freeman) updated the House about the barriers in both domestic and European legislation that prevent the use of Avastin—it is not licensed for wet age-related macular degeneration—but the scale of savings could be so vast that there is a case for introducing measures in the Bill to allow for such issues to be addressed.

Mr Hunt: I am happy to look into that—some of my own constituents have been affected by that issue. I am not aware that there is scope to consider that important point in the Bill, but we should reflect on what we can

do to deal with some of the anomalies in the drug licensing regime that lead to the unintended consequences that my hon. Friend talks about.

We have a statutory scheme for companies that are not in the PPRS that is based on a cut to the list price of products, rather than a payment mechanism on company sales. Since the introduction of the rebate mechanism in the PPRS, the volumes of drugs going through it have been lower than estimated. At the same time, the statutory scheme has delivered lower savings than predicted. The inequity between the two schemes has led to some companies making commercial decisions to divest products from the PPRS to the statutory scheme, further reducing the savings to the NHS.

Last year, the Government consulted on options to reform the statutory medicines pricing scheme by introducing a payment mechanism, in place of the statutory price cut, broadly similar to that which exists in the PPRS. Our clear intention was to put in place voluntary and statutory schemes that were broadly comparable in terms of savings. Of course, companies are free to decide which scheme to join and may move from one to the other depending on the other benefits they offer, but the savings to the NHS offered by both schemes should be broadly the same.

NHS respondents to the consultation supported our position, but the pharmaceutical industry queried whether the Government had the powers to introduce a statutory payment system. Following a review of our legislative powers, we concluded that amendments should be made to clarify the existing powers to make it clear that the Government do have the power to introduce a payment mechanism in the statutory scheme. The Bill does that by clarifying the provisions in the NHS Act 2006 to put it beyond doubt that the Government can introduce a payment mechanism in the statutory scheme. The Bill also amends the 2006 Act so that it contains essential provisions for enforcement action. Payments due under either a future voluntary or statutory scheme would be recoverable through the courts if necessary. That would include the power to recover payments due from any company that leaves one scheme to join the other.

The powers proposed in the Bill to control the cost of medicines are a modest addition to the powers already provided for in the 2006 Act to control the price of and profit associated with medicines used by the health service. The powers are necessary to ensure that the Government have the scope and flexibility to respond to changes in the commercial environment. The intended application of the powers will, of course, be set out in regulations. We will provide illustrative regulations to reassure the House that we will be fair and proportionate in exercising the powers.

Rob Marris: I voted for the 2006 Act, but I have to say to the Secretary of State that profit controls are pretty draconian, particularly for a Conservative Government. The Government appear to be extending them when we have historically dealt with what society refracted through this House as excessive profits through taxation, such as the windfall tax on banks and so on. The Secretary of State now proposes to extend profit controls to a major part of the economy, which would no doubt be loved by the Leader of Her Majesty's Opposition. To a socialist such as me, a Conservative Secretary of State doing that seems a bit counterintuitive. Could he say a bit more about why he is extending profit controls?

Mr Hunt: Our march on to the centre ground carries on apace. [*Laughter.*] In response to the hon. Gentleman's fascinating point, I gently reassure him that our approach will be fair and proportionate. This is not about bringing in wide profit controls. It is important to say that we recognise—our view is shared across the House—the pharmaceutical industry's incredibly important role in medical advances, and we want Britain to be its European centre of operations post-Brexit. Many Members have campaigned about dementia and we hope that we can get a cure—it could happen in this country—and we recognise that profits are what fund the research that makes such remarkable changes possible.

It is important, however, that we are able to see what profits are being generated from a company's choice between the PPRS scheme and the statutory scheme as a clue to whether the company is being fair to the NHS, which is funded by taxpayers. That is why the Bill's measures strike the right balance.

Mark Field (Cities of London and Westminster) (Con): I hope that not only the Opposition but Government Members are reassured by those comments in response to the hon. Member for Wolverhampton South West (Rob Marris). Will the Secretary of State take this opportunity to emphasise the great contribution that the pharmaceutical industry makes not only in this country but as a global player? As he says, the profit motive is important to ensuring the competition that allows for reform and the new drugs that will transform our lives and the lives of future generations.

Mr Hunt: I am happy to give that reassurance. As I said, this industry contributes £56 billion to the UK economy, with tens of thousands of jobs. When the Prime Minister talks about where she sees our competitive advantage, she talks, first, about financial services, and life sciences is the very next industry she mentions. I completely agree with right my hon. Friend about its incredible importance, not just to this country but to the future of humanity. That is why we seek in this Bill to establish a fair relationship between the NHS, which we have to represent as we are funding it through the tax system, and the pharmaceutical industry. It is also fair to say that there have been times when some pharmaceutical companies' practices have been disappointing, and because we want to make sure that that does not happen and that we can continue with a harmonious and productive relationship we are proposing this Bill to the House.

Kevin Foster (Torbay) (Con): We agree that this is not about profit controls—about having a fair return for investment made—but about tackling an emerging business model that could almost be seen as profiteering.

Mr Hunt: My hon. Friend is right about that. The nice way of putting it is that we are closing a loophole. If one were being less polite, one might say that it is a shame we are having to do that. None the less, it is important to do what we are proposing to the House.

We recognise that it has been some time since the Government consulted on the options, and I wish to reassure hon. Members and those companies in the statutory scheme that we will consult further on the implementation of a payment mechanism in the statutory scheme, including the level of the payment mechanism,

before the regulations come into force. We estimate that 17 companies would be affected by the introduction of a payment mechanism, with the 166 companies that are currently members of the PPRS not being affected. Our proposals would save health services across the UK an estimated £90 million per year.

The second key element of this Bill amends the 2006 Act to strengthen the Government's powers to set prices of medicines where companies charge unreasonably high prices for unbranded generic medicines. We rely on competition in the market to keep the prices of these drugs down. That generally works well and has, in combination with high levels of generic prescribing, led to significant savings. However, we are aware of some instances where there is no competition to keep prices down, and companies have raised their prices to what looks like an unreasonable and unjustifiable level. As highlighted by the investigation conducted by *The Times* earlier this year, there are companies that appear to have made it their business model to purchase off-patent medicines for which there are no competitor products. They then exploit a monopoly position to raise prices. We cannot allow this practice to continue unchallenged. My Department has been working closely with the Competition and Markets Authority to alert it to any cases where there may be market abuse and provide evidence to support this, but we also need to tackle it within our framework for controlling the cost of medicines and close the loophole of de-branding medicines. Although the Government's existing powers allow us to control the price of any health service medicine, they do not allow controls to be placed on unbranded generic medicines where companies are members of the voluntary PPRS scheme. Today, most companies have a mixed portfolio of branded medicines and unbranded generic medicines. For that reason, all the manufacturers of the unbranded generic medicines mentioned in the investigation by *The Times* are able to use their PPRS membership to avoid government control of their prices.

It should be said that that practice is not widespread, but a handful of companies appear to be exploiting our freedom of pricing for unbranded generic medicines where there is no competition in the market, leaving the NHS with no choice but to purchase the medicine at grossly inflated prices or to transfer patients to other medicines that are not always suitable. Alongside the Government, many in the industry would also like to see this inappropriate behaviour stamped out.

Norman Lamb (North Norfolk) (LD): I very much agree with the point that the Secretary of State has just made. He talked about collaboration with the CMA. Can he give any indication as to whether he expects action to be taken on abuse in the marketplace, given that a small number of companies have behaved appallingly?

Mr Hunt: I cannot give the right hon. Gentleman that indication because, as he will know, the CMA operates completely independently, and I therefore do not know what its findings are going to be. Of course, I would support any action that it recommended. I do, however, think that this Bill can give us some security in the House that if the CMA is unable to find evidence in the specific cases it has before it, we will be able to take action as a Government, provided the House is willing to support the Bill.

Mike Wood (Dudley South) (Con): Has my right hon. Friend made any assessment of how the prices of the drugs quoted in the article in *The Times* compare with those paid in other health services and by healthcare providers in other western European countries?

Mr Hunt: We have made some assessments of those things, but, in essence, our concern is that, even without comparisons with what is happening in other countries, we are talking about totally unreasonable behaviour. I mentioned one example earlier, but I can give another of a medicine whose price increased by 3,600% between 2011 and 2016. I just do not think we can justify that. Given that we want to have strong, harmonious, positive relationships between the NHS and the pharmaceutical industry, we need to eliminate the possibility of that kind of behaviour happening in the future.

This Bill therefore amends the 2006 Act to allow the Government to control prices of these medicines, even when the manufacturer is a member of the voluntary PPRS scheme. We intend to use the power only where there is no competition in the market and companies are charging the NHS an unreasonably high price. We will engage with the industry representative body, which is also keen to address this practice, on how we will exercise this power.

The final element of the Bill will strengthen the Government's powers to collect information on the costs of medicines, medical supplies and other related products from across the supply chain, from factory gate to those who supply medicines to patients. We currently collect information on the sale and purchases of medicines from various parts of the supply chain under a range of different arrangements and for a range of specific purposes. Some of these arrangements are voluntary, whereas others are statutory. The Bill will streamline the existing information requirements in the 2006 Act relating to controlling the cost of healthcare products. It will enable the Government to make regulations to require all those involved in the manufacture, distribution or supply of health service medicines, medical supplies or other related products to record, keep and provide on request information on sales and purchases. The use of this information would be for defined purposes: the reimbursement of community pharmacies and GPs, determining the value for money that the supply chain or products provide; and controlling the cost of medicines. This will enable the Government to put the current voluntary arrangements for data provision with manufacturers and wholesalers of unbranded generic medicines and manufactured specials on a statutory footing. As the arrangements are currently voluntary, they do not cover all products and companies, which limits the robustness of the reimbursement price setting mechanism.

A statutory footing for these data collections is important so that the Government can run a robust reimbursement system for community pharmacies. I know that some colleagues have raised concerns about the implications of our funding decisions for community pharmacies, and today I want to reassure the House that this Bill does not impact on those decisions, nor does it remove the requirement for consultation with the representative body of pharmacy contractors on their funding arrangements in the future. However, the information power will give us more data on which to base those discussions and decisions, rather than relying on data

only available to us under voluntary schemes and arrangements. The information power would also enable the Government to obtain information from across the supply chain to assure themselves that the supply chain is, or parts of it are, delivering value for money for NHS patients and the taxpayer—we cannot do that with our existing fragmented data.

Mrs Flick Drummond (Portsmouth South) (Con): In this regard, will my right hon. Friend be giving consideration to asking pharmacies that can prepare their own medicines—aqueous cream and things—as tremendous sums could be saved for the NHS? Will he be considering that in the overall scheme of getting information on the medicines they are providing?

Mr Hunt: The information we collect might make it possible for us more robustly to analyse issues such as the one my hon. Friend rightly brings to the House's attention. Even if it does not, we should consider the issue, and I am happy to write to her to see whether we can make more progress in that area.

I also wish to reassure the House about the application of the information power to the medical technology industry. More than 99% of the companies supplying medical technologies to the NHS are small and medium-sized enterprises. Their products may be less high profile than the latest cancer medicine, but they are no less innovative or vital for patients. We have no interest in placing additional burdens on those companies.

The 2006 Act already provides powers for the Government to require suppliers of medical technologies to keep and provide information on almost any aspect of their business. This Bill will clarify and modernise those powers, and I am committed to exercising them in a way that is fair and proportionate to companies, to the NHS and to taxpayers who rightly demand value for money from the supply chain. Companies are currently required to hold information on their income and sales for six years for tax purposes. We will work closely with industry to ensure that the requirement to keep and record data does not significantly increase this burden.

My officials have already been in discussion with all parties across the supply chain—for both medicines and medical devices—about these powers to ensure that their implementation is robust but proportionate. We will provide illustrative regulations to aid debate on these provisions. I also want to reassure colleagues that, following Royal Assent, a full and open consultation will take place on the regulations specifying the information requirements.

I thank Ministers and their officials in the devolved Administrations for their constructive input and engagement with my Department on the Bill. Although many of its provisions are reserved in relation to Scotland and Wales, some information requirements that currently apply to England only could also apply in the territories of the devolved Administrations.

We intend to propose amendments to the Bill to reflect the agreement between the Government and the devolved Administrations, so that information from wholesalers and manufacturers can be collected by the Government for the whole of the UK and shared with the devolved Administrations. That avoids the burden created by each country collecting the same information.

The Welsh Government have also asked me to enable them to obtain information from pharmacies and dispensing GPs—a power that the Scottish Government and the Northern Ireland Executive already have. The Government will therefore propose an amendment to the Bill to amend the NHS (Wales) Act 2000 so that Welsh Ministers can obtain information from pharmacies and dispensing GPs.

Medicines are a vital part of the treatment provided by our NHS. Robust cost control and information requirements are key tools to ensuring that NHS spending on medicines across the UK continues to be affordable. They also help to deliver better value for taxpayers and to free up resources, thereby supporting access to services and treatments. This Bill will ensure that there is a more level playing field between our medicines pricing schemes while ensuring that the decisions made by the Government are based on more accurate and robust information about medicines' costs. It will be fairer for industry, fairer for pharmacies, fairer for the NHS, fairer for patients and fairer for taxpayers, and I commend it to the House.

6.43 pm

Justin Madders (Ellesmere Port and Neston) (Lab): I thank the Secretary of State for outlining the overarching principles of this Bill, which, as we have heard, seek to allow the NHS to better control the cost of medicines and to close some of the loopholes, which have been the subject of blatant abuses in recent years.

I also thank the Minister of State for taking the time to meet me and other hon. Members last week to set out what the Government were seeking to achieve with this Bill. I only hope that this increased appetite for state intervention in the market that we have on display will spread more widely across Government. As my hon. Friend the Member for Wolverhampton South West (Rob Marris) said, this kind of approach used to be called Marxist, anti-business interventionism. I never thought that I would say this, but, having heard what the Secretary of State said today, I believe that he is now a fully fledged Corbynista.

In all seriousness, it is clear that the market is not serving the patient or the taxpayer as well as it could. As we have heard, expenditure on medicines is a significant and growing proportion of the NHS budget, standing at £15.2 billion in England in 2015-16, an increase of more than 20% since 2010-11. One can only imagine where we would be now if the whole of the NHS had seen such an increase during the same period.

The incredible advances in science that we have seen in recent decades, often led by companies here in Britain, mean that people in this country are living longer, healthier lives than ever before. Although we celebrate that, it is also right that we work hard to secure value for money for the NHS to ensure that as many patients as possible can benefit from medical advances.

Keith Vaz (Leicester East) (Lab): May I declare an interest as a type 2 diabetic and chair of the all-party diabetes group? Ten per cent. of the expenditure of the NHS budget is on dealing with diabetes and complications related to it. Does my hon. Friend agree that there may well be a desire to prescribe more medicines, which will cost more, rather than providing diabetics with a structured education which, if appropriately used, can bring down the cost of diabetes to the health service? It is not just about pills.

Justin Madders: I thank my right hon. Friend for his intervention and pay tribute to him for his great work on diabetes. It is a matter that he consistently raises in the House, and he is right to do so. Of course he is right that there are many ways in which the diabetes bill can be tackled, and some of the shocking statistics that I have seen on the level of take-up of education courses is something on which we can do much better.

We support the broad aims of the Bill and of what the Government are trying to achieve, but we have a number of concerns, which I hope the Minister will address when this debate is drawn to a close, both about what is in the Bill and about the Government's policies more widely on access to treatments.

Historically, the technical mechanisms used by the NHS to control expenditure on medicine have not set the public's imagination alight, but in June we were all appalled to read reports that a small number of companies were exploiting loopholes to hike up the cost of medicines. In the past few years, we have also seen headline after headline about one effective treatment or another being denied to patients in desperate need on the basis of cost. I will address each of those issues after briefly touching on the Government's proposal to harmonise the statutory and voluntary schemes for price control and on the new reporting requirements.

As we have heard, there are currently two schemes for controlling pricing: the voluntary scheme, the pharmaceutical price regulation scheme, which applies to the vast majority of suppliers; and the statutory scheme, which, in 2014 covered around 6% of branded medicine sales in the UK.

The voluntary PPRS scheme is based on companies making payments back to the Department of Health based on their sales of branded medicines to the NHS. By contrast, the statutory scheme operates on the basis of a cut to the published prices of branded medicines. These different approaches appear to have produced different results. Since 2014, the statutory scheme has delivered significantly lower savings than those of the PPRS, partly as a result of companies either switching individual products or switching wholesale into the statutory scheme, which is one reason why we have seen a significant reduction in the level of the rebate. Therefore, we support the rationale behind aligning the two schemes, which will create a more level playing field between companies and also give us a better chance of delivering greater savings to the taxpayer.

However, as we have heard, this Bill extends beyond closely aligning the two schemes and adds a new provision, giving the Secretary of State the power to require all medicines manufacturers and suppliers to provide information relating to prices.

Mark Tami (Alyn and Deeside) (Lab): My hon. Friend will know—I am sure that we all know this—that there is a difference between the list price that is advertised and the price that the NHS actually pays. That is a very important point, and we have to be very careful that, in gaining all this information, we do actually bring down the cost for the NHS. Those companies may well charge other people higher amounts, and we need to put that in context.

Justin Madders: My hon. Friend is absolutely right. That is one reason why we must tread carefully, and hear what regulations the Government produce for consultation.

[Justin Madders]

Some of the measures did not form part of the initial consultation, and there is a feeling that they have been added to the Bill at the last minute. Given the damaging cuts to the community pharmacy sector that were announced only last week, there is an anxiety about what costs could be created by any additional administrative burden.

Sue Hayman (Workington) (Lab): Does my hon. Friend agree that pharmacists often know their patients much better than over-stretched GPs do? They can also advise on the prescription of appropriate cheaper drugs. Does he also agree that, instead of putting further pressure on the pharmacy sector, the Minister should be supporting it to reduce the burden on GPs and to help the NHS save money?

Justin Madders: My hon. Friend is absolutely right. There was real concern about the announcement last week. From the surveys that have been taken, we know that approximately one in four people who currently use the pharmacist would go to their GP if they were unable to seek advice from the pharmacy. We know the pressure that GP surgeries, and indeed the NHS, are under. We will have to watch carefully the impact of these proposals, which I hope will not be as serious as a number of Members fear.

The impact assessment does not offer many clues. It states that the additional costs that could be incurred “have not been quantified, as their magnitude will not be known until after consultation on subsequent regulations.”

We need to tread carefully. The Secretary of State is asking us to give him new powers before setting out exactly how he will use them. That is a far from perfect state of affairs. I hope that we will get some further clarity when the Bill reaches Committee.

Mark Field: The hon. Gentleman has been fair in his broad analysis of the problems that we face between the statutory and voluntary schemes. It is a salutary lesson that whenever a statutory scheme is put in place, it can easily be gamed by anyone in the industry. Is he encouraged by the fact that the Association of the British Pharmaceutical Industry supports the Government’s proposal and wants to work with the Secretary of State so that we can, hopefully, reach an agreement that will work for the future, rather than a draconian recommendation being issued by Richmond House?

Justin Madders: I agree that it is important that we keep the dialogue open with industry. We are proud of what the pharmaceutical industry can deliver for this country. It is a world leader and we certainly do not want to throw the baby out with the bathwater.

The Government will be aware that concern has been expressed by the medical technology sector that medical supplies are to be brought within the scope of a regime designed ostensibly to tackle a problem in the pharmaceutical industry. The medical technology sector has expressed concern that the Bill’s measures will put additional burdens on that sector and could lead to higher costs overall for the NHS. We welcome the assurances given by the Secretary of State today that the 99% of businesses in this industry that are small or

medium-sized will not be unduly troubled by onerous additional reporting requirements. We hope to discuss that in further detail.

The former Minister for Life Sciences reported in February 2016 that the estimated income in England from PPRS payments in 2016-17 would be £518 million. That is considerably less than the amount received in 2015, at a time when the overall drugs bill is increasing, so that tells us that the scheme is not going according to plan. The Government have stated that the measures would save the health service around £90 million a year, so let us consider what has been going on and whether this Bill can address the issues that have arisen.

One of the benefits we have heard about is that the Bill will help to close the loophole that I referred to earlier which has led to extortionate prices being charged for a number of generic medicines. This occurs, as we heard, when a small number of companies purchase off-patent drugs for which there are no competitor products or there is a dominant supplier. They then remove the brand name, which takes the drugs out of the current pricing controls, allowing the companies to hike up the costs by many hundreds or even thousands of per cent. It is clear that some of these companies have made this strategy a key part of their business model.

In the past few months we have seen this House expose some of the worst excesses of capitalism, from Mike Ashley and his employment practices at Sports Direct, to Philip Green, but there should be a special category of obloquy for those who make themselves extremely wealthy by using loopholes in the law to prey on the sick and vulnerable and to extract obscene profits from our health service. An investigation in *The Times* highlighted how a small number of companies including Amdipharm, Mercury, Auden Mckenzie and Atnahs raised the cost of medicines by £262 million a year through this practice.

When a US pharmaceutical company hiked the price of HIV medication, people across the world were united in their condemnation, but it is less well known that at the same time the price of over 200 medicines more than doubled in this country, with 32 rising by more than 1,000% and in one case, as we heard, an unbelievable increase of 12,500%. An indication of how central to the business plan of some companies this practice has become can be found just by looking at their websites. The company Amdipharm boasts that it was sold to a private equity company for £367 million and talks of acquiring and commercialising niche generic medicines. Another of these companies, Concordia International, which now owns both Amdipharm and Mercury, is quite open about the fact that it

“specializes in the acquisition, licensing and development of off-patent prescription medicines, which may be niche, hard-to-make products.”

This may sound like a noble pursuit, but we know that it can in fact be code for establishing and then abusing a dominant market position to the detriment of vulnerable patients and the taxpayer.

Rob Marris: My hon. Friend speaks of the abuse of a dominant market position, and this Bill extends the powers of the Secretary of State effectively to confiscate profits, rather than acting through taxation. Does my hon. Friend agree that the same approach may be worth

considering in the case of a company such as Google? It has 85% of the world mobile phone market for Android operating systems, and people use Google for 85% of the searches carried out in the United Kingdom. That is a dominant market position and there are questions about the tax paid by Google. Perhaps profit confiscation might be considered.

Justin Madders: My hon. Friend tempts me a little way outside my brief. I note, though, that our health service is entering into partnerships with Google, so I hope that questions are being asked by Ministers about the taxation arrangements.

We know that the vast majority of the generics sector is well controlled by competition and delivers value for money to the taxpayer, and we welcome the extension of pricing controls where competition has failed. Is the Minister confident, however, that the steps taken in the Bill are adequate? We have seen, as my hon. Friend the Member for Wolverhampton South West mentioned, how adept international companies can be at moving figures around to avoid taxation, and we clearly want to ensure that the system that we develop is not vulnerable to the gaming that we have seen elsewhere. I do not think for a minute that given the vast sums of money at stake, the companies will just shrug their shoulders and take the hit if they can avoid it.

