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HOUSE OF COMMONS
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PARLIAMENTARY
DEBATES

(HANSARD)

Monday 12 December 2016

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The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

DEFENCE

The Secretary of State was asked—

US Administration: NATO

1. **Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): What discussions he has had with the incoming US Administration on their policy on article 5 of the NATO treaty. [907771]

5. **Jeff Smith** (Manchester, Withington) (Lab): What discussions he has had with the incoming US Administration on their policy on article 5 of the NATO treaty. [907775]

8. **Dan Jarvis** (Barnsley Central) (Lab): What discussions he has had with the incoming US Administration on their role in NATO. [907779]

9. **Mr George Howarth** (Knowsley) (Lab): What discussions he has had with the incoming US Administration on their role in NATO. [907780]

The Secretary of State for Defence (Sir Michael Fallon): President-elect Trump has confirmed the importance of NATO during telephone calls with the Prime Minister and the NATO Secretary-General. I have written to General James Mattis to congratulate him on his nomination as Secretary of Defence, and I look forward to meeting him after his confirmation hearing.

Jonathan Reynolds: General James Mattis has warned against appeasing the Russian regime and has said it is President Putin's intention to break NATO apart. Does the Secretary of State agree that President-elect Trump would do well to listen to his general and to recommit the US unequivocally not just to NATO but to article 5?

Sir Michael Fallon: General Mattis is not only experienced in combat in Iraq and Afghanistan but has served as a NATO commander. He is well aware of the importance of the alliance not only to our security but to the United States itself, and it is the unity of the alliance that sends the most powerful message to President Putin.

Jeff Smith: At the recent Warsaw summit, NATO leaders made a commitment to step up collective action against Daesh. What assurances has the Secretary of

State had from the incoming Administration that they remain committed to that and to the principle of collective defence in working with allies in the fight against Daesh?

Sir Michael Fallon: I shall be hosting the counter-Daesh coalition ministerial meeting in London on Thursday. I have seen nothing from the incoming Administration's plans to indicate that they would take any different approach. The United States is leading the coalition work against Daesh. Considerable progress is being made in Iraq and starting to be made in Syria. NATO, too, now has a contribution to make to that.

Dan Jarvis: Given the precision airdrop capability of the US and NATO, what conversations has the Secretary of State had with the incoming US Administration and with other allies on the feasibility of using this specific capability to alleviate the suffering in Aleppo?

Sir Michael Fallon: We have continually examined options for getting aid into Aleppo, where people are now in the most appalling situation. It is almost impossible to get food or medicines in by airdrop, when the air defences are controlled by Russia and the Syrian regime and permissions are not forthcoming. We have looked at other options, such as using the airfield—but it is outside the control of the moderate opposition—and militarised convoys. We will continue to look at all kinds of options, but it is already very, very late for the people of eastern Aleppo.

Mr Speaker: I call Sir George Howarth. Where is he? I call Mr Bob Stewart.

Bob Stewart (Beckenham) (Con): When I was a young officer serving in the British Army of the Rhine and in West Berlin, I made the assumption that article 5 was a trigger: if anyone attacked a NATO nation, every member would automatically go to war. I am wondering whether that is exactly right now or whether we have just a commitment to consult, which would take much longer than an automatic reversion to war.

Sir Michael Fallon: Article 5 was last invoked after 9/11, when the rest of the alliance pledged to do everything possible to help the United States following the most appalling attack on the twin towers. The answer to my hon. Friend's question, of course, is that once article 5 is triggered, each member state has to examine its obligations to the alliance as a whole. Before that stage, as tensions escalate, I would expect the deployments that we have prepared, including the very high readiness taskforce, to be enacted.

Mr Julian Brazier (Canterbury) (Con): Does my right hon. Friend agree that the new Administration will be much more interested in deeds than in words when it comes to NATO and article 5, and that Britain is setting an example for the rest of Europe not just on the 2% but with the troop deployments we plan for Poland and the Baltic states?

Sir Michael Fallon: I agree with my hon. Friend, and, indeed, we agree with President-elect Trump's call for other European countries to do more. It is true that eight of the 28 members have now set in place firm plans to reach the 2% figure. We reach 2%, but some

19 