I was more than a little concerned when I read a section about this Bill in a Concordia investor presentation, which said that in the past the Department of Health “would seek informal negotiations with manufacturers where it believed there were pricing issues. We believe this step will remain.” The notion of informal talks with officials brings up uncomfortable memories of the sweetheart deals between multinationals and Her Majesty’s Revenue and Customs. Although I am happy for chains of communication to be open with such companies, can the Minister reassure us that in all cases prices will be regulated through a transparent, formal process and not through behind-the-scenes talks?

Steve McCabe: Where the advertising budgets of pharmaceutical companies dwarf their R&D budgets, is there not an argument for the Government to look again at the tax position of those companies, as well as at the price of their products?

Justin Madders: We will not get very far with this Government on corporation tax. They have been going in a direction that we would not have chosen. They have decided on the measures in the Bill as the best way to control prices and we will see how they get on. Will the Minister confirm that if it becomes clear in a few years that we have opened up another set of loopholes, we can expect the Department to take the lead and to be proactive in its investigations, rather than relying on a team of journalists to expose the problem?

We know that in Scotland the rebate that has been generated has been used to create a dedicated fund to give patients access to new medicines. Will the Minister consider investigating similar models and ensuring that the benefits of the scheme are used for the purpose of improving our frankly poor record in allowing patients to benefit from new medicines? We accept that there will always be challenges in matching funding to new drugs, but there is at least a degree of logic in allowing savings made in the drugs bill to be reinvested to enable new products to reach patients more quickly.

We welcome today’s report by the Accelerated Access Review, which sets out an ambitious plan that could see patients accessing new lifesaving treatments up to four years sooner. We hope the Minister will take this opportunity to give financial backing to the aims of the review by committing to using future rebates from the pharmaceutical sector to improve access to treatments. I ask the Government to seriously consider this, as there are growing concerns about access to new drugs and treatments in this country, and particularly about the widening gulf between the UK’s record on developing new drugs and the ability of the NHS to ensure that all patients benefit sufficiently.

The “International Comparisons of Health Technology Assessment” report published in August by Breast Cancer Now and Prostate Cancer UK shows that NHS cancer patients in the UK are missing out on innovative treatments that are being made available in some comparable countries of similar wealth. This is at the same time as a number of medicines have been delisted by the Cancer Drugs Fund after it overspent its budget, and the failure to extend this scheme to innovative treatments as well as medication. There was a report in *The BMJ* in July entitled “A pill too hard to swallow: how the NHS is limiting access to high priced drugs”. It came to similar conclusions when looking at new antiviral drugs that held out a real prospect of eliminating hepatitis C but which were very expensive.

Mark Tami: Does my hon. Friend agree that we have to be careful not to discourage drug companies from doing research, particularly into those rarer illnesses, because they would not see a financial return?

Justin Madders: My hon. Friend is absolutely right. We must be careful of the law of unintended consequences with this piece of legislation. Commercial decisions will be taken on investment if the return is not sufficiently high, so we have to get the balance right between encouraging investment and getting value for money for the taxpayer.

The BMJ report showed how NHS England, having been unable to budget for broad access to the drugs I mentioned, sought to alter the outcome of the National Institute for Health and Care Excellence process and, when it failed, defied NICE’s authority by rationing access to those drugs. There was also widespread controversy over attempts by NHS England to avoid funding anti-HIV pre-exposure prophylaxis by passing on responsibility to local authorities at the same time as cutting the public health budget allocated to councils. If we are to strive to create a level playing field for drugs companies, we should look to do the same for patients and their ability to access treatments.

Labour established NICE to speed up the introduction of clinically proven and cost-effective new medicines and procedures. An order was made by Parliament in 2001 to mandate the funding of healthcare interventions approved by NICE through its technical appraisal process. They were intended to be available to patients three months after publication of the appraisal. However, subsequent orders have chipped away at that, culminating in the current consultation by NICE and NHS England, which will again potentially delay or deny access to important treatments. Therefore, as well as looking at ring-fencing the payments received under this scheme, will the Minister look more widely at access to medicines? Successive studies have demonstrated that there is relatively

[Justin Madders]

low take-up of new medicines by the UK compared with other high-income countries. Not only does that let patients down, but it could impact on the future of the pharmaceutical industry in the UK, particularly given the sector's concerns about the relatively small value of sales in the UK, compared with other countries, and given the uncertainty surrounding the future of the European Medicines Agency following our decision to leave the European Union.

I am sure Ministers are aware of the concerns that have been raised about that and of the need to ensure that the country is still seen as a leader in the research sector. The Prime Minister has said:

“It is hard to think of an industry of greater strategic importance to Britain than its pharmaceutical industry”,

and the Opposition agree, but we cannot be complacent about the state of UK pharma, particularly as investment decisions are often made by parent companies based in other parts of the world. I hope the Minister will take seriously the interrelationship between decisions about access to treatments and the future of pharmaceutical research and development in the UK, particularly when we know that other countries across Europe are using the current uncertainty as a result of Brexit to eye up opportunities to steal a march on our own industry.

To conclude, the Opposition support the broad aims of the Bill and what the Government seek to achieve in terms of better controlling the cost of medicines. In Committee, we will seek to explore in more detail the new information powers and the details of the impact of those new powers on the supply chain. We will also continue to hold the Government to account and ensure that patients are able to access the best available treatments without any unnecessary delay.

7.3 pm

Sir Simon Burns (Chelmsford) (Con): As any constituency MP will know, the pressures on the NHS grow year in, year out, partly because of our ageing population and partly because of developments in medical procedures—advanced drugs that can help to overcome illness, to continue a patient's recovery or to stabilise their condition. That is why it is a constant battle for the NHS to root out waste and increase efficiency in the delivery of patient care without compromising that care.

The Nicholson challenge, launched in 2010, sought to save £20 billion over the last Parliament. As my hon. Friend the Minister of State said at Health questions, the NHS managed to achieve £19.4 billion—not £19.4 billion of savings that then went back to the Treasury, but £19.4 billion that was reinvested in front-line services and the NHS.

At the same time, though, we have great pressure, as my right hon. Friend the Secretary of State alluded to during his comments, on the ever-increasing drugs bill. In England, the drugs bill was £15.2 billion in the last financial year—£11.2 billion on branded medicines and £4 billion on unbranded, generic medicines. That represents a 20% increase since 2010 and a 7% year-on-year increase. With an ever-increasing, ageing population, those figures will continue to go upwards in future years.

We also see more and more new drugs being developed to combat illness. How many illnesses that were killers even during our lifetimes can now be cured or stabilised because

of research and the work of pharmaceutical companies in developing the drugs that provide those results? Anyone will accept that the research involved in developing the drugs to tackle illness and disease is phenomenally expensive for the companies involved and sometimes takes many years. Therefore, we have to have a balance. The pharmaceutical companies, which have to invest horrendous amounts of money to find a new drug—a new cure or stabilising medicine—for medical conditions, obviously have to benefit from the horrendously large investments they make, but that does not mean that that should be a licence for them to simply charge what they like, for as long as they like, for the largest profits possible. There is a median between the two situations.

That was highlighted by the *Times* investigation a few months ago, in which one saw some of the price increases made by pharmaceutical companies that had, in effect, a monopoly on a drug because there was no competition. Let me give one or two examples to show the scale of the problem. Between 2008 and 2016, the price per packet of hydrocortisone tablets rose from 70p to £85—a 12,000% increase. With certain antidepressant tablets, one sees a 2,600% increase. With certain tablets for insomnia, there was a 3,000% increase. Frankly, even if this is with a relatively small number of drugs, it is totally unacceptable and extremely difficult to justify.

I accept that the cost of drugs to the NHS is extremely complicated. As hon. Members will know, branded medicines are controlled through the voluntary pharmaceutical price regulation scheme, which was agreed from 2014 to 2019. For those companies that choose not to join the PPRS, the Government operate a statutory scheme for branded medicines. The PPRS is based on a payment mechanism whereby companies make payments back to the Department of Health based on their sales of branded medicines, whereas the statutory scheme operates on the basis of a cut to the published list price of branded medicines. As a result, the statutory scheme has delivered significantly lower savings for the NHS, and that is clearly not satisfactory.

I welcome the Bill as a means for the Government to secure better value for money for the NHS and taxpayers. The first important change it will introduce is to clarify the law to allow, beyond any doubt, for the power of the Secretary of State to require a payment mechanism in the statutory scheme to limit the cost of medicines. That clarification will enable the Secretary of State to combat the current situation, whereby manufacturers and suppliers are allowed to choose the scheme by which they are controlled. That has led to numerous companies being covered by the statutory scheme rather than the voluntary scheme, because the statutory scheme makes less effective savings to the NHS and thus benefits them disproportionately.

In effect, the Bill will allow the Government to require companies to reduce the price of an unbranded generic drug, even if the company is in the voluntary scheme. The Government intend to use that power to limit the price of unbranded generic medicines when competition in the market fails and companies charge the NHS unreasonably high prices for them, as highlighted by the investigation by *The Times*.

Rob Marris: According to the Library briefing, since the Bill's publication the share price of Concordia International, which has been playing that game and owns AMCo, has gone down by 28%. That is good news.

Sir Simon Burns: I am grateful to the hon. Gentleman for sharing that information.

Equally important, the Bill will improve and enhance information collection so that we are better informed on a more consistent basis. That will ensure a better basis for assessing whether the supply chain as a whole, or a specific sector, provides value for money for the NHS. We cannot underestimate the importance of having more consistent, viable and useful information gathering, because information is power in so far as it helps to effect decisions and judgments. If one does not have consistent information collection or sufficient ranges of information, that leads to problems in rectifying issues where pharmaceutical companies are behaving not in the best interests of the NHS, but disproportionately in their own interests.

That is why the Bill's impact and importance far outstrip the fact that it is modest in size, with only a few clauses. I am pleased not only that the Government have decided to take action, but that the Bill, subject to its Committee stage and to the consultation processes about which the Secretary of State has given assurances, commands the widespread support of Members on both sides of the House. I look forward to it reaching the statute book and, as the regulations are developed and the consultations ensure that we get it right, to it stopping some of the abuses that have cost the NHS so much. That needs to be done, however, without unfairly penalising the pharmaceutical companies, because, as I said earlier, they spend a considerable amount of time and a massive amount of money on developing drugs. For instance, in the past 30 years they have made considerable strides for patients with HIV/AIDS and improvements in care for cancer patients. I welcome the Bill.

7.13 pm

Dr Philippa Whitford (Central Ayrshire) (SNP): Like the right hon. Member for Chelmsford (Sir Simon Burns), I pay tribute to some of the research and development that has been done by the pharmaceutical industry. Europe has become the biggest research network in the world, and the biggest beneficiary of that has been the United Kingdom, through Horizon 2020 funding, in collaboration with others, and the European Medicines Agency. As others have said, however, both of those are going to change, so the pharmaceutical industry in this country will be rather nervous and anxious about its future.

Obviously, every new drug that the industry discovers creates an additional cost pressure for the NHS, hence the reason for the pharmaceutical price regulation scheme, which has existed since the 1950s. The current scheme has been in existence since 2014 and has brought significant benefits, as the shadow Minister, the hon. Member for Ellesmere Port and Neston (Justin Madders), has said. In Scotland it directly funds our new medicines and rare diseases fund. Ours is not a cancer drugs fund, so it gives us greater flexibility to treat very rare diseases. The patient's condition does not need to be cancer, so we are giving Sofosbuvir for hepatitis C and Everolimus for tuberous sclerosis.

It is necessary, however, to have some form of management over the cost pressure, so the Scottish Government and my colleagues welcome the way in

which the Bill tidies up the situation by closing some of the loopholes faced by the NHS. We have heard in particular about those who have a monopoly over generic medicines, whereby companies that are part of the PPRS can charge what they like for them. There needs to be much greater alignment and it needs to apply to all drugs, not just all companies.

The Secretary of State also mentioned the collection of data. As someone who has worked in the NHS, I have to say that it has struggled with that, and I have concerns about how it will work across the entire NHS, the entire pharmaceutical industry and medical technology and other supplies. We need to make sure that data collection is relatively simple and straightforward, and I also hope that we will bring together and use data that have already been collected.

I speak as a representative of one of the devolved nations and it is important that our Government are able to access those data easily. The Bill states clearly that the data gathered will be shared with Scottish Ministers, but on what basis? Will it be down to Scottish and Welsh Ministers to request data when they want them, or will they have to wait for an annual return, which might not happen when they want it to happen?

The Secretary of State said that there had been consultation, but I hope that that will continue, because the devil will be in the detail when it comes to the extension to all medical supplies. Scotland already uses a lot of central procurement to keep costs down, so it is important that the Bill enables, rather than interferes with, that.

Rob Marris: The hon. Lady is making a powerful speech, as ever. May I pick her medical brains, as it were, on the question of medical supplies? They are defined by the National Health Service Act 2006 as "surgical, dental and optical materials and equipment".

Would she, as a clinician and a surgeon, include a CAT or an MRI scanner, as a piece of surgical equipment? It is certainly not dental or optical. It seems to me, as a layperson, albeit a lawyer, that it is not surgical equipment, but investigative equipment, and MRI scanners, as she and many other Members will know, start at about 2 million quid.

Dr Whitford: That is an area that needs to be looked at. A narrow definition that covers only blades and swabs and that does not take into account our hugely expensive infrastructure would not make sense. When we buy those kinds of machines in Scotland, we tend to consider central procurement and assessment, which opens up the potential for massive savings. A lot more work will have to be done in Committee and then in regulation to make the process function in the way that everyone wants it to function.

We need something much more radical. That aspiration may not happen with this Bill, so it will have to come later. Patients in the UK face a delay of about five years to access new medicines. If we compare cancer survival rates, we will see that we are often ahead when it comes to patients with early disease. We are one of the earliest nations doing population screening for breast cancer. However, we start to fall behind when it comes to people with more aggressive or advanced disease. I think that that is where our poorer outcomes and survival rates by comparison with European countries come from, because it

[Dr Philippa Whitford]

is palpable on the ground. Part of that is sometimes the eye-watering initial prices of new drugs. Yes, we can set methods to try to control that, but a lot of those drugs do not get through the system introduced by the National Institute for Health and Care Excellence because they are expensive. In my interactions with some of the major pharmaceutical players since I have been in the House, I have discovered an appetite for a different way of doing it. Prices could be much lower but there could be a guaranteed number of patients before a drug became generic. We might need to look at risk sharing, because at the beginning we often do not know whether a drug will really be as good as it is cracked up to be. If the price starts, like some cancer drugs, at £100,000, we will struggle to get it through any of our pricing systems.

Something else we have to deal with is the question of how we expect pharmaceutical companies to make a profit on drugs that we never intend to use. We need new antibiotics, but any brand-new class of antibiotics—we have not had such a class for 30 years—will have to be left on the shelf. The existing system will simply not fund research for such a drug. While the Bill tidies up some of the issues that we face now, we need to do much more blue-skies thinking on equipment, drugs and the way in which we develop different things. Otherwise we will have interminable debates, such as those in which I have participated in Westminster Hall: in one debate, we say that we want more research on, for example, brain tumours, but the next week we have a debate on the fact that we cannot access a brand new drug that has been developed by the pharmaceutical industry in the UK.

Jo Churchill (Bury St Edmunds) (Con): The hon. Lady is making an informed and impassioned speech. Does she agree that we are entering a new landscape, and some drugs that have been discovered can be used for multiple treatments for different cancers, or even for other diseases? We therefore need an even more flexible approach so that we can benefit from those drugs and optimise patient outcomes.

Dr Whitford: Absolutely. We have entered the realms of using immunotherapies such as Herceptin for cancer. Equally, in the mid-2000s, people went to court to try to access that drug, which halves the risk of metastatic disease—and we end up spending much more on patients with that stage of the disease. We give Sofosbuvir in Scotland for hepatitis C because it is almost curative, so we have fewer new hepatitis C patients. We need a much more rounded way of looking at the costs and benefits of new drugs. The genetic drugs that we are likely to use in future will be even more eye-wateringly expensive, but then again, they may have a bigger impact.

The Bill tidies up loopholes, but I have concerns about the involvement of the devolved Administrations in the design of the schemes, access to data and ensuring that the funding for PPRS, which we use for our new drugs fund, is maintained. There is a call for us to do something much bigger and much more blue skies in future.

7.23 pm

Andrew Selous (South West Bedfordshire) (Con): It is a pleasure to follow the extremely well informed speech given by the hon. Member for Central Ayrshire (Dr Whitford). I hope that Ministers will continue to

study what happens in Scotland, as they do elsewhere around the world so that we can share information and copy best practice, whether in Scotland or elsewhere. I am aware of Scotland's fine medical tradition and what it contributes to the United Kingdom.

I pay tribute to *The Times* for the investigation that it began on 3 June. We often have cause to complain about the press in Parliament. We are often the subject of their inquiries, which we may find unwelcome, and from time to time the press are irresponsible, and should be more responsible. In this case, we can all thank *The Times* for shining a spotlight on unacceptable practice in the pharmaceutical industry in the UK, which has huge implications for the NHS, which we all love and have been sent here to protect and improve.

Rob Marris: The hon. Gentleman is extolling the work that *The Times* did in a series of articles this June. May I remind him and the House that in discussing the earlier adoption of drugs, we should bear in mind the work that *The Times* did in the 1960s to uncover thalidomide as a terrible drug? It was never licensed in the USA because of concerns that testing was not adequate. Yes, we want things to go to market earlier when that is possible, but we have to be extremely careful.

Andrew Selous: If memory serves, it was a team of investigative journalists from *The Sunday Times* that focused on that issue. However, the hon. Gentleman is right: we should pause and reflect, and be thankful for the tremendous tradition of British investigative journalism, which helps us and is our ally in Parliament. It is important to put that on the record. What *The Times* did contributed to the Secretary of State launching the Competition and Markets Authority inquiry. I am pleased that that happened.

A number of speakers have made a valid point, with which I strongly agree, that it is absolutely vital that we continue to have a strong pharmaceutical industry in the UK. In the months before she was appointed, the Prime Minister said:

“It is hard to think of an industry of greater strategic importance to Britain”

than the pharmaceutical industry, and she was absolutely right. The briefing from the House of Commons Library says that the output of the pharmaceutical industry in 2015 was £12.7 billion, which amounts to 8% of the UK's entire manufacturing output. Let us look at one or two of the larger players.

GlaxoSmithKline is active in more than 150 markets around the world, and has 110,000 employees globally. It has 80 manufacturing sites, and it is the largest vaccines business in the world. Of particular significance is the fact that it conducts all its research in two research hubs: one in Philadelphia and the other in Stevenage in the United Kingdom, where a number of my constituents are proud to work. AstraZeneca is another large pharmaceutical company that is active in the UK. It has 6,700 UK employees, and supports a further 35,000 jobs in the UK. It operates across seven sites, including one in Luton, close to my constituency. Again, a number of my constituents are rightly proud to work there.

As the Secretary of State said, the medicines bill for NHS England, at £15.2 billion in 2015-16, is the second largest cost for the organisation, after staff costs, so it is

absolutely vital that we secure value for money in this huge area of spend. It is a concern that the CMA has spoken of “excessive and unfair prices” and has referred to companies that have “abused a dominant position”. There have been incidences of no competition or insufficient competition, so it is right that the Government have stepped in to deal with the issue. That touches on a broader philosophical point. We had a brief exchange on this earlier. In a response to me only a couple of days ago on the morality of business behaviour, the Prime Minister wrote:

“we need to ensure that the free market has an ethical basis”.

I absolutely agree.

The Library briefing for the debate looks at the top 11 medicine price increases, ranging from ascorbic acid, with an eye-watering 1,012% price rise, right up to Doxepin, which had a 5,281% price rise. In some cases—if some of the ingredients and some of the raw material for a particular drug are suddenly in short supply—a price increase such as that may be justified, but the Department knows that, in the majority of cases, there is no valid reason for the huge increases. That is why the Government have, properly, acted. Therefore, I welcome the Bill’s powers to reduce prices, to impose price controls and, importantly, to gather information. However, I have a couple of questions for my hon. Friend the Minister on gathering information.

Getting information is vital, and I am pleased that the Government have included measures in the Bill to obtain complete information. Is the Minister satisfied that there is sufficient analytical ability in his Department to really know what is going on? I ask that for this reason. I have had the huge privilege of working with members of the senior civil service in a different Department in the past two years, but sometimes we expect civil servants to have a range of skills that it is not fair of us to expect them to have. Is there the necessary commercial expertise in his Department to really work out what is going on with the additional information that he and his officials will have at their fingertips? Is there a scheme for secondments between pharmaceutical businesses and the Department of Health, so that his officials really know how the market works and any particular games that might be played? That is important.

I am aware that one permanent secretary in post at the moment had a secondment earlier in his civil service career to Diageo, but it is important that the Minister and the permanent secretary ensure that there is that capability in their Department. If it is not there, I hope that he and the ministerial team will take steps to ensure that it is. I say that because, if we look at some of the emails that came into the public domain as a result of the investigation by *The Times*—some were brought to light through freedom of information requests—it seems that there was not quite the level of serious analysis, probing and inquiry that we would all, including the Minister, have liked to see.

The Government have introduced the Bill because they care passionately about the future of our NHS. They will do everything necessary to protect it and that very much includes getting value for money from the drugs that the NHS pays for. On the Conservative Benches, we value and care about the role of the free market. We know that it is the greatest economic mechanism in the history of mankind for creating wealth and for relieving poverty. It is because we care about it that we

will act to reform where that is necessary, whether that be in the interests of the NHS or any other part of our country.

7.33 pm

Norman Lamb (North Norfolk) (LD): This is an uncontroversial set of measures and I confirm my support for the Bill as it stands. The great strides in medical science over the past decade and beyond are obviously to be celebrated, with cutting-edge new treatments for life-threatening and life-shortening conditions, including a number of rare diseases and cancers, offering many people the hope of improved health, longer life and a quality of life that in the past would not have been possible. As well as the enormous benefits it brings to patients, the life sciences industry makes an incredibly valuable contribution to the UK, and it is only right that we acknowledge that today. However, there is an inevitable cost attached to the triumph of modern medicine, and the challenge is to ensure patient access to new treatments as quickly as possible, while ensuring value for money for the NHS.

The Bill seeks to address some of the shortcomings. It addresses clear abuses of the current system and I think that it will bring greater consistency to the existing arrangements for controlling the cost of medicines new and old. As I have said, I find myself in agreement with the proposals.

It is good that so many companies recognise their responsibility for keeping the branded medicines bill in check by signing up to the pharmaceutical price regulation scheme. Under the scheme, manufacturers pay a rebate to the Department of Health to cover expenditure on branded medicines above agreed limits. It is a responsible approach, helping to ensure that patients can benefit from access to novel drugs in a way that is sustainable for the taxpayer. However, I agree with the Secretary of State on the need to address the current disparity whereby the statutory medicines pricing scheme delivers lower savings than the voluntary scheme. Those differences are expected to widen, which is clearly not in keeping with the spirit of either arrangement, so it makes sense that they should be more closely aligned. As he said, we have to remove the incentive to shift from one scheme to another.

I particularly welcome the proposals to strengthen the authority of the Secretary of State to intervene where unbranded medicines are priced excessively. The NHS and patients benefit immensely from medicines, which were once available only at great public expense, becoming available far more cheaply after the patent expires and generic products come on to the market. We should recognise the great value that the competitive market brings, saving the NHS more than £13 billion every year, according to the British Generic Manufacturers Association, but we also know that the overall cost of generic items is increasing at a faster rate than branded items, and that there have been some outrageous increases, to which other hon. Members have referred, in the price of some individual generic drugs in recent years when there is only a single company producing that drug. It looks like a clear case of profiteering, where the NHS is being ripped off.

Let us be clear what the implications are when a particular company makes an excessive profit from increasing the price of a drug in that way. It means that

[Norman Lamb]

other NHS patients, particularly those in more marginal areas that do not get the attention that they deserve, lose out. There is less money to spend on, for example, teenagers with mental health problems or learning disabilities. There is a price to be paid for that excessive profiteering. It is utterly unethical behaviour. I hope that the Competition and Markets Authority can find a way to take action against these companies, which appear to have constructed a business model to exploit the loophole.

As hon. Members have said, a number of generic medicines increased in price by more than 2,000% in the last decade. The most horrific example I have come across is a medicine that increased in price from £13.98 in 2005 to £632.96 in 2015, a rise of more than £600 per item dispensed. It is utterly despicable for any private company to think that it can do that. The Government are right to take action to end that outrageous practice.

Generics account for three quarters of prescription items dispensed in the community. In those cases where competition fails to deliver value for money, it is important that there are measures at our disposal to control prices and to tackle abuses that could place intolerable pressure on NHS budgets. It makes little sense that generic medicines can be controlled through the statutory scheme, but that the Government are currently prevented from stepping in when a company's branded products are regulated through the PPRS. It seems clear that we should remove that anomaly. I should add that, in using these powers to introduce price controls, the Government should of course exercise caution and guard against any unintended consequences that may impact on the viability of smaller companies. I am sure that the Government will be alert to that.

The aims and provisions of the Bill are admirable, but it is only part of a much wider debate about how we can sustain access to groundbreaking new treatments when the NHS is in the middle of the longest financial squeeze in its history. One intervention from a Government Member on the Secretary of State drew attention to the fact that the total bill for drugs is rising at an unsustainable rate. The right hon. Member for Chelmsford (Sir Simon Burns) also raised this question, and we have to address that because the NHS will not be sustainable at the current rate of increase in cost.

It is no secret that the NHS has struggled to adapt to modern medicines, particularly those that carry a large budgetary impact. Both NICE and NHS England have had great difficulty in figuring out which medicines to approve and how those medicines are to be afforded and brought to patients. Recently, NHS England has delayed funding for the new hepatitis C treatment, so I was interested in the points made by the SNP representative, the hon. Member for Central Ayrshire (Dr Whitford).

We also have the ongoing and deeply unsavoury case of the PrEP, or pre-exposure prophylaxis treatment. Not only is NHS England taking its legal challenge to the bitter end to avoid having to pay for the drug, but there have been reports of it pitting patient groups against each other by saying that patients could miss out on vital treatments for cancer or rare diseases for children should PrEP be funded. We do not want to get into comparing the rights and interests of one group of patients against those of another in that way.

Earlier this month, NHS England and NICE launched a consultation on proposals to change the way some drugs are funded when there is a high cost involved. NHS England and clinical commissioning groups are legally required to fund drugs recommended by NICE as being clinically and cost-effective, normally within three months of the guidance being issued, barring unique circumstances. Under the new proposals, if NICE recommends a drug that will bring an estimated cost to the NHS above a certain amount—£20 million is the suggested figure—NHS England can go back to NICE and ask it for longer to roll out the medicine if it is unable to agree a lower price with the manufacturer. Surely that is precisely the opposite of what we ought to be trying to achieve as regards speedier access to new drugs that are coming on stream. Ignoring questions about how that somewhat arbitrary cost threshold was arrived at, there is a concern that this is a creeping step towards the rationing of approved treatments in the NHS. It seems to me to be an admission that the NHS cannot afford to pay even for the drugs that are found to be cost-effective by NICE; similar concerns have been raised by Nicholas Timmins, that highly respected observer who is a senior fellow at the King's Fund.

The great worry is that opening up the debate on how quickly or slowly approved treatments can be adopted will put us on a slippery slope to a new discussion about whether approved treatments should be adopted at all, and at the very least UK patients will be further disadvantaged—the SNP spokesperson has already made the point that we compare very badly with other countries—and there will be more delays in getting access to new cost-effective treatments.

Dr Philippa Whitford: Does the right hon. Gentleman recognise that we are one of a tiny handful of OECD countries that allow that opening price to be set completely by the pharmaceutical industry and to be set as high as it likes?

Norman Lamb: I note that point. I suppose my overall point is that given the unsustainable increase in the total drugs bill and given the actions that NHS England and NICE appear now to be taking, it seems that we will be in a more difficult position in getting speedy access to new drugs that can be life-saving. The Government need to reflect on that. The hon. Member for Central Ayrshire made the point in her speech that this Bill tidies up things that have to be tidied up, but there is a much bigger debate about how on earth the NHS can afford vital treatments that in other countries patients are getting access to much sooner.

If we are approaching a situation in which we are unable to cope with new treatments that have been judged by an arm's length expert body, NICE, to be clinically effective for patients and cost-effective for the NHS, it is yet more evidence that the NHS needs more resources, and I repeat again to the Minister—he will be sick of hearing me say it—that at some point the Government must recognise that they are simply drifting towards a crash with the NHS. We face an existential challenge that this evening's debate has highlighted and that has to be confronted at some point. I urge the Government again to consider a cross-party approach so that we can ultimately achieve, in discussion with the public, a long-term and sustainable settlement for the

NHS and care that recognises both this dramatic increase in the cost of drugs and that all our loved ones want to have access to those drugs in their hour of need.

We should also be mindful of the potential impact of Brexit on the life sciences industry and the additional challenges we face in keeping the NHS medicines bill under control. If trade between the UK and other EU countries becomes subject to customs duties, import VAT and border controls, thereby increasing costs to the life sciences industry, that might in turn drive up the costs of new medicines to the NHS, and impact on access for UK patients to the most innovative new treatments.

Finally, we also need to make sure that evaluation processes and methodologies are fit for purpose. Traditional appraisal methods and notions of cost-effectiveness are unsuitable for many modern medicines, especially for drugs of immense scientific innovation that target just a small number of patients, but the NHS has been slow to respond to that. The Cancer Drugs Fund is a case in point—established as a sticking plaster after a cluster of promising drugs were judged not to be cost-effective. While it is almost certainly the case that many of those treatments came with too high a price to be routinely funded, few would deny that they were being evaluated under outdated processes that could not fully capture their value. Many rare disease treatments suffer from the same problem.

Companies have a duty to ensure that their medicines are fairly priced, but NHS England and NICE also have a duty to make sure that their evaluation processes and decision-making criteria are fit for purpose, so that new medicines are given a fair hearing without some of the excessive delays we have seen in the recent past. We owe it to patients to make sure that happens.

I support this tidying-up measure and, in particular, the ending of the outrageous practice of a number of companies profiteering at the expense of NHS patients, but this debate has also raised a much bigger issue about how we in this country afford groundbreaking treatments that keep our loved ones alive.

7.47 pm

Dr James Davies (Vale of Clwyd) (Con): It is a pleasure to speak in support of the Bill, which affects my constituents in north Wales as it applies UK-wide. It is an example of the Government responding reasonably quickly to issues that have been brought to their attention, and they deserve some credit for that.

My principal reason for supporting the Bill relates to the vast increase in the costs of certain off-patent drugs, as we have heard today, and its impact. I first had contact with constituents in June about a loophole in existing regulations resulting in some old generics being hiked up in price by up to 12,000% over the course of eight years. This followed the investigation in *The Times* in which 50 drugs were identified as costing the NHS about £262 million a year. To put that into perspective, it is equivalent to 7,000 junior doctors. I believe that there have not been similar price increases in mainland Europe, interestingly, which tends to suggest that we have some failures in our regulations. We also discussed this matter in the Health Committee and we saw evidence of correspondence that had highlighted it for at least one year.

We should not refer just to costs, of course. There are also big impacts on patients when their drugs are withdrawn. That issue hit home when I met a constituent, Eira Roche, at one of my constituency surgeries in the summer. She has given me permission to talk about her story. She was diagnosed with hypothyroidism—an underactive thyroid—in 2006. She had the typical symptoms of weight gain, thinning hair and brittle nails. She was tired all the time, she had pain all over and she had a low mood. She was prescribed T4—thyroxine—which is the usual treatment in such circumstances. She was also given a cocktail of other drugs, because the T4 simply did not work. She was on quite strong medication for an extended period.

Eira saw her endocrinologist at Glan Clwyd hospital in my constituency in 2014, and he started her on a drug called T3—liothyronine—which she describes as an absolute revelation. In fact, she said that she was much better than she had been for years: her brain fog lifted and her energy levels soared. When she tried to reduce the dose of the drug, she found that her symptoms began to return and she had to have some time off work. She is now a teaching assistant and caretaker at Ysgol Bodfari.

The drug Eira is taking, liothyronine, was acquired from GlaxoSmithKline in 1992 by Mercury Pharma, which is now part of AMCo. To put the costs into perspective, a packet of the drug cost £34.65 in 2011, but this year the cost is £258.20, which is a 645% increase. Shockingly enough, that increase is relatively insignificant compared with some other examples, but it is still quite significant. I understand that drugs costing £3.4 million a year in 2010 now cost the NHS over £20 million a year.

My local health board, Betsi Cadwaladr University Health Board, is understandably concerned, as are other parts of the NHS in the UK, and it has looked at withdrawing the drug. That makes Eira feel very anxious. She is worried about the impact on her colleagues if she is unable to work, and about the impact on her pupils with special educational needs and other needs. She also has two children of her own. The Department of Health has asked the Competition and Markets Authority to investigate this issue. That may or may not result in a good outcome, but it is not a sustainable way forward: it will not close the loophole or stop the same thing happening again. That is one reason why we need this Bill.

The generics market is generally competitive, with fair prices for all. I believe it accounts for £4 billion of the £15.2 billion spent by the NHS on drugs per annum. However, the £4 billion figure represents a 20% rise during the past five years. There is a statutory system, which can in theory control the prices of both branded and generic drugs, but there is the loophole I have mentioned.

The loophole involves old generics that are usually available via one manufacturer or supplier that also happens to market branded drugs and is a member of the voluntary pharmaceutical price regulation scheme in relation to them. Their membership of the PPRS means that, under existing legislation, they cannot currently be subject to the statutory scheme, even for their generic drugs. There are concerns that this loophole has been actively exploited by some. Indeed, it has been a deliberate business model to purchase off-patent medicines for which there are no competitor manufacturers—in other

[Dr James Davies]

words, where there is no competition. Hon. Members might ask why other drug companies have not sought to manufacture such drugs if they are sold in such large quantities. Introducing new competition is not always feasible, however, because of the time it takes to obtain a rival licence from the Medicines and Healthcare Products Regulatory Agency, and because the size of the market is often small once such medications are produced and the manufacturing process is often difficult.

I support a change in the primary legislation—the National Health Service Act 2006—to allow the Government to consult on and bring forward the enforcement of statutory controls on all generic drugs to require companies, if necessary, to reduce the price of the drugs or to impose other controls. This amounts to an extension of the existing deterrent powers that the Secretary of State has not yet used to direct the prices of drugs that already fall under the statutory scheme. Assuming the Bill receives Royal Assent early in 2017, we would need investigations and discussions with the companies concerned where issues have been raised. It is important to be fair not only to the taxpayer but to such companies. If not, there remains the ultimate risk that such products are taken off market.

Where does that leave my constituent, Eira? I am sure she is hoping that the Bill will go through. She will be looking to the CMA to come forward with some good news. She may be tempted to purchase the liothyronine from abroad or online. Interim prescriptions to allow patients like her to continue to receive her prescription need to be considered. If the Government feel that the drugs can be acquired at a much better rate—from abroad, for instance—such people would very much appreciate assistance in doing so. For everyone, the routine and systematic monitoring of drug costs will clearly be important.

I will briefly mention the two other principal elements of the Bill. The first is the proposed change to the statutory scheme. In autumn 2015, the Secretary of State issued a statutory consultation on strengthening the statutory scheme. The Bill proposes to bring the statutory scheme in line with the voluntary 2014 PPRS for all manufacturers or suppliers that are not PPRS members. There are 166 companies currently represented in the PPRS, and £8 billion is currently spent through that mechanism. Interestingly, £647 million is brought back to the taxpayer each year when the agreed cap is exceeded. There are just 17 companies in the statutory scheme, through which £1 billion is spent. There is evidence of companies switching from the voluntary to the statutory scheme for financial reasons, meaning that there is an £88 million annual loss to the taxpayer. It should be borne in mind that these companies are mostly small and non-UK domiciled ones.

Changes to the statutory scheme will require companies to make payments back to the Department of Health based on their level of sales to the NHS—this can be in addition to other mechanisms—whereas the existing statutory scheme operates via a cut to the published list price, which is currently set at 15%. The existing statutory scheme therefore brings in less money, but also results in inequity to companies, risks to supply and uncertainty of financial outcomes for complex reasons that, fortunately for hon. Members, I will not go into. The Bill also

proposes new penalties for non-compliance and for the recovery of payments owed through the courts. Ultimately, the Bill creates a more level playing field between companies in the two schemes. It merely extends what is in place for the vast majority of companies, so it is not in any way unreasonable. I do not believe there should be major concerns with regard to the impact on research and investment.

The other element of the Bill involves information powers. The Bill brings together the information requirements for NHS medicines and other supplies in one place in the 2006 Act. It will enable the Government to make regulations to obtain information on the sales and purchases of medicines and other medical supplies from all parts of the supply chain—from the manufacturer to distribution to the pharmacy—for defined purposes. This will improve the data that inform reimbursement arrangements for community pharmacies and GP practices. We hope that it will help to ensure value for money for the NHS.

These are positive proposals, but it is important that they are not overbearing on the companies concerned. In particular, I want to make the case for medical technology and devices businesses, which have not been subject to such data collection in the past. The Secretary of State has given us some reassurances about that today, but we need to recognise that a large proportion of them—99%, I think—are small or medium-sized enterprises, so we need to work with the industry to develop appropriate regulations. We need to avoid onerous and certainly routine data collection beyond what is already required by Her Majesty's Revenue and Customs.

In summary, I support the principles of the Bill—in fact, the Association of the British Pharmaceutical Industry largely supports the Bill as well—but the detail will be subject to consultation during 2017. I look forward to scrutinising the progress of the Bill over the coming months.

7.59 pm

Kevin Foster (Torbay) (Con): It is a pleasure to follow my hon. Friend the Member for Vale of Clwyd (Dr Davies) and to hear many of the points he made. He spoke of the NHS spending £262 million a year on 50 drugs; that is actually £262 million extra that we are spending on those drugs courtesy of the greatly increased prices. That really brings home the problems here and why the Bill needs its Second Reading.

As many hon. Members have already focused on a range of issues, I will focus in particular on generic drugs and some of the huge price increases we have seen. It is right to say—and this was perhaps touched on by the Secretary of State in response to the intervention by the hon. Member for Wolverhampton South West (Rob Marris)—that it is not unreasonable for a pharmaceutical company to make a profit in exchange for investment in developing a new drug and bringing it to market. But that is what our patent system is for. The patent is there to protect for a period of time the ability of the company to charge a reasonable price to reflect the risk it took in its investment.

The key point is that the drugs we are considering are now out of patent. The company has had a reasonable period of time to make its investment back. The issue is that there is only a very limited supply of them. It is

only right that we deal with what is an emerging business model. There can be no two ways about it. Some of the names on the list of companies, such as AMCo and Atnahs, seem consistently to have unusually high increases in prices, in the thousands of per cent. It is clear that a business model is developing to take advantage of a loophole in the legislation and ultimately not to make a profit but to profiteer, at the expense of the NHS and people who need those treatments. I am sure we can all think of instances where drug company lobbying points to patients who are unable to get treatment; this is exactly the sort of thing that means people cannot get treatment.

It was highlighted earlier that it is slightly ironic that here we are, as Conservatives and under a Conservative Government, arguing for price controls. But this is not about intervening in a market but about intervening to deal with market failure, where the normal procedures of competition are not producing a fair or reasonable outcome either for the NHS or for the patients on whose behalf we are providing products.

I went to see the amazing work being done on brain tumour research at Plymouth University recently—the skills and the groundbreaking research that will bring real benefits. But that is not the business model of the companies the Bill deals with. Their model is to look for a drug that needs to be prescribed and has only one supply, then buy it, get hold of the supply and jack the price up. That is nothing to do with delivering new and innovative products. The Bill is therefore very welcome, as it looks to intervene in that situation.

It is also right that to be able to tackle the problem we need information. Let us be blunt; if a company is looking to put its product price up by 12,000% it is not going to be particularly co-operative with an inquiry into whether that is fair, so it is right that the Secretary of State will have powers to require that more information be supplied.

Rob Marris: I am grateful to my new friend, another socialist, for giving way. May I tempt him to suggest some other areas of the economy where he and what I must now call his Christian Democrat fellows would be prepared to address the issue of profiteering, as we on the Opposition Benches would?

Kevin Foster: The hon. Gentleman tempts me, but I see you are now in the Chair, Mr Deputy Speaker, and you are very tough on any irrelevant points or points off subject, so that could be very dangerous territory.

Mr Deputy Speaker (Mr Lindsay Hoyle): And you shall not be tempted.

Kevin Foster: That is good to know.

We have seen work the Government have done in other sectors, for example, on information in the energy sector. The Bill deals with a particularly unique practice, where there is, in effect, only one customer, the NHS, and only one supplier. I am struggling to think of many other industries where that is replicated. That is why these price rises are so disgraceful. This industry is about profiteering from illness and pain. There is nothing else like that.

Rob Marris: May I suggest another industry it might be worth looking at, where this situation obtains, namely the defence supply industry—not all of it, but parts of it?

Kevin Foster: I thank the hon. Gentleman for that intervention. As a member of the Public Accounts Committee I have spent plenty of time looking through examples of defence procurement that went wrong. The Minister might be new to the Department of Health but he certainly is not new to defence procurement. It is noticeable that much of what now makes its way to the PAC for a review of what went wrong concerns legacy issues—for example, the military flying contract—rather than modern procurement. But I am conscious that with Mr Deputy Speaker in the Chair I need to get back to the price of drugs for the NHS.

Looking through the evidence it is clear that the current system of regulation is not effective. Companies can, in effect, put their branded products into the voluntary scheme and use that as a way of jacking up costs for their generic products. That is just not right. As other Members have touched on, we are facing demands and pressures on the NHS. I have no problem with companies that give a good service charging a fair price and making a fair return on their investment.

That is clearly not what is going on with this business model. We can see numerous examples, in particular in the chart put together by the House of Commons Library, which shows increases of thousands of per cent. across a number of products. It is impossible to believe that such increases are going on for any of the input materials for those products. As we have said, this is flagrant racketeering and profiteering at the expense of patients and of people in pain. Even if the drug is still provided, that money should have been spent on other NHS services.

I am therefore pleased at the almost unanimity breaking out in the House on the proposals. They will clearly need to be discussed in more detail in Committee. But it is the right time for the Bill. It is not about tackling fair and legitimate profits but about getting rid of profiteering, which is why it has my full support.

8.6 pm

Maggie Throup (Erewash) (Con): It is a pleasure to be called to speak and to follow my hon. Friend the Member for Torbay (Kevin Foster).

From what I understand, the Bill will close the loopholes and gaps that so obviously exist in the current powers attributed to the Secretary of State; hon. Members who have spoken before me highlighted many of those. The measures are important, to ensure that we have value for the taxpayer across the medicines budget, but I take issue with the inclusion of medical supplies and “other related products” in clause 6. The clause introduces a new information power for the Secretary of State. Although I welcome that in principle, I fear it may prove quite onerous for the many small and medium-sized enterprises that supply on this side of the business and dominate the medical supplies industry.

I am sure that much of the required information is already collated by each company, but it is important that it can be transmitted easily and in a timely fashion. I listened carefully to the Secretary of State. He implied that he does not want these measures to be burdensome, but I seek the Minister’s assurance on that. As my hon.

[Maggie Throup]

Friend the Member for South West Bedfordshire (Andrew Selous) highlighted, the ability to use the data effectively is also important. There is no point in collecting lots of data and not being able to use them.

Rob Marris: Coupling those two points together, does the hon. Lady agree that it might be advisable for the Government to look at some sort of threshold—say, a turnover threshold for a company—below which the information would not have to be supplied or might instead be supplied to a lesser extent or in a lesser quantity? That would address the issue of how onerous the requirement might be, but could also address the issue of whether the Government have the capacity to crunch the figures thereby generated.

Maggie Throup: The hon. Gentleman makes a very good point. There is already a cut-off for some of the data collection of, I think, a turnover of £5 million. Perhaps we could have clarification on that.

What concerns me more is who will define what is classified as medical supplies and other related products. As the hon. Member for Wolverhampton South West (Rob Marris) alluded to earlier, how long is that piece of string? Proposed new section 264C to the National Health Service Act 2006, which is inserted by clause 6 and supplements proposed new sections 264A and 264B of that Act, requires the Secretary of State—I quote from the explanatory notes to the Bill—

“to consult any body (such as the Association of the British Pharmaceutical Industry) which appears to the Secretary of State to represent manufacturers, distributors and suppliers of health service medicines, medical supplies or other related products required for the purposes of the health service in England or the United Kingdom before making any regulations under section 264A or 264B.”

That is quite a mouthful.

If the definition of “medical supplies” is unclear, how will the Secretary of State know who to consult? He indicated that he has already had discussions with medicine and medical devices suppliers, but I fear that there might be many more product areas out there that have been missed out of the initial discussions. I therefore ask the Secretary of State to provide clear guidance on what he understands as

“medical supplies and other related products”.

For example, do they include in vitro diagnostic products? This is an area of medical supplies with which I am very familiar. If they include IVDs, will he agree to consult the British In Vitro Diagnostics Association, the trade association that represents this industry across the UK? This is an important area of the life sciences industry, with nearly 900 million pathology tests performed every year and approximately 70% of every clinical decision being made using some form of IVD. If they are to be included in the Bill, it needs to be around the table to participate.

I conclude by saying that in general terms I am in favour of the Bill, as it will ensure good value for money for the taxpayer and, ultimately, the patient. At the end of the day, we need to be thinking about the patient. Clarification is required on various parts of the Bill, but I am sure that that will be sorted out in Committee, and I am happy to support it.

8.11 pm

Jo Churchill (Bury St Edmunds) (Con): It is a pleasure to follow my hon. Friend the Member for Erewash (Maggie Throup).

We all know the background and I will not waste everybody’s time by going over it again. We know about the ageing population and about bearing down on the costs, to which my hon. Friend the Member for Salisbury (John Glen) and the right hon. Member for North Norfolk (Norman Lamb) alluded earlier. We know that advances in science are going faster than we can legislate. One of my local clinical commissioning groups, Ipswich and East Suffolk, suffered an exorbitant increase in Epanutin capsules two years ago and had to find another £600,000 in six months. Looking at drugs more widely, as my hon. Friend the Member for South Suffolk (James Cartledge) mentioned earlier, not prescribing paracetamol in that particular CCG would save £1 million a year.

The measures in the Bill aim to manage the cost of drugs. The measure on efficient data collection, so that we start to have good decision making based on evidence, is also most welcome. Last autumn, the Secretary of State consulted publicly on how to address the problem of excessively priced unbranded generic medicines, and the industry and others fed back. They were glad of the dialogue. As I said, drug costs are unsustainable. A saving of some £90 million per health area was identified. My own CCG area could save £1 million per annum from unused repeat prescriptions. Nationally, it would mean that more than 12,000 more community nurses could be employed. We need to start making these decisions about where we want to be spending our money. With the pressure on social care, something alluded to by the right hon. Member for North Norfolk, these are decisions we are going to have to make as a Government and as patients.

The current system allows for some to be inside and others to be outside the system. That limits its robustness. It is for this reason that I support the Bill wholeheartedly. The system does not target those who do not play fair and we need to stamp down on them. It is better patient outcomes that I am passionate about. We all play a part, including the pharma industry, due in no small part to the unique infrastructure in this country. This industry is important to us. As my right hon. Friend the Member for Chelmsford (Sir Simon Burns), my hon. Friend the Member for South West Bedfordshire (Andrew Selous) and my right hon. Friend the Member for Cities of London and Westminster (Mark Field) have all alluded to, we need to be supportive of those companies that work positively for patients and engage in trying to find solutions. Indeed, the Association of the British Pharmaceutical Industry supports the Government increasing their powers where market failure has occurred. There is a balance to be had to ensure that new drugs are developed.

That brings me to the matter of repurposed and off-label drugs, those that have another use than that for which they were originally formulated, for example Everolimus, Rituximab, Cycloserine, Viagra and Thalidomide. As the hon. Member for Wolverhampton South West (Rob Marris) said, Thalidomide was originally developed for morning sickness. Lately, it has been found to be very beneficial for the treatment of some cancers and skin conditions. We need to understand new uses for approved drugs for the speediest of transitions from bench to bedside. As they have not gone through new

trials, we need to be mindful that they are not new drugs; and just because the target is, for example, prostate cancer and not breast cancer, these drugs should still be costed accordingly.

Dr Philippa Whitford: I wonder whether the hon. Lady remembers the time we spent in the House last November debating the Off-patent Drugs Bill. I flagged up the concern that a doctor prescribing a drug with a licence for a use takes precedence over an off-patent drug that may actually be the same. With the sort of gaming we have seen, there is a real concern that drug companies will tweak a drug in the slightest manner and then start selling it to the NHS at hundreds and thousands of pounds, when in actual fact an off-patent drug would do the same job. That has still not been dealt with.

Jo Churchill: I thank the hon. Lady for making the point so succinctly. I am also grateful to the Secretary of State for his clarification and the comments that have been made about the medical technologies industry, which I believe needs looking at. I would be grateful if we could know whether the savings made are likely to be reinvested in patients, particularly given my position as chair of the all-party group on personalised medicine, and in the latest medicines and treatments.

The Bill is designed to stop individuals making vast sums of money and taking advantage of a loophole. I back the Government's aim of value for money and fair prices for optimum patient outcomes. I am heartened by the cross-party support for the Bill and look forward to it making positive progress.

8.16 pm

Barbara Keeley (Worsley and Eccles South) (Lab): I thank all Members who have made contributions to the debate. We find ourselves in a situation where we have some time available, which is amazing.

Let me refer to the interventions we heard in the early part of the debate, because a range of interesting points have been raised. The hon. Member for Totnes (Dr Wollaston) made the point that the Bill provides the opportunity to look at drugs that have not been licensed, such as Lucentis and Avastin, which is not licensed for age-related macular degeneration but is so needed by that group of people. I was pleased to hear the Secretary of State say that he would look at that.

My hon. Friend the Member for Wolverhampton South West (Rob Marris), in a number of amusing interventions, talked about policy on profit control of the pharma sector and found that the Conservative party is marching on to the centre ground—or has perhaps gone past the centre ground.

My right hon. Friend the Member for Leicester East (Keith Vaz) talked about the proportion of the NHS budget spent on dealing with diabetes. He was concerned about the increase in the drugs bill and suggested the use of structured interventions, not just more drugs, because such a large proportion of the NHS budget is being spent on diabetes.

My hon. Friend the Member for Alyn and Deeside (Mark Tami) made the important point that we need to ensure the measures in the Bill do not act as a disincentive for pharma companies to conduct research into rarer conditions. I think that hon. Members who have

contributed know we are walking the line in terms of making savings but making sure there are not disincentives.

The right hon. Member for Chelmsford (Sir Simon Burns) welcomed the Bill. He talked about our ageing population—we returned to that with our last speaker—and the increasing drugs bill. He talked about the importance of new drugs, but also the need to deal with unacceptable profiteering, something referred to by a number of Members.

The hon. Member for Central Ayrshire (Dr Whitford) talked about the UK having the biggest research network in the world. She talked about change and the fact that the pharma companies would be nervous and anxious. She welcomed the tidying up aspect of the Bill and I think the general view of Members in all parts of the House was to welcome that. Like a number of hon. Members, she talked about not just enabling the management of cost pressures but doing something more radical. That has been a real flavour of the debate: using this as an opportunity to do something different. I agree with her concerns about the data collection aspects of the Bill and I will say more about that. I also agree that we need to do something more radical. She talked about tackling the five-year delay to access new medicines and rightly pointed out that that is probably where our poorer survival rates are coming from.

The hon. Member for South West Bedfordshire (Andrew Selous) commended *The Times* for investigating this issue. He also talked about the information powers and questioned whether the Department of Health had the analytical ability to use the data being gathered. That is an important question. If new data needs to be gathered, what are we going to do with it?

The right hon. Member for North Norfolk (Norman Lamb) acknowledged the value of the competitive market, but talked about the sometimes outrageous increases in the price of generic drugs—and we have heard some staggering examples today. He gave the example of a rise of £600 per item dispensed in one particular case, and he hopes, as other hon. Members do, that the Competition and Markets Authority will take action. That has been a key theme in tonight's debate.

The right hon. Gentleman also talked about not wanting to pit the needs and interests of some patients who need drugs such as PrEP against those who need other drugs. I agree, and I do not think that we should go there in our debate. He spoke about the slippery slope when we get into debating whether to delay adopting even approved treatments. In his view, that provides more evidence that the NHS needs more resources.

The hon. Member for Vale of Clwyd (Dr Davies) talked about the impact on his constituent of a drug prescribed to her that helps her to work and increases her energy levels, the cost of which has increased by 645%. We must maintain a focus on the impact on individuals of the decisions that we make. She has found a drug that suits her, and it would be dreadful for her if it were withdrawn. The hon. Gentleman also talked about the difficulties of introducing new competition into the market. His constituent is hoping that the Bill goes through, as are many others here tonight, and wants action on competition and markets. Let us all hope this goes through.

The hon. Member for Torbay (Kevin Foster) talked about intervention to deal with market failure. In his view, we need to separate out the companies that are

[Barbara Keeley]

doing good research, such as the brain tumour research that he has recently seen, and those that have nothing to do with producing new and innovative products, but are just making money.

Rob Marris: I would like to cite for my hon. Friend and the House the Library briefing, which shows that it is not exactly as cut and dried as the hon. Member for Torbay (Kevin Foster) seemed to think. It tells us that the Competition and Markets Authority took action against pharmaceutical companies with regards to generic pricing, and that GlaxoSmithKline and a number of other companies were fined £45 million when it was found that payments had been made in order to prevent the antidepressant medication Paroxetine being offered on the generics market. GSK is a great pharma company for coming up with new drugs, but it crossed the line in this case, according to the Library briefing, so it is not always either/or when it comes to these pharma companies.

Barbara Keeley: No, but I think the hon. Member for Torbay was talking about companies that are not doing any research, but just buying up generic products and profiteering from them. There has been general condemnation of those sort of companies on all sides.

Kevin Foster: I want to be clear about this point. I think the shadow Minister would probably agree that certain names keep on popping up, particularly in *The Times* investigation, of companies that seem to be regularly involved in some of the most eye-watering price increases and involved in the mixed model. This Bill is about tackling anyone else who might be thinking of following that kind of business model as a way of exploiting the NHS for money.

Barbara Keeley: Very much so.

The hon. Member for Bury St Edmunds (Jo Churchill) welcomed the Bill and talked about the fact that individual CCGs could save £1 million on unused repeat prescriptions. A number of different forms of savings could clearly be made. She talked about the pressure on social care, and I join her in my concern about that. The right hon. Member for Chelmsford spoke earlier about an ageing population and the need for drugs, but older people also do not want to be isolated. It is worrying that 16,000 cases of malnutrition were found last year with an average age of 64 among those cases. People need social care, and I hope that the new Chancellor will listen and bring forward funding for social care in the autumn statement, because people need more than drugs.

As my hon. Friend the Member for Ellesmere Port and Neston (Justin Madders) made clear earlier, Labour supports the broad aims of the Bill and what the Government are seeking to achieve—better control of the cost of medicines. However, as my hon. Friend also outlined, we have a number of concerns, and I hope that the Minister will address them in his closing speech.

As well as taking the understandable measures to collect pharmaceutical data and manage costs, the Bill also introduces provisions to manage the purchase of other medical supplies. I was glad to hear the Secretary of State raise in his opening speech the issue of the impact on the medical supply sector, but I have heard

concerns expressed that the medical technology sector sees the new information measures as “onerous”. The hon. Member for Erewash (Maggie Throup) mentioned that, too. There is a concern that measures in the Bill fail to take into account the unique characteristics of medical devices and the medical device industry. I hope that they will start to be taken into account as the Bill progresses. There is seen to be a danger that the measures will put additional burdens on that sector and the NHS, and lead to higher costs. I hope that that is not the Government’s intention; it would be ludicrous if costs were increased by a Bill that is designed to manage them.

We need to bear it in mind that the medical technology industry employs around 89,000 people in the UK, has an annual turnover of over £17 billion and has seen employment growth of around 11% in recent years. Some 99% of the UK’s 3,310 medical technology firms are SMEs, with 85% of them having a turnover of less than £5 million. The cap levels at which data could be collected were mentioned earlier. We should bear it in mind that we are talking about an awful lot of small companies.

The Bill imposes a regulatory burden on all companies in the supply chain. The reporting requirements will affect all firms producing medical supplies, including the very small organisations. The issues we have extensively discussed on pharmaceutical pricing bear no relation to the price of other medical supplies. The example of a particular type of product was mentioned earlier, but they are or seem to be treated the same way in the Bill.

On the scale of the burden being imposed, the Government’s impact assessment is not much help. It says:

“The main costs will be on manufacturers, wholesalers and dispensers. These costs have not been quantified, as their magnitude will not be known until after consultation on subsequent regulations.”

Measures seem to have been bolted on to this Bill, as Members have mentioned, at the last minute, but because they could have a negative impact on the medical technology sector, we need to be very aware of them. The new information powers proposed by the Government are being put forward at a time when manufacturing firms are going through the uncertainty surrounding this country’s leaving the EU. These measures can only add to that uncertainty. As I said, 99% of the medical technology firms are SMEs, with 85% of them having a turnover of less than £5 million.

Notes on the financial implications of the Bill put forward a curious position that

“no policies will be directly implemented as a result of these changes. Their implementation would require additional future changes to secondary legislation and additional Impact Assessments to assess their cost effectiveness.”

Ministers are asking us to change primary legislation to give the Government new information powers, but the details and impact of those new powers on the supply chain will emerge only in future. That level of uncertainty is unacceptable, and we will seek to amend the relevant clauses in Committee if we feel that this still needs to be resolved.

Importantly, the information powers will also impact on dispensing GPs and pharmacists. I note that the BMA was not represented at the workshop held by the Department of Health on the information powers. We wait to hear, but I would find it unusual if our hard-pressed

dispensing GPs would welcome the additional work required of them to provide and disclose information to the Government.

The other part of the supply chain affected by the new information powers will be pharmacists. The Government have just imposed punitive cuts on pharmacists, which we discussed in the House last week. I am still deeply concerned about those cuts. Ministers do not seem to understand what they are doing to the sector. On Friday, an independent community pharmacist in my constituency told me that he estimated that the Government cuts would cost him £86,000 a year, and that he envisaged an average cut of £60,000 for many pharmacies. That will certainly mean staff cuts, but it also means potential bankruptcies for the pharmacies that will be hardest hit.

In relation to that, and the new information powers that the Bill imposes, Pharmacy Voice told me that

“small volume pharmacies are the hardest hit by the proposals and many face a funding cut of around 20% in 2017/18 from the imposition of cuts announced...They do not have teams of administrative staff who can respond to demands for information, and the likelihood is that the NHS would insist on information being provided in a specific format.

It could be information that they do not currently analyse. For example, when a pharmacy buys stock for dispensing, it may also include purchases of medicines for sale over the counter. The overall discount the pharmacy gets on the order is not allocated to each item, and pharmacies could not provide the actual price paid per item.”

On behalf of the pharmacists that it represents, Pharmacy Voice wants to ensure that the cost of meeting the Government’s information requirements is fully funded by the NHS. It feels that the imposition of cuts has already jeopardised the future of the pharmacy sector, and that of small pharmacy businesses in particular. Can the Minister assure me that the cost of the information that must be gathered under the new information powers will not impose an additional burden on pharmacists?

The Labour Opposition support the broad aims of the Bill and the measures to control the costs of medicines, but, as I said earlier, we are concerned about the information powers that the Government want to take, which are considered to be “onerous” by the medical supplies sector. We want to be reassured that they are not. The work and the costs involved could deal yet another blow to the pharmacy sector, which, as I have said, is still counting the costs of the Government’s imposition of funding cuts amounting to 12% for the rest of this year and over 7% next year. We will table amendments in Committee relating to the work and the costs involved in information-gathering.

We also ask Ministers to give serious consideration to using all future rebates from the pharmaceutical sector to improve access to treatments for patients. A number of Members have referred to the need to examine that much bigger issue of access to drugs and treatments, and I hope that Ministers will take the opportunity to do so as the Bill progresses.

8.30 pm

The Minister of State, Department of Health (Mr Philip Dunne): What a great pleasure it is, Mr Deputy Speaker, to stand before you after this important debate, with a little time in which to satisfy as many Members as I can, while recognising that the Committee stage will begin shortly and we shall then have an opportunity to discuss

points with which I cannot deal today. I thank everyone who has taken part in the debate. We have heard a number of excellent contributions, some of which showed a surprising knowledge of the intricacies of pharmaceutical pricing but were none the less very welcome.

The Bill deals with a treasured national institution, our national health service, and with the need to secure the best possible value for the taxpayer. Medicines represent the second largest cost to the NHS, after staff, and it is important that we do not pay over the odds. The level of interest and the quality of the contributions that we have heard today have shown how important that is to all Members. I find it refreshing that a debate involving the NHS should feature the degree of consensus that has erupted across the House today. I am led to believe that—as has been pointed out by other Members—this is a relatively unusual occurrence, so I shall enjoy it for as long as I can.

The debate reinforces the principles of securing the best possible value for the NHS, making decisions on the basis of good-quality information, and supporting this country’s innovative pharmaceutical industry, to which several Members have referred. Those are principles on which we can all agree. However, the debate has raised a number of other issues, some of which I hope to clarify for the benefit of Members who have commented on them. In one of her closing comments, the hon. Member for Worsley and Eccles South (Barbara Keeley) sought to link last week’s announcements about community pharmacy funding with the Bill. I can reassure her that there is no link whatsoever between the Bill’s provisions on information collection and the announcement about decisions on community pharmacy funding. The funding changes will come into effect in December and are not reliant on any of the provisions in the Bill, and the provisions in the Bill will not change those decisions.

Barbara Keeley: Perhaps I was not clear enough, but I was not making that point. I was making the point that the cuts imposed by the Government will mean that some community pharmacies—the smaller ones; the independent ones—will not have the necessary staff. If the Government are imposing a new information-gathering requirement, who will carry out that task? As I said, there may be staff cuts amounting to between £60,000 and £80,000, and people will simply not be able to absorb a new requirement.

Mr Dunne: Just to reassure the hon. Lady, I can tell her that the establishment cost for each pharmacy is currently £25,000, and there will be a reduction in that cost rather than a much larger cost. She must be referring to companies that have several establishments, rather than to individual ones. I will touch on the points that she has raised about information gathering in a moment.

We have heard a number of allegations during the debate, starting with those made by the hon. Member for Ellesmere Port and Neston (Justin Madders), who I am sure will be joining us shortly, that the Conservative party appears to have broken out in a rash of Corbynism. I can assure the hon. Gentleman categorically that that is not the case. What we are seeking to do through the Bill is address points, which have been made by hon. Members on both sides of the House, about the potential for exploitative pricing, particularly of unbranded generics that are of low volume, in circumstances where there is

[Mr Dunne]

no competition from an alternative supplier in the market. I believe that there is considerable agreement on that across the House.

I welcome the support for the Bill from the Labour Front Bench, from the Front Bench of the Scottish National party and from the Liberal Democrat spokesman, the right hon. Member for North Norfolk (Norman Lamb). They all support the principles behind the Bill. I look forward to what I hope will be a rapid conclusion to proceedings on this short Bill in Committee. Doubtless hon. Members will be raising important points in Committee, but I am sure that we will continue to have constructive contributions throughout.

The hon. Member for Ellesmere Port and Neston mentioned difficulties of access and funding for new medicines. These points were also raised by the hon. Member for Central Ayrshire (Dr Whitford). The NHS is investing in innovative medicine and, in the first year of the current voluntary scheme, medicines covered by the innovation scorecard saw an increase of more than 18% compared with growth of about 5% in medicines not on the scorecard. That illustrates that we are prepared to fund patients' use of innovative medicines under the existing scheme. However, we recognise the need to continue to ensure patient access to new medicines. That is why my right hon. Friend the Secretary of State referred earlier to the accelerated access review, which was announced earlier today. That will accelerate the speed at which 21st-century innovation in medicine and medical technologies can be taken up by patients and their families through the NHS. That will present a real advantage—bringing forward innovations from pharmaceutical companies, not only in this country, and driving them through for use in the NHS.

A number of hon. Members have referred to the investigative work of *The Times* in helping to highlight the problems with unbranded generics. I would like to add our welcome to the investigation that was undertaken by those journalists, but gently to point out that the Government were already aware of some of the problems. Indeed, we published a consultation in December last year raising that issue, and I think it was partly in the light of that that *The Times* decided to do its work. I do not wish to decry that work in any way, however. It was clearly helpful.

We have referred cases to the Competitions and Markets Authority, as the hon. Member for Wolverhampton South West (Rob Marris) mentioned. The CMA has imposed fines in one case, as he said, and it is expecting to reach a final decision on another in the coming months. Two more cases were opened in March and April this year. We are looking to refer examples of bad practice to the relevant authorities when we come across them.

The hon. Member for Central Ayrshire asked how the data collection would work. That point was also raised by other hon. Members. We already collect significant data from the supply chain for medicines under the voluntary scheme and the statutory scheme. We collect data from manufacturers and wholesalers of generics, and from pharmacies themselves. As part of developing the regulations, and of the consultation that will take place before we introduce the scheme, we are looking to identify as many automated data collection solutions as

possible, in order to minimise the burden to which the hon. Member for Worsley and Eccles South referred. In particular, we recognise that some of the medical products companies are small companies, and we want to make their burden as light as possible.

The hon. Member for Central Ayrshire referred to the devolved Administrations and how we will work with them. Our intention is that they would be able to access data not on a timing of our choosing, but as they require, and that, again, will be undertaken in a manner that we hope to capture in a memorandum of understanding so that there is clarity between each Administration and ourselves as to how that will work.

The right hon. Member for North Norfolk asked in particular about how we intend to control the medicines bill overall, and a number of Members have mentioned that. The cost of medicines across the NHS is rising quite rapidly. That is a concern, and it gets to the heart of why we have sought to introduce this legislation.

We are looking in the first place to align the statutory and the voluntary cost control schemes for the supply of medicine. At present, companies may decide to join either scheme depending on the other benefits they perceive in the schemes, but we believe that the financial benefit to the NHS of each scheme should be the same. Our proposals will put beyond doubt the Government's powers to amend the statutory scheme to achieve this objective, which the impact assessment has indicated should save the taxpayer some £90 million a year. Draft regulations of these provisions will be available at the Committee stage.

The second element of the Bill strengthens the Government's powers to set prices of medicines where companies charge unreasonably high prices for unbranded generic medicines. In most cases, competition works well to keep prices down. However, when it does not, and when companies are making excessive profits, the Government should be able to take action. This Bill closes a current loophole in the legislative framework. We are all agreed across the House that we cannot allow profiteering at the expense of the NHS.

Thirdly, the Bill will strengthen the Government's powers to collect information on the costs of medicines, medical supplies and other related products from across the supply chain. Putting existing voluntary provision of information regarding medicines on a statutory footing will enable the Government to set more accurately and fairly the reimbursement arrangements for community pharmacies and dispensing GPs. In addition, the power will provide vital data to underpin the reformed statutory scheme for controlling medicine pricing, and will give us more evidence about whether companies are making excessive profits at the expense of the NHS.

I want to reiterate what my right hon. Friend the Secretary of State said in his opening remarks to assure the House about the impact of the information powers on the medical technologies industry. It may surprise Members, and in particular Opposition Members, that the powers to require information from suppliers already exists in section 260 of the National Health Service Act 2006—[*Interruption.*]*]*—which the hon. Member for Wolverhampton South West says from a sedentary position he remembers bringing into effect, but we think that those enforcement powers are draconian and wish to make them more proportionate. The Government have never in fact used the powers under the 2006 Act,

and we want to marry powers for information gathering with those we will have for medicines, so that there is no confusion in future about which information regime applies.

Rob Marris: First, may I say in passing that it does not sound very draconian if the powers have never been enforced? Section 260 of the 2006 Act refers to medical supplies and defines them, as I said earlier, as “surgical, dental and optical materials and equipment”.

Will the Minister look at that definition, because it seems to me that it is not as wide as many people think, and therefore there is a way to get around it if certain technological companies wish to do so, such as the manufacturers of MRI scanners, which I do not think is the intention of the House. Will he look at that definition?

Mr Dunne: I think the hon. Gentleman may be making a pitch to the Committee of Selection and I would be delighted to see him committing his considerable intellect to this topic. I think we will spend much of our discussion refining the definitions of what information is appropriate and how it will be gathered.

The Government intend to table amendments to the Bill to reflect how the information-power provisions will apply in the devolved Administrations. The amendments will ensure that the Government can collect information that relates to devolved purposes and share it—with appropriate safeguards relating to confidentiality—with the devolved Administrations, enabling them to use the information for their own purposes. To avoid duplication, we have agreed with the devolved Administrations that the Government will collect information from manufacturers and wholesalers for the whole of the UK while each country will collect information from the pharmacies and GPs in their territories.

The degree of consensus and the support that we have received from across the House, for which my colleagues and I are extremely appreciative, has made this a remarkable debate. Medicines are a vital part of the treatments provided by our NHS. Robust cost control and data requirements are key tools to ensure that NHS spending on medicines across the UK continues to be affordable while delivering better value for taxpayers and freeing up resources, which supports access to services and treatments. The Bill will ensure a more level playing field for our medicine pricing schemes while ensuring that Government decisions are based on more accurate, robust information on medicine costs. This will be fairer for industry, for pharmacies and for the NHS, patients and the taxpayer. I am pleased to commend this Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

HEALTH SERVICE MEDICAL SUPPLIES (COSTS) BILL (PROGRAMME)

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

That the following provisions shall apply to the Health Service Medical Supplies (Costs) Bill:

Committal

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

Proceedings in Public Bill Committee

(2) Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 17 November 2016.

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

Proceedings on Consideration and up to and including Third Reading

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

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

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

Other proceedings

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

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

Mr Deputy Speaker (Mr Lindsay Hoyle): With the leave of the House, we will take motions 3 to 5 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

CONTRACTING OUT

That the draft Contracting Out (Functions relating to the Royal Parks) Order 2016, which was laid before this House on 21 July, be approved.

DANGEROUS DRUGS

That the draft Misuse of Drugs Act 1971 (Amendment) Order 2016, which was laid before this House on 20 July, be approved.

LEGAL AID ADVICE

That the Civil Legal Aid (Merits Criteria) (Amendment) Regulations 2016 (S.I., 2016, No. 781), dated 20 July 2016, a copy of which was laid before this House on 21 July, be approved.—(*Andrew Griffiths.*)

Question agreed to.

ELECTORAL COMMISSION

Ordered,

That the Motions in the name of Mr David Lidington relating to the appointment of Sir John Holmes and Dame Susan Bruce to the Electoral Commission shall be treated as if they related to instruments subject to the provisions of Standing Order No. 118 (Delegated Legislation Committees) in respect of which notice has been given that the instruments be approved.—(*Michael Ellis.*)

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Thursday 27 October,

(1) notwithstanding paragraph (4) of Standing Order No. 14, the motion in the name of Mr David Lidington relating to privileges shall have precedence over the business determined by the Backbench Business Committee;

(2) the Speaker shall put the Questions necessary to dispose of proceedings on the Motion in the name of Mr David Lidington not later than one and a half hours after the commencement of proceedings on the Motion; and such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved;

(3) notwithstanding sub-paragraph (2)(c), as applied by paragraph (4), of Standing Order No. 14 (Arrangement of public business), the backbench business set down for consideration may be entered upon at any hour, may be proceeded with, though opposed, for three hours or until five o'clock, whichever is the later, and shall then lapse if not previously disposed of.—(*Michael Ellis.*)

NHS Provision (Brighton and Hove)

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

8.47 pm

Caroline Lucas (Brighton, Pavilion) (Green): This debate is intended to highlight the ongoing NHS crisis affecting my constituency and the city of Brighton and Hove and to outline solutions to what is far more than a purely local problem. The concept of a publicly funded national health service is at risk, and the situation in Brighton and Hove reveals a whole host of systemic problems that stem in large part from the Health and Social Care Act 2012. Patients and staff are being let down in my constituency and elsewhere, and it is more than likely that the additional strain of the winter months will further exacerbate the crisis.

The picture I will paint of the situation in Brighton and Hove is deeply worrying. It encompasses our hospital, our GP provision, our ambulance services and our community care. Those services are held together by incredibly dedicated staff, who often work well beyond the hours for which they are paid to keep things going. I want to thank and pay tribute to each and every one of them. Despite their tireless efforts, however, the overall picture of health and social care in Brighton and Hove is chaotic, not because of a lack of hard-working staff, but mainly as a result of two things: harsh funding cuts and an increasingly fragmented structure based on marketisation and the increasing commercialisation and privatisation of our NHS.

I will provide a quick overview. Our local hospital, the Royal Sussex, is in special measures for both quality and finance. As of July, over 9,000 people had been waiting for more than 18 weeks to start treatment—the worst recorded among 185 providers and the 208 clinical commissioning groups that submit data nationally. Over 200 people have been on a waiting list for more than a year.

While I am talking about the hospital, let me quickly put on the record the fact that I am very grateful that we are soon to have a brand new building—we certainly need it. The hard-working staff in that hospital are operating in a building that stems from before Florence Nightingale; it is the oldest estate in the whole NHS. At the same time, it is undertaking increasingly complex work for the whole of Sussex as a major trauma centre for the wider region.

Peter Kyle (Hove) (Lab): My neighbour mentions that we are constructing a new wing to the hospital and a bunch of other services locally. Does she agree that the fact that this is going to create an additional administrative burden and challenges for staff, including clinical staff, means we have to get this situation in Brighton and Hove right now, otherwise the additional burden could just be too much for the system locally?

Caroline Lucas: I am grateful to the hon. Gentleman, as he anticipates exactly what I am going to say. Of course we need new bricks and mortar, but we also need finances for the services inside them. We desperately need a central funding settlement that recognises the unique pressures on our hospital, so that the systems can be updated. For example, we need a computerised records system—this is not rocket science but we desperately need it. We need increased capacity, particularly for

accident and emergency, because we are now serving a much wider region, as a result of being a central trauma centre. With debts currently of about £45 million, Brighton and Sussex University Hospitals NHS Trust is facing a situation that is simply unsustainable.

That is just one example, but there are plenty of other examples of what is going wrong in the health service in Brighton and Hove. Patients in the city have seen six GP practices close so far this year alone. When The Practice Group announced that it was walking away from its contract to run five surgeries in the city, the decision was largely a financial one. With almost 11,500 patients registered, the disruption and uncertainty was widely felt, and other nearby surgeries were simply expected somehow to manage increased patient numbers. NHS England was not required to step in to help because of the terms agreed with The Practice Group. The fact that this type of contract is no longer permissible was of little comfort to the patients forced to find a new GP with whom to register. I particularly recall the constituent who contacted me after a sixth surgery, Goodwood Court, was closed and who was unable to visit the emergency drop-in clinic at Brighton station for an urgent inhaler prescription because of a disability. That is just one individual, among many, who has experienced unnecessary, unhelpful anxiety and distress as a result of the Government's NHS policies.

Our emergency ambulance service was placed in special measures on 29 September following a Care Quality Commission report that rated it as "inadequate". The inspectors praised front-line staff, but identified unsafe levels of staffing, as well as poor procedures and leadership. The city's mental health services, especially those serving children and young people, are overstretched and underfunded. Adult social care services in Brighton and Hove face ongoing cuts, despite the cost to individuals and the NHS. That means that over the next four years the city council is looking at potential cuts of £24 million and the complete privatisation of the remaining council adult social care, day centres, carers and so on.

I have lost track of the number of times that Ministers assert they are investing record amounts in the NHS, yet conveniently fail to mention the record amounts they are simultaneously cutting from local authority budgets that are supposed to cover essential care services for vulnerable people.

Tim Loughton (East Worthing and Shoreham) (Con): The hon. Lady is my near neighbour, and I refer back to some of the comments made earlier by my neighbour, the hon. Member for Hove (Peter Kyle). She is painting a gloomy picture, and I acknowledge the severe problems within Brighton and Hove. Does she also acknowledge that, next door, the Western Sussex Hospitals NHS Foundation Trust is one of only five hospital trusts in the whole country rated "outstanding", yet we face the pressures of having one of the most elderly populations in the country and having increasing pressures placed on us because of people coming from Brighton and Hove to access NHS services across the county boundary? Why is Brighton and Hove in such a parlous state at the moment, yet a few miles down the road we are able to run a rather good hospital service?

Caroline Lucas: I thank the hon. Gentleman for his intervention and congratulate him on the performance of his local hospital trust. I recognise what he is saying

about the extra pressures put on the surrounding area when there is a particular problem as there is in Brighton and Hove, but I contest the implication of what he is saying, which is that there is something particular to Brighton and Hove. If we look around the country, we see that, sadly, a great many hospital trusts are in severe difficulties. Only a few months ago, the Public Accounts Committee was absolutely saying the same thing, and I shall refer to that shortly. If I am asked specifically about Brighton and Hove, I would say that we face some issues—for example, the fact that we are working in the oldest building in the whole NHS. There are particular problems when that is combined with the demographics. There are particular challenges in Brighton and Hove that come from having a number of older people and people with lots of complex problems, such as mental health problems and homelessness problems. I do want to challenge the idea that, somehow, this might be a problem simply in Brighton and Hove, because it is not.

Tim Loughton: Fortunately, we have lots of time to debate this matter. The hon. Lady must acknowledge that, certainly recently, the average age of a patient in Worthing hospital—taking out maternity and paediatrics—is 85. That places considerable extra pressures on our hospital system. The average age in Brighton and Hove, the city, is considerably younger. The average age of people accessing health treatment in her city is considerably younger and therefore less demanding, so why is there such a contrast in the performances of our respective hospital trusts?

Caroline Lucas: That would be a very interesting issue to debate. The hon. Gentleman can get his own debate on Worthing hospital, but what I know about are the particular problems that are facing Brighton and Hove, and I will point again to the particular complex needs that come together when one has a city full of young people as well as very elderly people, a lot of people with mental health problems, homelessness problems, vulnerability problems and so on. If he will give me a little more time, I will set out for him what some of the problems are in Brighton and Hove and also, crucially, what some of the answers are.

I was talking about adult social care and about the fact that, unfortunately, the Government are cutting yet more money from local authority budgets that is supposed to cover those essential care services for vulnerable people.

The Government know that social care in places such as Brighton and Hove is on its knees, and that that has very direct knock-on effect on the NHS that no amount of financial smoke and mirrors can conceal. Brighton and Hove National Pensioners Convention has begun a valiant campaign to protect adult social care services from cuts, with unions such as the GMB fighting alongside it. I really hope that the Minister is listening, because this is a crisis that lets down everyone and there is no hiding from it. Where should responsibility for this catalogue of troubles lie?

What has happened to the city's non-emergency patient transport service goes some way towards answering that question, and I wish to look at this in a bit more detail. It also demonstrates what can only be described as an utter dereliction of duty on the part of the Secretary of

[Caroline Lucas]

State for Health and I want to repeat my call for his Department to step in and for him personally to resolve an unacceptable and untenable situation.

I am referring to a service that takes people to essential non-emergency appointments—kidney patients going for dialysis, and cancer patients going to and from chemotherapy and radiotherapy. Since April, it has been run by a private company called Coperforma and a number of subcontractors. Coperforma faced intense criticism from the outset, with patients saying that they had experienced delays reaching appointments and subcontractors reporting that they had not been paid. Two of those subcontractors, Langfords and Docklands, went bust in September, leaving some ambulance drivers with up to six weeks' worth of wages unpaid. In early October, drivers for another Coperforma subcontractor turned up for work only to be sent home again.

Last week, the Patient Transport Service was plunged into a fresh controversy after an investigation by our local paper, *The Argus*, revealed that one subcontractor may not even have been licensed to operate a fleet of 30 ambulances. I have the headline from the local paper, which Members can see very clearly. It says that ambulances are now in a total shambles—

Mr Deputy Speaker (Mr Lindsay Hoyle): Do you want to put that paper down on the Bench? Thank you.

Caroline Lucas: I am sure that *The Argus* will be sad to see itself relegated to the seat behind me.

The subcontractor is a company called Docklands Medical Services Ltd. This is apparently a phoenix company for the aforementioned Docklands. As I understand it, the new company seems to be suggesting that it was acceptable for it to operate under the Care Quality Commission licence that was issued to its predecessor, the bankrupt Docklands. The application process for a licence is carefully designed to ensure that standards for vehicles and other safety checks and safeguards have been met. Just allowing a new successor or phoenix company to inherit a licence is setting the bar dangerously low, exposing patients and staff to unacceptable risks.

As a result of this debacle, our struggling hospital trust—yes, the one in financial special measures—has incurred £171,000 of private ambulance costs so far this year to plug the gap left by Coperforma and its subcontractors. To recoup this cost, the trust has, quite rightly, invoiced the clinical commissioning group, which appointed Coperforma. No doubt other trusts similarly affected will have done the same, with serious consequences for the CCGs' budgets and, therefore, for the money available for other services. Whichever part of the Department of Health ends up footing the Coperforma bill, it represents an unforgivable waste of money and resources, and their diversion away from patient treatment and care.

I trust that the Minister will agree that patients in Brighton, Pavilion or anywhere else should not be paying the price for the failure of private companies that are profiting from NHS contracts. Will he therefore ensure that the CCG is not out of pocket in turn as a result of Coperforma's mismanagement? I would also like his Department to stop passing the buck when it was his

Government who passed the legislation that required services such as non-emergency patient transport to be put out to tender. It is unacceptable for no one in the Department of Health to know whether a fleet of 30 ambulances were properly licensed to transport Sussex patients for three months over the summer. When the Minister responds, will he tell us whether he agrees?

Peter Kyle: Is it not extraordinary that the contract was awarded in the first place? Coperforma and the whole underlying supply chain have underperformed and failed patients from the very first day that they took over the contract, and they continue to do so today. The service cannot be returned to where it was before, because the ambulance trust that it was taken from is also in special measures and now no longer has the capacity to take it over. Is not the lesson from this experience that if such a contract is outsourced, the Government must make sure that due diligence is done correctly so that patients do not suffer in this way?

Caroline Lucas: I am grateful to the hon. Gentleman for his contribution and I entirely agree. When I have talked to staff of the CCG, they have acknowledged that they are using an off-the-peg contract that is not suitable for such a service, and that there have therefore been problems in the system as well as with the company, which is not providing the service that people in our city deserve.

Dr Philippa Whitford (Central Ayrshire) (SNP): I can see that in this case due diligence was not done in the contract, but is there not an underlying principle that when a piece of NHS service is outsourced the NHS version ceases to exist? Therefore, at some future date, if the service is not good enough or other circumstances change, it is not possible simply to take it back in-house.

Caroline Lucas: I thank the hon. Lady for her intervention—someone who knows a great deal about these issues. I absolutely agree. Once the service has been outsourced, the ability to do a convenient U-turn is taken away. That is failing patients in Brighton and Hove.

The Department has said that allegations of ambulances operating illegally warrant investigation by the CQC. I have written to the Department of Health to demand that that happens and I have written to the CQC as well. Will the Minister go further tonight than admitting the severity of the problem, and let us know what he thinks he can do about it? Specifically, will he provide assurances that the Department of Health is no longer content to leave patient safety in the hands of private companies such as Coperforma, and that it intends to step in, bring the service back in-house and at the very least check that the sub-contractors' contracts meet the requirements?

Jim Shannon (Strangford) (DUP): On the privatisation of the ambulance service, were there health and safety criteria that the contractor had to meet, in the same way as the NHS does? Were there ever occasions when the contractor's work fell below the required level of service?

Caroline Lucas: That is a good question. When I have asked the CCG that very question, the answer has not been clear. I have been told that the performance of the company was not such that the contract was breached,

but one of the difficulties is that so much of the contract is not in the public domain. For example, if the CCG wants to see the sub-contracts between Coperforma and the various companies to which it is subcontracting, the CCG does not have access to those contracts so it cannot assure us what is in them. We have a very opaque system that makes it extremely difficult to say where accountability lies. That is why I say that this is a failed model.

I said earlier that the Coperforma example goes some way to illustrating some of the underlying causes of the NHS crisis that we are experiencing. Trying to get to the bottom of the contracts, sub-contracts and who is responsible for which bit of what is like grappling with a Gordian knot. The CCG admits that one of the biggest challenges is identifying responsibility when things go wrong. When, for example, people providing the service are not being paid, it is not clear where responsibility lies. Was it with Coperforma or with the sub-contracting companies?

That lack of transparency is deeply concerning. It is also a serious example of the problems and risks associated with this outsourcing of so many of our key NHS services.

As we know, the driving force behind all this is commercialisation—commercialisation made worse by the Health and Social Care Act 2012, which has not only exposed patients to unacceptable risks but engendered structures and terms and conditions that appear to protect profit-led companies at all costs. I do not think that is the NHS the public want or deserve; it is not even an NHS that is effective. The model is failing. Contracts such as the one with Coperforma do not work and need to be brought back in-house. I pay tribute to the hon. Member for Bexhill and Battle (Huw Merriman), who has done very good work on this issue, on which I think there is cross-party agreement. He has rightly asserted that, in this instance, private contracting has not worked and the local ambulance service would be better operated within the NHS family.

I would go further still, because it is not just our patient transport services that are in trouble. Coperforma is, as I say, just one example of the fragmentation and marketisation damaging the NHS. Fragmentation matters because the healthcare picture is made up of parts that ought to be interconnected, yet it is hard at the moment for one part to influence the other. For example, ambulance handover times at the Royal Sussex County hospital have apparently risen 16% this year, but that is largely because of the ongoing flow issue caused by a lack of places to discharge people to. The whole system gets blocked when there is no overview. A&E, especially in winter, is all too often the pinch point for failures elsewhere, most notably insufficient capacity in local community social care.

However, fragmentation is an inevitable part of a system that is designed to give private providers as many opportunities as possible to compete for services through a continuous cycle of bidding and contracting out, despite that being hugely inefficient and counterproductive. There are local fears that Brighton and Hove's children and young people's community nursing might be taken over by a private company such as Virgin Care. Sussex Community NHS Foundation Trust has preferred bidder status to continue delivering children's services, but the city council is still forced to

undertake a procurement process in the name of market competition. I would argue that that process is a waste of time, effort and money, and increases the risk of a private company stepping in and undercutting a highly valued, effective provider such as Sussex Community NHS Foundation Trust—a risk that is exacerbated by the Government's mind-bogglingly short-sighted decision to cut public health spending by 3.9% each year until 2021. That equates to £1 million less for our city over the same three years, and it has resulted in some important services being decommissioned. Those include the Family Nurse Partnership, which provides regular visits for teenage mums during pregnancy and until their babies are two years old. That makes no sense, but it is what happens when we do not have a coherent, publicly planned and publicly provided NHS or a model that puts health needs before private profit—one that is based on co-operation, not competition.

That is the model that has been set out in the NHS reinstatement Bill, of which I am a sponsor. I tried to bring it to the House in the last legislative term as a private Member's Bill, and it is currently before the House in the name of the hon. Member for Wirral West (Margaret Greenwood). That is the kind of NHS I think my constituents want, and it has to go hand in hand, crucially, with adequate levels of funding. According to the King's Fund chief economist, the annual average real increase in UK NHS spending over the last Parliament was 0.84%. That is the smallest increase in spending for any political party's period in office since the second world war.

From local ambulance drivers caught up in the Coperforma debacle to junior doctors, NHS staff are universally respected—except, it seems, by this Government. Our nurses should not have to fight for a measly 1% pay rise after years of pay freezes. That does not only have consequences for the individuals involved. Healthwatch Brighton and Hove points out that staff retention is a specific problem in the city, with poor morale and high housing costs as contributory factors. I am particularly worried about the impact of the EU referendum on NHS staffing.

Brighton and Hove is set to benefit hugely from a major new county hospital redevelopment thanks to capital investment secured as a result of a long-standing cross-party campaign, and I am grateful for that. However, I would like to extend the logic of public provision to the services that will be based in the new hospital. In the meantime, as Ministers know well, the big issue is running costs, with the NHS funding settlement during the last Parliament the most austere in its history—that is according to the House of Commons Library.

Tim Loughton: The hon. Lady is straying into the area of the ideology of NHS funding, but she might like to mention an example from her city. Brightpip—I declare an interest as the chairman of the trustees—works to promote the “1001 Critical Days” agenda to help children and their parents before the children are born and in the two years after they are born. That is an excellent example of the NHS working with the independent and charities sector to provide a much needed service, which I am sure the hon. Lady wants to promote in her constituency. So it is not all bad if it just happens to be outside the NHS.

Caroline Lucas: If the hon. Gentleman had been listening carefully, he would have noticed that I am talking about private companies that are taking over and cherry-picking key NHS services. He and I worked together on Brightpip, and I am incredibly proud of what it has achieved, but he will know that it does not work for profit. It ploughs money back into the services it provides. It is a wonderful example and there are many others, including the wonderful Martlets hospice in the constituency of the hon. Member for Hove (Peter Kyle). There are plenty of examples of the charitable sector doing amazing work, and the NHS reinstatement Bill absolutely made provision for them as well. What I am criticising is when the private sector comes in and cherry-picks services, which are then lost from the NHS and work for profit.

Tim Loughton *rose*—

Caroline Lucas: I am going to make some progress, because I want to finish making my case about funding.

Last week the Prime Minister claimed that NHS funding was being increased by £10 billion. In doing so, she ignored a plea from the respected Chair of the Health Committee, the hon. Member for Totnes (Dr Wollaston), for Ministers to stop using such a misleading figure, when the correct figure is less than half the amount claimed.

The chief economist of the Nuffield Trust argues that even that is overstating the case, highlighting King's Fund research that found that NHS-specific inflation means that the real increase is about £1 billion—about a 10th of the figure that the Secretary of State and others repeatedly use. It is certainly not £350 million a week. I would be very surprised if any Ministers repeated that blatant lie again, but anyone who claims that the investment is £10 billion is playing hard and fast with the truth. Indeed, the NHS chief executive admitted to the Health Committee that the spending review settlement would actually deliver

“negative per person NHS funding growth”

in 2018-19, with “very modest” increases in the other years.

On top of that, Ministers expect the NHS to find £22 billion in efficiency savings by 2020-21. No one with expertise thinks that that is possible. In a scathing report in March, the Public Accounts Committee found that a significant number of acute hospital trusts are in “serious and persistent financial distress”.

It said that there is a “spiralling” trend of increased deficits and that the current payment system is “not fit for purpose”. That is perhaps most starkly demonstrated by our beleaguered social care provision, the funding of which all three Care Quality Commission inspectorates agree is seriously affecting the NHS. The Committee goes on to warn that it must be funded sustainably as a priority.

Yes, we have the better care fund, intended to advance the integration of health and social care services, but the majority of that comes directly from the NHS budget, resulting in what the King's Fund describes as “a sharp and sudden reduction in hospital revenues.”

In other words, the Government are robbing Peter to pay Paul, while local authority social care budgets are slashed and people are having to sell their homes to pay for care or are not getting it.

Nor is the Government's secretive sustainability and transformation programme the solution. Many constituents are worried that plans are being conducted behind closed doors and that vital NHS services could be cut as a result. We urgently need clarity on what STPs will mean in practice for both patients and staff. The Sussex and East Surrey STP area, which includes Brighton and Hove, faces a financial funding gap of literally hundreds of millions of pounds by 2021, and it is not at all clear how our STP will bridge that financial gap or whether acute services will be cut.

Dr Philippa Whitford: Does the hon. Lady agree that the principle of STPs going back to place-based planning could actually help reintegrate the NHS, but that, if it is done on the basis of budget-centred care instead of quality and patient-centred care, we will get the wrong answer?

Caroline Lucas: I am grateful to the hon. Lady for her intervention. I agree that place-based planning is potentially a very useful tool, but I fear that it is being used as a back-door way of making yet more cuts. I am also worried that that is happening in an untransparent way, which is giving rise to concerns among my constituents about exactly what is being set out. Winter is coming and the crisis already playing out in Brighton and Hove is likely only to get worse if the NHS continues down the path on which the Government have put it.

Specifically, we spend 2.5% less of our GDP on health than countries such as France and Germany. I am prepared to say what few others will say, which is that, if we want an NHS that meets our complex health and social care needs, we do not need privatisation and competition; we need those who can afford it to pay more in tax. This is something we can put a price on, whereas the cost of the worry, misery, pain and sheer uncertainty for many of my constituents is incalculable. Whole families have to live with the agonising wait for a loved one's treatment. It often falls to them to act as carers during that time. The knock-on effect of NHS delays cannot and should not be dismissed. Concerns about delays and cancellations at our digestive diseases unit, for example, come up repeatedly. Operations are repeatedly cancelled, with patients in distress. There is the amazing mum fighting tooth and nail for adequate care and support for her severely disabled son. For her, the system is a battleground. She has to co-ordinate equipment in four different places and put up with repeated delays. She told me:

“It's this that pushes people beyond despair and to breaking point.”

Breaking point is exactly where we are. A perfect storm caused by decades of chronic underfunding and privatisation has met the consequences of fragmentation and ramped-up marketisation. Terms and policies manifest themselves in grave and very real problems of the kind that I described when I opened this debate. Those problems are not unique to my constituency or city, but Brighton and Hove has an unusual demographic profile, with many younger people, as I have said, with complex needs, mental health problems, drugs and alcohol addiction, homelessness and long-term conditions. It also has some very elderly people.

That means that the array of services to support people using the NHS may need to become more complex, more tailored and more multi-agency, including police,

voluntary agencies and so on. We need an ecosystem of healthcare, in which each part complements other parts as well as the whole, and which is achievable locally and nationally if we strip back the unnecessary, ineffective and damaging complexity that currently infects the NHS; if we reinstate the basic principle of a publicly funded and provided national health service that is free at the point of access; and if we give patients, staff and the public a voice from the outset and not just as part of a box-ticking exercise. I believe that is the way to bring us back from the brink.

I have raised a number of questions, and I will repeat them for the Minister before I give the floor to him for his response. Will the Department of Health step in to bring back accountability and stability to the non-emergency transport system in Brighton and Hove? Will it bring that service back into the public sector as a matter of urgency and pick up the Coperforma bill? Can the Minister promise that the STP plans will not mean cuts to services and closures? Will our hospital trust and mental health trust get the money that they need to address the staffing and other crises that they face without having to impose cuts dressed up as efficiency savings?

Will the Minister and other Ministers stop using inaccurate figures when they talk about investment in the NHS and use the autumn statement to announce a genuine step change when it comes to funding social care via local authorities and NHS services in the round, taking full account of NHS-specific inflation? Will he petition the Home Secretary to immediately guarantee EU workers the right to remain and protect the NHS from yet further instability and uncertainty? Finally, will he take a really honest look at the knock-on effects and inefficiencies of a healthcare model that is jeopardising accountability, transparency, standards and patient care?

9.17 pm

The Minister of State, Department of Health (Mr Philip Dunne): I congratulate the hon. Member for Brighton, Pavilion (Caroline Lucas) not just on securing this debate but on doing so on a day that enabled her to get through her entire speech and take interventions from the hon. Member for Hove (Peter Kyle) and my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton)—a considerable achievement.

The hon. Lady has a long-standing interest in health outcomes for her constituents, as we all do in the House. I would like to join her at the outset by highlighting the excellent work carried out every day by all those who work in the NHS, not just in her constituency but equally in my own and across the country. Before addressing the specific points that she made, I should like to give the House an overview of the NHS in her constituency. Brighton and Hove clinical commissioning group covers a geographical area of approximately 34 square miles, with a patient population of some 300,000. It commissions a wide range of healthcare services including from the main local acute trust, Brighton and Sussex University Hospitals NHS Trust, with a regional teaching hospital working across two sites in Brighton and Haywards Heath. I understand that the trust treats over three quarters of a million patients every year, and it recognises its growing role as a developing academic centre.

The hon. Lady has asked, not for the first time, for more funding to improve services and facilities in Brighton. I am pleased that she recognised the capital investment of more than half a billion pounds that is under way at the Royal Sussex County Hospital, replacing some very old buildings, as she said, and supporting the service quality improvements planned by the trust. I was a bit disappointed that, in his intervention, which came around the time that she referred to that capital investment, the hon. Member for Hove did not acknowledge that that is a significant investment in the facilities at the heart of health provision in Brighton.

The Government created the Care Quality Commission to shine a light on good and bad healthcare up and down the country. Its independent inspection teams provide a vital function on behalf of patients and everyone in England in challenging how hospitals, GP surgeries, care homes and all other healthcare providers are delivering to the standards we should all expect.

The CQC has identified that the local NHS in the hon. Lady's constituency faces some challenges. I acknowledge that the confluence of inspection reports—they have come at around the same time to several of the different providers and commissioners in her area—is an unusual challenge to correct for the benefit of local residents. In stark contrast, as my hon. Friend the Member for East Worthing and Shoreham said, next door, there is the outstanding-rated Western Sussex Hospitals NHS Foundation Trust, which serves residents of West Sussex. As she pointed out, Brighton and Sussex University Hospitals NHS Trust was rated inadequate earlier this year by the CQC. To support its recovery, NHS Improvement placed the trust into special measures.

Peter Kyle: I am grateful to the Minister for giving way so early in his speech. He mentions that there has been an unusual confluence of reports. I would suggest that the unusual thing is that each of the reports indicates extreme failure in many different parts of our health system in Brighton and Hove, from the ambulance trust and six GP surgeries, as was brilliantly outlined by the hon. Member for Brighton, Pavilion (Caroline Lucas), right through to the hospital trust—all in special measures, and the hospital in financial special measures. That is the unusual thing. I suggest that the health economy in Brighton and Hove is now bankrupt.

I suggest to the Minister that he does not do his thinking on his feet now, but would he consider arranging for his Department to appoint someone to our city who can take an overview of what is right and what is wrong in our city, of the funding and of the relationship between the different health bodies and the local authority? Let us bring together all the health systems, figure out what is wrong and how we can bring them together to solve all the problems. The fractures have got too much.

Mr Dunne: I will not take up the hon. Gentleman's invitation to think on my feet, but I will refer later to the sustainability and transformation plan, to which the hon. Lady referred, which is providing a forum for much closer collaboration across the NHS within an area. Clearly, it is a much larger area than Brighton itself, but it is going some way towards meeting the kind of analysis that he is looking for. I will also touch on the individual trust support that is being offered by wider NHS groups to provide additional qualified medical and managerial support to help to solve the problems.

Caroline Lucas: I want to put this on record. The Minister referred to the fact that up the road there is a more successful trust. Not only are we operating in a very old building, but we are trying to do that when the hospital is becoming a major trauma centre. That is a massive change in Brighton and Hove. I re-emphasise the points that my honourable colleague, the hon. Member for Hove (Peter Kyle), made. We need real finance and I do not think that the STP is going to do it. It needs some money.

Mr Dunne: I thank the hon. Lady for her intervention. I am going to move on, but I acknowledge her point. I hope that, in part, the STP will focus the attention of the wider area to support the new trauma centre that is being established. That is part of the purpose of the STP, although, like her, I have yet to see the full details.

I think we all recognise that patients deserve the highest quality care and we expect the trust to take action to ensure the root causes of the CQC concerns are addressed. NHS Improvement has confirmed that the trust has developed a recovery plan and as part of a package of support for the trust for being in special measures, NHS Improvement has appointed an improvement director and a board adviser.

We should also acknowledge along with the trust's challenges the fact that there are good things going on in Brighton. We should praise the team that delivers services for children at the Royal Alexandra children's hospital in Brighton as the CQC rated them as outstanding for being innovative and well led.

Emergency care services at the trust are not as we would expect, as the hon. Member for Brighton, Pavilion identified. With support from the national emergency care improvement programme, a clinically led initiative that offers intensive practical help to trusts looking to improve their emergency services, NHS Improvement is working closely with local clinicians to make a difference for the people of Brighton and Hove seeking emergency care. The trust is also developing plans to create capacity to support delivery of the planned care standards.

As the hon. Lady said, on Monday of last week NHS Improvement announced that the trust has entered financial special measures, a programme launched by the regulator that provides a rapid turnaround package for trusts and foundation trusts that have either not agreed savings targets with local commissioners or planned to make savings but deviated significantly from this plan in their quarterly returns. As part of financial special measures, the trust will agree a recovery plan with NHS Improvement. The trust will also get support from and is held accountable by a financial improvement director.

The hon. Lady also referred to the challenges faced by the ambulance services in her constituency and the area. In addition, South East Coast ambulance service was recommended for special measures by the CQC in its inspection report published last month. NHS Improvement acknowledges that there are wide-ranging problems across the trust, including in governance structures and processes, culture, performance and emerging financial issues. NHS Improvement has agreed a support package for the trust, which was formalised on 9 August this year, and includes a formal peer support relationship with a neighbouring ambulance trust that is rated good by the CQC.

As part of the support package, NHS Improvement has also appointed an interim chair and will appoint an improvement director in due course.

Peter Kyle: For the second time, I am extremely grateful to the Minister for giving way. We focus the onus for improvement on the delivery bodies in the Brighton and Hove area. NHS Improvement and the CQC have been outlining plans and their responsibility is to instigate this improvement, but does he accept that NHS Improvement is also under scrutiny in how it unfolds this improvement programme and that if improvements do not happen fast enough it will also be culpable? Some of the dates for improvement have already passed without the improvements being made.

Mr Dunne: The hon. Gentleman will recognise that NHS Improvement only came together in April of this year when the two previous regulators, Monitor and the NHS Trust Development Authority, were combined. It is to a degree finding its feet in working out how best to assist trusts that get into difficulty. It has introduced a number of different schemes for different types of challenge, and we have touched on the care challenge and the financial special measures challenge. It is also undertaking a five-point A&E improvement plan to focus particularly on challenges in emergency care. It is fair to say that it is early days in seeing how NHS Improvement undertakes its functions, but we have every confidence that it will be able to assist trusts in dealing with these challenges.

Finally on the South East Coast ambulance service, NHS Improvement is also undertaking a capability and capacity review and will provide the trust with support with its finances. The hon. Lady mentioned the problems with the non-urgent patient transport service provider. This has clearly been a very difficult time for its staff and for some patients, as she has highlighted. My understanding is that the High Weald Lewes Havens CCG has overseen the implementation of plans to ensure continuity of service, and has recently appointed a specialist transport adviser to look into the resilience of the contract and to explore options to strengthen this further.

The provision of the services is, quite rightly, a matter for the local NHS. The hon. Lady asked who is responsible for monitoring contracts. The reality is that the CCG is the statutory NHS body with responsibility for the integrity of the procurement, as well as for managing the contract. It has powers within the standard NHS contract to intervene where a contractor's performance falls below what is expected.

Caroline Lucas: Will the Minister give way?

Mr Dunne: I will give way for the last time.

Caroline Lucas: The Minister says that the CCG has such a power, but the CCG told me that it could not see the contract between Coperforma and its subcontractors, because that was not for the CCG to see. It therefore cannot have such a degree of oversight.

If this is the last time the Minister gives way, will he say if he will step in on the issue about whether the Docklands phoenix company is properly licensed to provide the service it is providing? Right now, we do not know whether it is, and our patients may be at risk.

Mr Dunne: On the first point, it is down to the CCG to undertake a contract that gives it visibility on subcontracts. If that failing has emerged, the CCG needs to be able to get to see them in subsequent contracts, and I am sure it will learn from that message. On the regulation of the provider, that is a matter for the CQC to look at. I undertake to inquire of the CQC what the status is of the current provider to ensure that it is properly regulated.

For much of her speech, the hon. Lady talked in rather familiar terms about her understanding of the impact of the so-called privatisation of the NHS. I gently remind her that the Health and Social Care Act 2012 did not introduce competition into the NHS. Previous Governments have used patient choice and competition as part of their reform programme. Independent sector providers have provided care and services to NHS patients under successive Governments ever since the NHS was founded. In particular, in the area of non-emergency patient transport, that has happened across many areas of the country. In the last year for which financial data are available, NHS commissioners purchased 7.6% of total healthcare from the independent sector. In 2010, that was about 5%. The rate of growth in the use of private providers under this Government is lower than it was under the previous Labour Government.

Tim Loughton: Will the Minister give way?

Mr Dunne: I will give way, for the final time, to my hon. Friend.

Tim Loughton: This is the first time I have intervened on the Minister, and we do have about an hour left in which to carry on this debate.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I may be able to help the hon. Gentleman. That is only if the Minister wishes to speak for an hour, because nobody else will be allowed to do so.

Tim Loughton: Perhaps you will therefore indulge me on this intervention, Mr Deputy Speaker.

Mr Deputy Speaker: As ever.

Tim Loughton: I have no problem with the principle of outsourcing. The Minister is absolutely right that the level of outsourcing may go up and may go down, because it should be based on the quality of an alternative provider that is able to provide a quality service at an affordable price and is best placed to do so at the time. Will he acknowledge the whole issue with Coperforma? It has been a major issue for all of our constituents. Vulnerable people relying on regular treatment have just been left at home or dumped elsewhere, and have not been able to access services. This has been going on for so long that, when we put a contract to such organisations, much better due diligence needs to be done. There also needs to be a fall-back plan, because given that the ambulance service, which declined to take on the contract in the first place, is now clearly not in a position to take it on anyway, there is little option for somebody else to take on the service urgently and provide the level of care that our constituents desperately need and that has just not happened in this case.

Mr Dunne: My hon. Friend makes a very powerful case. As I have already undertaken to do for the hon. Member for Brighton, Pavilion, I will take up the issue with the CQC and ask it to give me some reassurance about both the regulation of the entity and, to the extent that it is relevant to the CQC, the procurement. I accept that we should look at the due diligence for such activities.

I will close, without taking any further interventions, by saying a brief word more, as I promised to earlier, on the sustainability and transformation plans. These were submitted to NHS England by 44 regions across the country during the course and by the end of last week—by last Friday. As I said earlier, the intention is that the plans build on the work already undertaken to strengthen care. They will help deliver the NHS's own plans for its future, set out in the five-year forward view, by encouraging providers and commissioners within an area to work more collaboratively—without the barriers of stovepiping that in the past have led to conflict between them—and co-operate to try to come up with the best plan for patients; that must take into account the increasing integration with social care providers in the area, which the hon. Member for Brighton, Pavilion has mentioned, so local authorities are also integral to the plans.

Caroline Lucas: Will the Minister take one final intervention?

Mr Dunne: I am afraid I really do not think that I can.

We expect most areas to undertake public engagement from now until the end of the year, building on the engagement they have already done to shape thinking. But we are clear that we do not expect changes to the services that people currently receive without proper, full local engagement and, where appropriate, public consultation. There are long-standing processes in place to make sure that happens.

Caroline Lucas: Will the Minister give way? This is on a serious point.

Mr Dunne: I have been very generous and have spoken for substantially longer than I normally would in winding up an Adjournment debate.

In closing, I emphasise that it is the responsibility of local NHS organisations to determine how local services are delivered. They are best placed to understand the needs of the people they serve, and we must ensure that changes are led locally, in some cases with improved local management where there have been management shortcomings. Changes need to be focused on the needs of the local population and not driven by central Government. This Government recognise the importance of ensuring that the NHS is held to the highest standards of care, in the hon. Lady's constituency and across the UK, and we will continue to work to ensure that services are high-quality, safe, appropriate and affordable.

Question put and agreed to.

9.37 pm

House adjourned.

Westminster Hall

Monday 24 October 2016

[SIR EDWARD LEIGH *in the Chair*]

Local Government Pension Scheme

4.30 pm

Ian Blackford (Ross, Skye and Lochaber) (SNP): I beg to move,

That this House has considered e-petition 125475 relating to the Local Government Pension Scheme.

It is a privilege to serve under your chairmanship, Sir Edward. I appreciate that, on the face of it, the motion is about the corporate governance of local authority pension funds in England and Wales, and the interaction with central Government in certain circumstances, but it is also about infrastructure investment in a broad sense. In introducing the debate, I am minded that it is about local authority schemes in England and Wales, but it forms part of a wider debate on corporate governance and infrastructure investment globally. Indeed, there are important initiatives in that regard in Scotland. The primary reason I am introducing the debate is in my capacity as a member of the Petitions Committee, but I should also note that I am the Scottish National party spokesperson on pensions.

On 23 September, new regulations affecting local government pension schemes were laid before the House and they come into force in just a few days' time, on 1 November. To put that in context, we are talking about a very large market in the UK. According to the Local Government Pension Scheme Advisory Board, as of 2015 local authority schemes held £217 billion of assets, across 91 local authority pension funds that have 5 million members.

We should welcome the principle of infrastructure investment and pooled funds, but we also need to recognise the debate in the overall context of pension funds. Of course, across the pension fund landscape, there is a desire for growing diversification; and there is the issue of low returns from Government bonds, which affects many pension funds, and the questions of whether they go into deficit and how they meet their future liabilities. In that regard, the debate about infrastructure investment is important, and the costs and benefits, and the potential returns, of pooling local authority pension funds are worth considering.

Other countries, most notably Canada, have already embraced those challenges and have done so with what is perhaps a more effective corporate governance model than the one we have today in the United Kingdom.

Nick Thomas-Symonds (Torfaen) (Lab): Previously, I served as my party's shadow Pensions Minister and I was struck by the concern of people I met, particularly scheme members, about where and how their own funds were invested. Does the hon. Gentleman agree that it is the wishes of scheme members that should be paramount in any corporate governance model to which he is referring?

Ian Blackford: Absolutely. I found myself agreeing with the hon. Gentleman many times when we were on our respective Front Benches and it is good to see him here for this debate today. I agree with him because the funds belong to the 5 million scheme members. They are their funds and it is about their future. We should remember what a pension is—a pension is deferred income.

When someone is making that contribution, of course they should have a say. That is why I referred to the corporate governance model in Canada. One of the things I will go on to talk about today is a carrot-and-stick approach from the Government, but there has to be a consensus and I am concerned about the Government's ability to intervene in local authority pension schemes. Although I understand and support, in broad terms, what the Government are doing in promoting pooled funds and infrastructure investment, it has to be done in partnership with the local authority pension funds.

Several hon. Members *rose*—

Ian Blackford: I will give way first to the hon. Member for Cardiff South and Penarth (Stephen Doughty).

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): I thank the hon. Gentleman for giving way and agree with much of what he has said and indeed with the comments of my hon. Friend the Member for Torfaen (Nick Thomas-Symonds).

I, too, have been contacted by many members of the local scheme and by representatives of Unison, the trade union, who have great concerns about the undemocratic way in which they see the process going forward, and indeed concerns about the process that the Government have used. Whatever their individual views might be on where investment should or should not go, and on whether that is for economic, financial or ethical reasons, the process seems to them to be fundamentally undemocratic.

Ian Blackford: Again, I find myself in agreement with that. The Government should reflect on the consultation that is taking place and, hopefully, on the voices that will be raised today, because they have to take on board that, in making the changes that they are talking about, they need that wide body of support.

Several hon. Members *rose*—

Ian Blackford: I will give way in a second but I want to make a point. We need to have a wider discussion about how we will get an attractive return on investment, not only in the local authority pension schemes but in defined-benefit schemes around the land. We know the situation we are in. Because of quantitative easing, or largely because of quantitative easing, yields on Government gilts are low and will not give us the kind of return that we have been used to, so there is a real issue about where we will get the investment returns in future.

Several hon. Members *rose*—

Ian Blackford: I will give way in a moment but I want to finish the point. It is important, therefore, that we have the debate about infrastructure investment. There is an important opportunity, but that opportunity must

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be seen by local pension schemes as being about investing in their local economy. The Government have to think very carefully about that inter-relationship.

Mr Jim Cunningham (Coventry South) (Lab): I thank the hon. Gentleman for giving way and I agree with everything that he has said, and with the comments of one or two of my colleagues.

There is another issue to consider when we talk about the ability of local authorities to invest in various assets for pension schemes. We can have an ethical foreign policy but local authorities must be unethical in their investments, which is a contradiction. I am thinking particularly of cluster bombs and things like that. In the west midlands, a pension scheme might not want to invest in companies that manufacture cluster bombs but has to do so because the Government say so.

Ian Blackford: I thank the hon. Gentleman for his contribution and he makes an interesting point. We must have the wider debate about sustainability and ethical investment. There are certainly very attractive funds that exist in the area of sustainability, corporate social responsibility and so on, and it is very important that local authorities are allowed to have the debate about what is in their members' best interests. They must be able to satisfy them that they are acting in their interests. It is entirely legitimate for pension schemes to have a debate about what they consider to be ethical investments, and they should be allowed to pursue them provided that they can demonstrate that they are acting in the best interests of their members.

Mr Andrew Smith (Oxford East) (Lab): I am very grateful to the hon. Gentleman for giving way and I congratulate him on opening this debate. Further to an earlier intervention, we can all see some benefit from the proposed pooling arrangements, but we must also be cognisant that there can be risks, or a concentration of risks. Does the hon. Gentleman agree that there ought to be trade union representation on the governance structures for the pooling in order to stand up for members' interests?

Ian Blackford: Very simply, yes, I agree. Stakeholders and trade unions are a very important part of the debate. We must also look at the training that is given to trustees in that regard, so that they can discharge their responsibilities fully, and indeed the important role that advisers play. In some senses, we have perhaps rushed these changes, rather than stood back and tried to get something on which I hope we can build consensus.

Jack Dromey (Birmingham, Erdington) (Lab): I am grateful to the hon. Gentleman for giving way. As chairman of the local government unions, I led negotiations on the local government pension scheme; I campaigned to defend the local government pension scheme; and I worked with the scheme, at both national and local level, on investment strategy. It is absolutely right, commensurate with what we always sought to do through the scheme, that we have ethical investment, that we encourage infrastructure investment and that we look at sensible pooling arrangements. However, the first obligation of a pension scheme is to its members, to deliver to

those loyal, long-serving public servants the best possible retirement. Does the hon. Gentleman therefore agree that it is not only illegitimate but potentially unlawful for the Government to seek to impose their will on 1 million workers and their pension scheme, and that the best thing to do would be to go back to the drawing board, sit down with the trade unions and negotiate a sensible way forward?

Ian Blackford: Again, I find myself in complete agreement. The hon. Gentleman is correct and there is an argument that what the UK Government have done is perhaps in contravention of European law. I will come to that point a little later.

Sir Alan Meale (Mansfield) (Lab): First, I congratulate the hon. Gentleman on the fine way in which he has approached this important debate and got it going. This is an important question. In the 1960s, an ex-Prime Minister, Harold Wilson, forced through a report on the financial institutions, which revealed that over 70%—I think it was 74% at the time—of the FT share index was owned by pension funds. That shows how important this issue is.

To go back to the hon. Gentleman's earlier point, there is a question about the value of gilts and bonds. I do not think it is just about that—it is also about the violation of the rights of individual pension-holders. The Government pay the money over in the first place, then take it back and say, "We'll allow you to have this, but only if we decide how it's spent". That has got to be stopped.

Sir Edward Leigh (in the Chair): Order. We are having a lot of interventions. This is a three-hour debate, so if people want to make long interventions, I would love to hear them give a speech instead. There is no need for long interventions, Sir Alan.

Ian Blackford: Thank you, Sir Edward. Again, I find myself in agreement with the hon. Member for Mansfield (Sir Alan Meale), because, as I mentioned, the funds belong to the scheme-owners—those who are working in local authorities that are engaged in that way. It rather ill behoves the Government to seek to interfere in the governance of the funds if they are acting in the best interests of their members—that is the test. That is why it is important for the Government listen to the debate, reflect and perhaps come back with some new thinking.

The whole infrastructure issue is important. I think we all recognise that we have to build capacity in our economies. We have all heard the debate about being left behind. It is absolutely necessary that local authority pension funds in the north of England, the midlands and my own country of Scotland play their part. Each local authority area must make its own determination as to what is right and invest in local schemes—social housing, perhaps—for the benefit of the community. At the same time, they should invest for the benefit of the pension schemes. It is about democratic accountability and investment opportunities. It should not be too complicated.

I urge the Government carefully to consider what has been done in Ontario and Quebec. They have been able to build consensus because they have not had the same

compulsion and the Government in Canada cannot use the big stick against local authorities.

I commend the Library on a first-class briefing. On the legal framework, it states:

“Although the rules are set nationally by the Secretary of State,”

the scheme

“is administered at local level by ‘administering authorities’, which broadly correspond to county councils and London Boroughs. These administering authorities are responsible for managing scheme investments, within the statutory framework. The Local Government Association (LGA) explains that this means decisions are ‘taken by democratically elected local councillors working within the restraints of local authority budgets.’”

That local democratic accountability, which many right hon. and hon. Members have mentioned, is the nub of the matter.

The briefing continues:

“When making decisions on investment, the primary responsibilities of administering authorities are to deliver the returns needed to pay scheme members’ pensions, and to protect local taxpayers and employers from high pension costs. In this context, there have been questions about the extent to which investments can be made with other objectives in mind – for example, a desire to invest in infrastructure or avoid certain investments on ethical grounds. Legal advice published by the LGA in April 2014 said that the power of investment must be exercised for investment purposes and not for wider purposes. However, as long as this remained true, the precise choice of investment could be influenced by wider considerations.”

The briefing also states that the Department for Communities and Local Government has been considering how to “achieve economies of scale” and, as has been mentioned, pooling can lead to reduced costs and enhanced returns. The principle is fine and is to be lauded. However, it has become clear that the Government are going to use the stick approach as well as that of the carrot. If subtle inducement does not work, the Government could intervene by directing local authorities to invest in a certain way or by the Secretary of State exercising control. If we are to support local democracy throughout the United Kingdom, that cannot be right, and I can understand why local authorities might be alarmed.

Mr Andrew Smith: The hon. Gentleman is totally right about how undemocratic the measure is. Is there not a double jeopardy as well? Should the Government not be mindful of the fact that if they direct a fund to behave in a particular way and the investment goes wrong, they themselves will be liable? Do they not have to remember Equitable Life?

Ian Blackford: The right hon. Gentleman makes a valid point. I promised myself that I would not be too strident in the debate and not give the Government too much of a verbal kicking, but let us look at where we are on wider pensions policy and mark the Government’s report card because, frankly, it is not a good one. Let us take the issue of fairness for the women in the Women Against State Pension Inequality Campaign, and that of pensions freedom, on which just last week we saw a roll-back with the secondary annuity market being scrapped before it gets going. A systemic risk was identified by the previous Secretary of State for Work and Pensions, yet the Government have had nothing to say about their responsibilities. We can see the impact of the risk to pensioners, we all know what happened with Maxwell and recently we have had BHS—

Sir Edward Leigh (in the Chair): Order. This is a very interesting debate on local government pensions and I know that Mr Blackford, who is a consummate parliamentary performer, will want to get straight back to the point, and away from Mr Maxwell, won’t he?

Ian Blackford: I am grateful for that advice, Sir Edward, and will move on. I was trying to put across the point that, regarding the Government interfering in local government pension schemes, their track record on pensions is not something I would see as commendable.

Unison has argued that investment decisions should be made by their funds and their members. I agree. Let us remember that the pension funds we are talking about are members’ funds. The Local Government Association has also said that there is even the risk of the regulations and the Secretary of State infringing European law on Government intervention in pension fund investment—a point that was made earlier. I find myself, not for the first time, on the side of European law and against the Government.

The Local Government Association has welcomed some of the changes, stating:

“Under the previous LGPS investment regulations there were express limits and thresholds on the assets that LGPS funds could invest in. The new framework moves the LGPS to a ‘prudent person’ approach as exists in the private sector. Under this approach outright limits and thresholds are replaced with a system that gives LGPS administering authorities more flexibility and requires them to have their own policies on asset allocation, risk and diversification.”

I do not think anyone here would object to that but, having given local authorities that clear mandate, we need to see them investing under the conditions set for them and in the best interests of the members, without interference from Government.

On the Government reforms, the Pensions and Lifetime Savings Association states:

“We agree with the Governments proposals for pooling and the need to ensure that fund are committed to delivering these pools. However, there is a risk that such broad powers, combined with the lack of an explicit fiduciary duty, could ultimately be used by a future government to direct what funds invest in, with limited regard on the impact to the payment of members benefits and the costs to employers and members.”

Nick Thomas-Symonds: Is it not important that there is full transparency in respect of those costs so that everyone—scheme members and the public—can see precisely what is being charged to members?

Ian Blackford: Absolutely. The hon. Gentleman makes an important point that should be seen in the wider context of information that should be given to plan holders, including those in the state pension scheme. All potential pensioners should be given an A4 sheet detailing their entitlements, backed up by transparency about the charges for all the schemes invested in. There is more work to be done.

I ask a simple question: is it really the Government’s intention to be in a position in which they can be challenged regarding seeking to direct local authority pension schemes? The Pensions and Lifetime Savings Association states that the Government ought to pause and reflect on their obligations and on the importance of local democracy and accountability. In their consultation document, the Government state:

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“However, given the very large sums of public money at stake, we believe that it is entirely appropriate for the Secretary of State to be able to intervene where concerns have raised, having taken account of all available evidence.”

That is illuminating. As a number of us have said, we are talking about plan holders’ money. Yes, there must be regulation and oversight, but the Government are hardly a neutral participant in the process and they must think again and learn from best practice elsewhere.

Earlier this year, new legislation came into force in Quebec, which has been framed as a measure that potentially ensures that costly defined-benefit plans are sustainable in the long run. We should consider having that here. Under the legislation, the province no longer requires defined-benefit plans to fund themselves based on short-term assumptions about their own finances and market volatility. Instead, they need to fund themselves based only on long-term, less conservative assumptions. The law, which aims to reduce contribution volatility for employers and thus make defined-benefit plans more sustainable, is the first of its kind in Canada. The changes will be particularly supportive when it comes to longer-term infrastructure investment. That is the kind of debate that we ought to have in this country.

The e-petition motion, and the changes to the governance of pension schemes, relate solely to England and Wales, but it is worth reflecting on the fact that there is active engagement on the topic of local authority investment in infrastructure in Scotland, where responsibility is devolved to the Scottish Parliament. The SNP-led Scottish Government are committed to changing pension scheme regulations to ensure that they are not a barrier to local government pension schemes investing in infrastructure, and they are working with the scheme advisory board to achieve that. We in Scotland realise that there needs to be more of a balance between encouraging that approach and paying due regard to the responsibility of scheme managers to invest pension fund moneys in accordance with the scheme managers’ fiduciary duty. The Scottish Government are committed to achieving that delicate balance.

The discussion of pension scheme investment takes place in a wider context, which includes activities centred on the cities and a major programme of infrastructure investment. Cities and their regions are key drivers of our economy and the Scottish Government are committed to working with all our cities to unlock investment, whether individually, collectively through a city deal, through one of the Scottish Government’s devolved initiatives to stimulate growth and deliver infrastructure investment, or through a combination of all those measures.

Tristram Hunt (Stoke-on-Trent Central) (Lab): It seems to me that it is not only about the democratic right of local authorities to pursue their choices, but also, exactly as the hon. Gentleman is saying, about giving them the kind of fiscal skills that can only help in the furtherance of their city deals. For the Government to try to quash both those objectives seems wholly perverse.

Ian Blackford: I again find myself wholly in agreement with a Member. I am not trying to lecture the Chamber on the things we are getting right in Scotland, but the

Government in London could benefit from the kind of collaborative thinking we have developed, which is very much in line with what the hon. Gentleman said.

The fiduciary duty placed on local government pension schemes to act in the interests of the beneficiaries of the funds has to be the underlying principle of investment strategies and has to govern investment decisions. The responsible investment of pension funds must always be prioritised over unstable and risky investment. It is up to local authorities to ensure that they invest the funds to achieve the best outcomes for employees, trustees and sustainable growth. I stress that it is for the local authorities to determine that, and not for central Government to determine for them.

There have been some excellent examples in Scotland of sustainable investment in local housing projects delivering much needed long-term infrastructure that benefits ordinary people. For example, the Falkirk local government pension scheme fund awarded fund manager Hearthstone Investments £30 million to invest in social and affordable housing in Scotland. More than 300 affordable homes are expected to be delivered, with the Scottish Government providing an initial investment of more than £6 million towards 126 social homes in Falkirk and Clackmannanshire. That is the kind of collaborative work that we need across the United Kingdom.

Rather than droning on, I will wind up at this point. On the basis of the consultation that the Government have seen and on the basis of what I expect the Minister will hear this afternoon, I ask that they go back and think again. They need to try to get back to a position of consensus and collaboration with local authority pension schemes in England and Wales.

4.52 pm

Mr George Howarth (Knowsley) (Lab): I congratulate the hon. Member for Ross, Skye and Lochaber (Ian Blackford) on the way he has presented his arguments and on giving us the opportunity to debate this issue.

I will be brief. I had a letter from a constituent—it was an email, to be more precise. She raised three strong points which I intend to make today. Her first point was that she did not consider the Government’s proposals ethical. I will explain why she said that in a moment. Her second point, which has already been made by the hon. Gentleman and others, was that the proposals are undemocratic. Finally, she questioned the integrity of the consultation process that the Government carried out. I will take each of those points in turn.

First, on the ethical considerations, my constituent said:

“The regulations unfairly bar local authorities from deciding not to invest in the arms trade and seem to be written to dissuade them from ending investment in companies complicit in violations of human rights and international law. Local authorities must be allowed to make investment decisions that reflect the values of their pension holders and wider communities. The new regulations undermine their ability to do so.”

On the question of the democracy of the proposals, my constituent said:

“It is absolutely anti-democratic to give the central government ‘power of intervention’ to prevent local authorities from divesting from some companies, and mandating them to invest in others against their will. This is not government money, but money belonging to pension holders who should retain the right to decide on how their money is invested. Government assurances that it will reserve the power for exceptional circumstances are insufficient in protecting the principle and process of democracy and the rights of pension holders.”

Finally, on the question of the integrity of the consultation process, my constituent said:

“In government consultation on the regulations, over 23,000 individuals and hundreds of trade unions rejected the proposal. That’s over 98% of the respondents. While the consultation closed in February, the results were only published seven months later, after the new guidance and regulations were made official. This shows an utter disdain for the principle of consultation and public input.”

Taken together, those three points provide a fairly damning critique of what has taken place. In light of that, I hope that the Government will reconsider their proposals. I should conclude by apologising; I cannot stay for the whole debate, as I have other responsibilities outside of Westminster Hall. This debate is on a serious issue, and I hope the Government take it seriously.

4.55 pm

Richard Burden (Birmingham, Northfield) (Lab): I am grateful for the opportunity to contribute to today’s debate. I join my right hon. Friend the Member for Knowsley (Mr Howarth) in congratulating the hon. Member for Ross, Skye and Lochaber (Ian Blackford) on the way he introduced the debate on behalf of the Petitions Committee. I will concentrate on three areas: local decision making; scrutiny of Government proposals; and how the regulations and the guidance attached to them relate to broader UK policy.

As other Members have said, local decision making comes down to whether pension fund scheme members and local authorities are allowed their say in how pensions are invested, rather than simply being overruled by Government. It is also about the ability of those responsible for public institutions to exercise the judgments they are appointed to exercise within the law. In the case of local authorities, that involves accountability not only to their electorates, but to scheme members. In their role as pension trustees, they have to be able to make judgments in line with their fiduciary duties. Funds must be invested in the best interest of their members, as European directives lay out, and I hope that will not change, although I find it difficult to understand how the regulations are compatible with those directives.

If Ministers are serious about being committed to more local decision-making and giving powers back to local areas, it follows that investment decisions should be made by local authorities, fund trustees and members, not by a Secretary of State with a broadened set of powers of intervention. That is where concerns arise, however, along with concerns about the degree of scrutiny Parliament is being allowed over the issue. That is pretty alarming given the negative responses received as part of the consultation. Indeed, today’s debate is only happening at all because of a public petition being acted upon and allowed to happen by Members of this House. It is not a result of Government initiative or Government action.

Ian Blackford: The hon. Gentleman is making some important points. Does he agree that it is rather shameful that the measure was introduced through a statutory instrument, rather than with a debate in the House of Commons in which all Members could properly participate?

Richard Burden: The hon. Gentleman makes an excellent point, and I hope it is not lost in the debate. The Minister will respond to the debate, and I hope he will address that point specifically when he winds up, although

I am afraid that Ministers have form here. It seems that the changes—or at least some of them, and some of what is written in the regulations and the guidance attached—appear to be allied to new rules on public procurement that were announced in February without any parliamentary scrutiny up to that point.

The most we knew about either of those changes was a highly partisan press release issued at the Conservative party conference in October 2015. Indeed, the formal announcement from the Government on the local government procurement changes did not even happen in this country. Instead, it happened at a joint press conference by the right hon. Member for West Suffolk (Matt Hancock), who was then at the Cabinet Office, and the Prime Minister of Israel. It took successive applications for a Westminster Hall debate to enable us to find out what those regulations meant. The ministerial reply to that debate left a number of questions unanswered, and it took more correspondence back and forth before a Cabinet Office letter to me on 4 May finally clarified that some of the actual changes being proposed were a lot less dramatic than the rhetoric we had witnessed in the Conservative party press release and the Minister’s joint press conference.

On the changes in local authority pensions regulations, will the Minister clarify what is rhetoric and what is reality when it comes to guidance and consultation in relation to administering authorities preparing and maintaining investment strategy statements under regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016? I particularly want to ask about paragraphs 3.7 and 3.8 of the consultation. Paragraph 3.7 stated:

“The Secretary of State has made clear that using pensions and procurement policies to pursue boycotts, divestments and sanctions against foreign nations and the UK defence industry are inappropriate, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.”

Paragraph 3.8 states that such guidance is intended to make it clear that the administering authority, “should not pursue policies which run contrary to UK foreign policy.”

So will the Minister confirm that his reference to, “boycotts, divestments and sanctions”

in no way overrides UK Government policy and guidance on illegal Israeli settlements in the Occupied Palestinian Territories, nor fetters administering authorities’ ability to follow that broader policy. I ask because the UK Government have a long-standing and clear foreign policy position that is bipartisan in recognising the illegality of Israeli settlements in the Occupied Palestinian Territories. The Government’s current guidance, issued to UK businesses, does not encourage trade or financial involvement with the settlements. A recent statement by all EU member states “unequivocally and explicitly” makes the distinction between Israel and all territories occupied by Israel since 1967.

Secondly, will the Minister confirm that neither the regulations he has introduced nor the guidance that accompanies them in any way override UK Government policy and guidance on illegal Israeli settlements in the Occupied Palestinian Territories? Will he confirm that they do not fetter administering authorities’ ability to follow such guidance in relation to local authorities’ overarching commitment not only in regard to the Palestinian territories, but in implementing the United

[Richard Burden]

Nations guiding principles on business and human rights? I want to be clear that when paragraph 3.8 of the guidance attached to the regulations says that administering authorities should not pursue investment policies that “run contrary to UK foreign policy”

it in no way undermines or overrides the overarching commitment in the UK’s own 2013 action plan for implementing the UN guiding principles on human rights and business, which state that the UK Government,

“are committed to ensuring that in UK Government procurement human rights related matters are reflected appropriately when purchasing goods, works and services. Under the public procurement rules public bodies may exclude tenderers from bidding for a contract opportunity in certain circumstances, including where there is information showing grave misconduct by a company in the course of its business or profession. Such misconduct might arise...where there are breaches of human rights.”

In his reply to me of 4 May this year, the right hon. Member for West Suffolk, on behalf of the Cabinet Office, made it clear that public procurement policies were in no way intended to undermine the long-standing UK policy that Israeli settlements in the Occupied Palestinian Territories are illegal under international law. He also said,

“There are flexibilities to enable individual authorities to exclude suppliers that are corrupt, guilty of misconduct, in breach of various international laws and so on”.

Will the Minister confirm that the various international laws referred to would include the Geneva conventions?

The implications go beyond any question about Palestine or Israel or even the middle east as a whole. There are implications for the whole gamut of ethical investment policies and for the ability of a local authority pension fund to decide not to invest in tobacco or in the activities of companies that are felt to be environmentally unsustainable. The implications go wide indeed. In this context I want to draw the House’s attention to the Government’s response to the consultation on today’s regulations, which states:

“Provided that the guidance to be published under draft Regulation 7(1) is complied with, there is nothing in draft regulation 7(2)(e) to prevent an administering authority from taking any non-financial consideration into account provided that it is made in the best long term interests of scheme beneficiaries, and does not represent any significant risk to the health of the fund.”

When the right hon. Member for West Suffolk replied to me in relation to the procurement issue, he said that all such decisions have to be made on a case by case basis, which has of course always been the situation; there is nothing new there. However, will the Minister today clarify that all the assurances I was given in relation to local government procurement, extracted from the Government in the letter of 4 May sent by the right hon. Gentleman, also apply in respect of the 2016 local government pension scheme regulations and guidance notes that we are debating today?

When I wrote to the right hon. Member for West Suffolk during his time at the Cabinet Office, even though the pensions aspect of the announcement was a Department for Communities and Local Government responsibility, I tempted him to comment on the new management and investment regulations for local authorities’ pension funds, as well as the public procurement matters that were within his area of responsibility,

and I am pleased to say that he did so. In his letter to me of 4 May, he said that the changes we are debating today,

“Increase rather than decrease the potential for local discretion in decision-making”.

I am pleased to hear that. I have difficulty relating it to what is in the guidance notes and regulations, but I hope he is right about that, and I hope that any interpretations of the regulations will reflect that statement that was made on the record by a Cabinet Minister. I hope the Minister today will confirm that statement in relation to the concerns that I and others have raised today and will no doubt raise during the debate.

I have asked the Minister specific questions about specific parts of the regulations and guidance notes and about the correspondence that I have had with the Government on this matter. I am sure he has been fully briefed and will be able to give full answers to all the questions. If there are areas where he cannot give clear answers, I hope he will respond to all Members in writing.

5.9 pm

Jack Dromey (Birmingham, Erdington) (Lab): It is a pleasure to serve under your chairmanship, Sir Edward. Let me start by referring back to my earlier intervention. As national secretary of the Transport and General Workers Union, I was chair of the trade union side that conducted a series of negotiations on the local government pension scheme, and I worked very closely with the local government pension scheme at a national level on a range of the issues that have been referred to in this debate.

Who are the people we are talking about? They are the care workers who look after the vulnerable, the disabled and the elderly. They are the Karens, whom I met at Osborne nursery school but two weekends ago—outstanding education assistants who help kids get the best possible start in life. They are the dustmen, the refuse collectors and the people who go out and keep our streets clean—my uncle Mick, who lived with me until he sadly died, was a street cleaner. They are social workers who take care of, among others, looked-after children who badly need the support that social services and children’s services can deliver.

The millions who depend upon the local government pension scheme, which is fundamentally a good scheme, include not just those who are directly employed but those such as bus workers, who were originally directly employed by local government bus companies and have now been transferred but are still in the local government pension scheme. There are tens of thousands of contractors’ employees who enjoy what is called admitted body status. I know that because I negotiated admitted body status to ensure that, if those workers are transferred to the private sector, they remain in the local government pension scheme. The pension scheme is a good one. It is fundamentally one of the most democratic schemes in the country. I have often argued over the years that the voice of workers should be heard louder in relation to some of the local administrations of the pension scheme.

I have been personally involved not just in the negotiations. I have, for example, addressed two conferences for the scheme at national level on the issues of collaboration to ensure ethical investment, which is absolutely a legitimate

concern, and infrastructure investment. The then national chair of the local government pension scheme, Kieran Quinn, said, “Why are we investing in light transport in Taiwan when we should be investing more in developing infrastructure here in Britain?” Of course, that is absolutely right.

The hon. Member for Ross, Skye and Lochaber (Ian Blackford) referred to housing. I remember opening a housing development with the leader of Manchester City Council, where local government pension scheme investment was key to building hundreds of affordable homes. The objectives of having an ethical approach and greater investment in infrastructure are absolutely legitimate—so, too, is the move towards pooling. We have got to get it right, but in my time we used to argue for pooling and greater collaboration to make more effective investments.

What is fundamentally wrong about the proposal is that the Government are elbowing to one side the world of local government and telling millions of pensioners how their pensions might best be delivered.

Chris Stephens (Glasgow South West) (SNP): Surely, it is legitimate for a political party in a local authority administration to seek from the electorate a mandate on how it will invest in its pension funds. That is what the Government are interfering with.

Jack Dromey: The hon. Gentleman is, of course, right. He has a background in Unison—one of the major local government unions. It is simply wrong for Whitehall to tell millions of pensioners and town halls what they should do in the future. It is also potentially unlawful, and a very strong case was set out earlier to that effect.

We have shared objectives: a greater ethical approach, infrastructure investment and pooling. Why do the Government have to continue to blunder down this path? There was an extraordinary response to the consultative process, and people overwhelmingly said, “No, no!” The Government should now, even at this stage, listen and get back into discussions with the scheme itself and the local government unions.

How do the Government square their approach over the local government pension scheme with two stated public policy objectives? The first is localism. I remember leading for the Labour party in the endless negotiations when the Localism Bill was going through Parliament in 2011. Power to the people? This is more Leninism than localism.

The second objective is this. The Government have had a damascene conversion. Not since Saul fell off his horse on the road to Tarsus have a Government made such a change. Historically the enemy of working people, they are now posing as the friend of working people—the champion of working people—but what they intend to do is to say to millions of working people, “No matter what you think, no matter what your concerns are, we are going to tell you how your pension scheme should be invested in the future.” That simply cannot be right.

5.15 pm

Kate Hollern (Blackburn) (Lab): It is an honour to serve under your chairmanship, Sir Edward. I thank the hon. Member for Ross, Skye and Lochaber (Ian Blackford) for securing this debate, and I thank hon. Members who have articulated their opinions clearly on this issue.

We have heard about a variety of interesting options for and aspects of the upcoming changes, but the nub of the matter is that 5 million people rely on the local government pension scheme. Like other people who have pensions, they rely on their pension trustees—the pension boards—to invest their funds in their best interests. To me, that is a simple principle—I am sure everybody can understand it—so why has it taken more than 100,000 people to sign a petition on something so obvious? It is obvious to everyone that local government means local. Pension schemes belong to those people; they have paid in, so they should have the right to say how that money is invested—no more and no less.

Despite that, 98% of respondents to the Government’s consultation rejected the proposals. The Government have ridden roughshod over those views. They tabled in Parliament a statutory instrument that will become law on 1 November. It comprises a new set of local government investment regulations under which the Government can instruct local government pension scheme administrators on how to invest their money. With no debate in the House to help to influence the measure and warn of any potential pitfalls, the pensions of 5 million scheme members, worth £178 billion—it is the fourth-largest pot in the world—will be dictated to by the Government.

As my hon. Friend the Member for Birmingham, Erdington (Jack Dromey) made clear, this is about people’s pensions and people’s lives. This is about school janitors and cleaners.

Chris Stephens: It is also about deferred pay for precisely the reason the shadow Minister outlined. Local government employees pay in, unlike other public sector pension fund members. A local government worker’s pension is deferred pay.

Kate Hollern: I agree entirely. This is an appalling misuse of power, and contrary to the best interests of scheme members, who want to ensure that their pensions are invested in the way they want, not the way the Government wants. It also flies in the face of European law. Article 18 of the directive on institutions for occupational retirement provision—hon. Members have already covered this point—clearly states that pension funds must invest

“in the best interests of members”,

and that

“Member States shall not require institutions to invest in particular categories of assets.”

We are in the mid-chaos of Brexit, but article 50 has yet to be triggered and we are still working under European Union directives, so we are breaking that law.

As usual, the Government are using a sledgehammer to crack a nut, and we have spoken about the back-door policy of avoiding councils that have, for ethical reasons, concerns about investment in some areas. The guidance attached to the regulations states that

“using pension policies to pursue boycotts, divestment and sanctions against foreign nations and UK defence industries are inappropriate, other than where formal legal sanctions, embargoes and restrictions have been put in place by the Government.”

In summary, therefore, administering authorities should not pursue policies that are contrary to UK foreign or defence policy. There is, however, little or no evidence that the local government pension scheme has ever undertaken investment decisions in that way, and the Government should not be imposing their foreign and defence policies to the detriment of LGPS pensioners.

[Kate Hollern]

The Government need to listen for a change. They need to listen to the 105,000 people who signed the e-petition, to the Local Government Association, to the public sector unions representing their members and to the Law Commission, which commented on the LGPS investment regulations for England and Wales:

“We think two aspects of the LGPS Regulations could usefully be reviewed. First, in practice administering authorities consider themselves to be quasi-trustees, acting in the best interests of their members. We think that the same rules which apply to pension fund trustees in taking account of wider or non-financial factors will also be taken to apply to LGPS administering authorities. There is an argument that the IORP Directive requires this. However, we think that uncertainty on this point is undesirable and that the matter should be put beyond doubt. It would be helpful if the LGPS Investment Regulations made it clear that administering authorities must act in the best interests of pension scheme members.”

We cannot stress strongly enough that the authorities must act in the interests of members.

Why are the Government ignoring those voices? Why have the Government refused to listen? Why did they even bother to carry out a consultation, if they then ignore 98% of the results? Why are the Government not looking at everything again carefully? I fully support pooling arrangements; they are great if they get the best for the scheme members. The regulations should not be a way for the Government to borrow on the back of pensioners, or to dictate where and where not the pension fund may be invested.

Why have the Government failed to take the arrangements through the House of Commons? Because they know they are wrong. My hon. Friend the Member for Birmingham, Erdington spoke about localism. He was absolutely right: this is the reverse of localism; it is dictatorship. The Government have no right to interfere in people's pensions. The consultation went out and the Government, I am quite sure, felt that their proposal was a good idea, but the people who own the fund have said no. I beg the Government to listen and to put a hold on their scheme.

5.23 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): It is a pleasure to serve under your chairmanship, Sir Edward.

I am grateful to the hon. Member for Ross, Skye and Lochaber (Ian Blackford) for introducing this debate about investments made under the local government pension scheme in England and Wales. It provides me with the opportunity to address the significant misconceptions about Government policy that have arisen as a result of briefing from trade unions and other bodies.

Judging from the debate today, before I go on to things that people might not agree with, I think everyone agrees that the scheme members of the pension funds are the most important group involved. I want to reassure those scheme members that their pensions are certainly not at risk and that we are giving local authorities more and not less control over investments.

Before I get into the detail of the policy, I should make it clear that the LGPS is a defined-benefit scheme, in which benefits are guaranteed by statute and are not directly affected by the investment performance of

individual funds. Scheme members in different local funds, each with different asset allocations and funding strategies, receive the same level of benefits based on a salary and length of scheme membership.

Investment decisions in the LGPS are not, therefore, a “gamble” with scheme members' pension rights. It is clearly the case, however, that local administering authorities should seek to maximise the returns on investments in order to limit the risk to the town hall that pensions or otherwise might pose to local council tax payers and local services. We have made it clear repeatedly that investment decisions must be taken in the best interests of scheme members and taxpayers.

The petition states that the Government might “gamble away members' money on infrastructure projects”, but I make no apologies for the fact that we have been clear that authorities should be ambitious in developing their proposals on infrastructure investment. Investment in infrastructure is increasingly seen as a suitable option for larger pension funds with long-term liabilities.

Figures published by the LGPS advisory board in 2013 showed that only £550 million, or 0.3% of the scheme's total assets of £180 billion, were invested at that time in infrastructure. That falls some way behind other large pension funds that have elected to invest 10% to 15% in the area. It is widely recognised that infrastructure investment is good not only for investors, but for the global economy. Indeed, investing in large-scale infrastructure projects can offer a useful match with the long-term liabilities held by pension funds.

Other countries are well ahead of us in progressive thinking and it is time for the UK to step up to the challenge. In the existing investment environment, there is also even greater pressure to reduce costs and maintain or improve performance. Our work with the LGPS funds to pool their investments will save up to £300 million a year over time, thus benefiting scheme members and taxpayers alike. The larger scale of the pools will also open up new investment opportunities, such as large infrastructure projects. I am grateful for the hard work put in by elected members and officers in making pooling begin to happen. I will meet each pool over the coming weeks to discuss their plans and set out our expectations.

Nevertheless, I have been absolutely clear throughout that investment decisions are for administering authorities and that that will remain the case. There is no question, nor has there ever been, of the Government directing funds to invest in a particular way—for example, in infrastructure projects. The point about directive 41/2003 is therefore not relevant.

Ian Blackford: I find myself in agreement with much of what the Minister is saying. There is a desire for greater infrastructure investment, but the issue is getting the architecture right. If he takes away the risk of Government interference with the LGPS, he might get to a position that we could all support, but he must listen to the legitimate voices of concern.

Mr Jones: I thank the hon. Gentleman for his intervention but, as I said at the outset, we are giving local authorities more and not less control over their investments.

Melanie Onn (Great Grimsby) (Lab): Will the Minister explain what happens if an LGPS fund cannot pay its pensions?

Mr Jones: As I said earlier, the LGPS is a defined-benefit scheme, so the benefits to the pension fund participants are protected by statute. I do not think that is an issue for the people with investment in the funds. As I will explain, there is an extremely important point about how pension funds are able to invest and the additional freedom that we have provided in that respect.

I want to underline that I respect and understand the strength of feeling shown by many of the respondents to our consultation on the new LGPS investment regulations and the people who signed the petition. The proper conduct of pensions and pension investments is of deep concern to us all, as it should be. A key concern expressed by respondents to the consultation was about the power in those regulations under which the Secretary of State could, after proper consultation, intervene in the investment activities of an administering authority. It may be helpful and, I hope, reassuring if I set out the reasons that we have taken that power.

Historically, the LGPS investment regulations and the framework that they impose have sought to constrain investment decisions to minimise risk and protect the interests of scheme beneficiaries and taxpayers. More recently, however, those regulations have fallen below the standards in Europe and the private sector in the UK. Under the new investment regulations, administering authorities will be significantly more responsible and accountable for their investment decisions. Provided that authorities act reasonably within the framework provided by the regulations and guidance, they will no longer be constrained by prescription from the centre about how their assets are invested. For example, we have removed limits on the proportion of assets that may be invested in particular ways. The new regulations therefore provide authorities with much more freedom over how they invest LGPS funds and bring that scheme broadly into line with private sector schemes in that respect, and represent a landmark policy shift.

The power of intervention has been included in the new regulations as a backstop in the rare circumstances in which it may be necessary to protect the around £200 billion of assets and 5 million members of the local government pension scheme. The regulations include several safeguards to ensure that that power is used appropriately and proportionately, including full consultation with the relevant authority. The Government's response to the consultation made it clear that that power would be used only on clear evidence that an authority was failing to act in accordance with the regulations or guidance.

Ian Blackford: I want to try to be helpful. There is awful lot of concern about the power that the Government have given themselves to intervene. We understand the statutory obligations under these local authority schemes, but as a way out of that, did the Government consider giving that power not to themselves but to the Pensions Regulator?

Mr Jones: A lot has been made of the fact that these measures are being made by statutory instrument. The Public Service Pensions Act 2013 gives Ministers broad powers over the running of pension funds. That Act was scrutinised at significant length in the House. Considering the suite of powers that Ministers are given by that Act and taking into account the views of organisations such as the local government pensions

scheme advisory board, the new regulations do not go anywhere near as far as they could have. I know from meeting that board that several people from administering authorities and trade unions are represented on it, and I discussed this issue with them at some length.

To pick up a few other points, the new investment regulations and guidance allow authorities to take into account non-financial factors, such as social, environmental and corporate governance considerations, when making investment decisions. However, authorities must take proper advice, act lawfully and take decisions that are in the best interests of scheme members and taxpayers. They must also act in a way that is consistent with UK foreign and defence policy.

The guidance is clear that administering authorities should not use pension policies to pursue boycotts, divestments or sanctions, except where formal legal sanctions exist and embargoes or restrictions have been put in place by the UK Government, where policy responsibility for such matters lies. We have taken the same view in our guidance on boycotts in the context of public sector procurement, which in turn is based firmly on the position in international law.

Richard Burden: The Minister ran together three things: boycotts, divestments and sanctions. Boycotts tend to be a consumer thing. Sanctions tend to be a Government thing. The issue relevant to this debate is divestment. Paragraph 3.7 of the consultation document says that "boycotts, divestments and sanctions against foreign nations and the UK defence industry are inappropriate".

Will he clarify that action to divest pension funds from a company involved with Israeli settlements in the Palestinian territories would not fall foul of that so long as it was done on a case-by-case basis?

Mr Jones: I will address more of the hon. Gentleman's points later in my comments, but I can clarify that any such divestment must be in line with the policy of the UK Government.

The hon. Member for Ross, Skye and Lochaber mentioned on a number of occasions the situation in Canada. We are aware that public service pension schemes in Canada have been merged, based on the fact that they are now important global investors. The Ontario teachers' pension scheme seems to be regularly wheeled out as an example. There are several Members here from the west midlands who will know Birmingham airport well, and I am aware that the Ontario teachers' pension fund has a significant investment in that airport. We see in the situation in Canada one of our drivers for pooling the LGPS funds, along with the wider need to save costs, not in terms of a direct cost saving to the Government but one that will be put back into those pension funds for the benefit of members.

I agree entirely that transparency of pension investments is important, so that all concerned can see where pension fund cash is being spent on fees and why. My Department is working closely with the scheme advisory board and others to ensure that information is clear in relation to fees charged to pension funds.

I assure hon. Members that there is an opportunity for trade union representation on pools. That is a matter for the individual pools themselves and depends on their governance arrangements, but the individual local

[Mr Marcus Jones]

authority members that support each scheme will have the right to be part of setting up those pooling governance arrangements, and it will therefore be their decision on whether union representatives are on the pools.

There have been extremely good examples of investment in local housing in England, as well as in Scotland, which the hon. Member for Ross, Skye and Lochaber mentioned. There is a good example in Greater Manchester, where funds have been used from the Greater Manchester pension scheme. As I said, a relatively small amount of funding has gone into that type of investment hitherto, and we want to encourage pension funds and pools to increase such investment.

The hon. Member for Birmingham, Northfield (Richard Burden) mentioned the significant correspondence he had had with my right hon. Friend the Member for West Suffolk (Matt Hancock). Without seeing that correspondence, it is difficult for me to answer some of his questions directly, but I will undertake to look at that correspondence and come back to him with a written response.

The hon. Gentleman mentioned overseas business risk guidance issued by the Foreign and Commonwealth Office. That guidance does apply to local government pension funds, but it is important to be clear that the Government are committed to promoting trade links and business ties with Israel and therefore the guidance strongly opposes boycotts.

Richard Burden: Just for clarity, I mentioned nothing about trade with Israel. I mentioned overseas business risk and the FCO guidance relating to Israeli settlements in the Occupied Palestinian Territories. If the Minister wishes, I can quote from that guidance, but I am sure he knows what I am referring to. It is nothing to do with Israel; it is to do with illegal Israeli settlements in the occupied territories.

Mr Jones: As the hon. Gentleman knows, that is covered in the guidance, and I will write to him at further length on that point.

The hon. Gentleman asked for clarification on whether local government procurement guidance applies to the LGPS. Our guidance on pension scheme investments is entirely of the same framework as the guidance issued by the Cabinet Office on public procurement. Both operate within the wider framework of national and international law.

The hon. Gentleman also mentioned tobacco. It is our position, as is clear from our response to the consultation on investment, that decisions on matters such as whether to invest in tobacco are for individual pension funds provided that they comply with the broad principles in our guidance.

The hon. Member for Birmingham, Erdington (Jack Dromey) mentioned localism. Our reforms are entirely consistent with localism. We have removed the petty, arbitrary caps on different types of investments put in place by the Opposition some years ago and given local authorities real freedom to decide how they invest their pension funds.

In summary, I reassure the House that investment decisions will remain for administering authorities. The Government are challenging local authorities to be

independent and ambitious, subject to local democratic control and appropriate safeguards. We have no intention whatever of gambling with money that has been set aside to pay pensions.

Melanie Onn: I am a former trustee of a pensions scheme, and it was made clear to me on repeated occasions that the legal duties and responsibilities fell to those people around the table who were privy to all the investment information as well as the contributors to the scheme. My overriding question about the regulations and the Government's involvement in the LGPS scheme, as opposed to private schemes over which they have no direct responsibility or involvement and do not interfere, is whether LGPS trustees' rights and responsibilities are being eroded or undermined in any way. Does that set a precedent? That would concern me.

Mr Jones: I would like to reassure the hon. Lady that the changes are in no way intended to diminish the role of individual pension funds or the people who represent members. [Interruption.] She is commenting from a sedentary position, but we will have to agree to disagree on that point, bearing in mind what I have said previously.

Sir Edward Leigh (in the Chair): Apparently, you can wind up, Mr Blackford. We would not want to miss your dulcet tones.

5.45 pm

Ian Blackford: Thank you, Sir Edward; that is very kind of you. I thank those who signed the petition and brought us here today. I think we all agree that the debate is important. There are a couple of important underlying factors, the most important of which is that there has to be local democracy and accountability.

The Opposition have spoken enthusiastically about the benefits of pooling and of local authority pension schemes investing in infrastructure on a global basis and locally within our economies, so we support the direction of travel. However, the Minister still has not really addressed—I would go as far as to say he has ignored it—what is written in the regulations, and he and the Government must reflect on that power of interference. I have tried to give them a way out, because there is a logical question: why do the Government want the powers of interference over local authority pension schemes? There is no logic for that situation.

Perhaps the Government need to go back and think, in the days that remain until those regulations come into force on 1 November, about the role that the Pensions Regulator may play. The Government need to get out of the situation and get around the table with the local authorities and the LGPS to agree that there is a fantastic opportunity for pension schemes to invest in infrastructure. They have to do that by taking away the threat of interference.

Jack Dromey: The hon. Gentleman is making a powerful case for the Government to think again. Does he agree that it would be absolutely extraordinary, having had a consultative process in which 98% of respondents objected to the Government's proposals, for the Government to say, "We know it's your pension and we know that 98% have said no, but we intend to go ahead regardless."?

Ian Blackford: Indeed. The hon. Gentleman makes a valid point. He spoke about Leninism; it is Big Brother knows best. I hope, at this late stage, that the Government reflect, so that we can get to a situation where we all support, in broad terms, what they are doing, but we can only do so with a proper governance model.

Question put and agreed to.

Resolved,

That this House has considered e-petition 125475 relating to the Local Government Pension Scheme.

5.48 pm

Sitting adjourned.

Written Statements

Monday 24 October 2016

CULTURE, MEDIA AND SPORT

Gaming Machines and Social Responsibility Measures

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Tracey Crouch): I wish to inform the House that on 24 October 2016, the Department for Culture, Media and Sport has published terms of reference and a call for evidence for a review of gaming machines and social responsibility requirements across the gambling industry.

The review will be considering robust evidence on the appropriate maximum stakes and prizes for gaming machines across all premises licensed under the Gambling Act 2005; the number and location of gaming machines across all licensed premises; and social responsibility measures to protect players from gambling-related harm (including whether there is evidence on the impacts of gambling advertising and whether the right rules are in place to protect children and vulnerable people).

The review will include a close look at the issue of B2 gaming machines (more commonly known as Fixed Odds Betting Terminals—FOBTs) and specific concerns about the harm they cause, be that to the player or the communities in which they are located.

In launching this review I want to ensure that legislation strikes the right balance between allowing the industry to grow and contribute to the economy while ensuring consumers and communities are protected, including those who are just about managing.

The call for evidence period will close on 4 December, following which Government will consider proposals based on robust evidence provided to assist in our decisions.

Relevant documents have been published on the website at: <http://www.gov.uk> and copies will be deposited in the Libraries of both Houses.

[HCWS210]

EXITING THE EUROPEAN UNION

General Affairs Council and Foreign Affairs Council (Trade)

The Minister of State, Department for Exiting the European Union (Mr David Jones): I attended the General Affairs Council on 18 October. The meeting was chaired by the Slovak presidency and held in Luxembourg. I also attended the extraordinary Foreign Affairs Council (Trade).

GENERAL AFFAIRS COUNCIL

The General Affairs Council (GAC) on Tuesday 18 October discussed the preparation of the October European Council; the mid-term review of the multiannual financial framework; and implementation of the inter-institutional agreement on better law-making.

A provisional report of the meeting and the conclusions adopted can be found at: <http://www.consilium.europa.eu/en/meetings/gac/2016/10/18/>.

I also represented the Government at an extraordinary meeting of the Foreign Affairs Council (Trade) dedicated to the comprehensive economic and trade agreement with Canada (CETA).

Preparation of the October European Council

Discussions focused on the agenda of the October European Council—migration, trade, Russia and other global and economic issues. The UK emphasised again our role as an active and constructive participant in on going EU business, upholding both our rights and obligations until our departure.

On migration, the UK was supportive of the focus on upstream work with countries of origin and transit as part of a comprehensive approach. On trade, the UK reiterated support for an ambitious EU trade agenda, including strong support for CETA and TTIP, as an opportunity to shape the rules of global trade and provide economic benefits to citizens. On Russia, the UK expressed the need to stand firm against Russian attempts to undermine the rules based international order, and I made clear that we should be ready to consider all the tools at our disposal to end the violence in Syria.

Multiannual Financial Framework

Discussion on the MFF focused on the balance between budgetary prudence and the need to address current political challenges. There was agreement on the need to focus the next phase of discussions on how to respond to the priorities of migration, security and jobs and growth within the context of a responsible and disciplined overall approach to the budget which provides value for money.

Inter-Institutional Agreement implementation

Following the adoption of the Commission work programme, the Commission, the European Parliament, and Council will issue a joint declaration setting out the top priorities and objectives for the year ahead. The Slovakian presidency gave a presentation on this process at the GAC.

FOREIGN AFFAIRS COUNCIL (TRADE)

Comprehensive Economic and Trade Agreement with Canada (CETA)

The Council discussed ongoing negotiations on the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union and its member states. The UK confirmed its support for the Council decisions on signing, provisional application and conclusion of CETA. Not all other member states were able to lift their reserves. Negotiations continue.

I also wish to inform the House that the Government opted in to the Council decisions on signing, provisional application and conclusion of CETA, insofar as they relate to the temporary presence of natural persons for business, otherwise known as Mode IV. The Government are committed to taking all opt-in decisions on a case-by-case basis, putting the national interest at the heart of the decision-making process.

[HCWS211]

HEALTH

Accelerated Access Review

The Secretary of State for Health (Mr Jeremy Hunt): This morning Sir Hugh Taylor has published the final report of the accelerated access review (AAR). The AAR was tasked with making recommendations to the Government on reforms to accelerate access for NHS patients to innovative medicines, medical technologies, diagnostics and digital products. The report sets out a framework of recommendations to streamline and accelerate the pathway for new products from development to their use with patients and to enable widespread adoption across the NHS.

The Government welcome Sir Hugh's final report and are grateful to him, Sir John Bell, the external champions and the external advisory group for their excellent work, which draws upon contributions from many individuals and organisations from patient groups, the NHS, industry, academia and clinicians. We are grateful for the important input that this review has had from NHS England NICE, the MHRA and NHS Improvement.

The report provides us with a strong basis to make the right decisions about how the health system can be adapted to meet the challenges of the future, attract inward investment, grow our thriving life sciences industry and use innovation to improve patient outcomes in the context of the financial pressures on the NHS. It will be important to implement this report in a way that is affordable for the NHS. The Government will now consider the proposals in detail with our partners and will provide a fuller response in due course.

The Government remain strongly committed to the life sciences and to building a long-term partnership with industry. It is determined to help the UK become the best place in the world to produce new drugs and products that can transform the health of patients, where the research, development, regulatory, commercialisation and investment infrastructure enable innovation to flourish and thrive while improving patient's lives.

AAR Final Report (AAR final.pdf) can be viewed online at: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-10-24/HCWS209/>.

[HCWS209]

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Written Statements [Col. 1WS]

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
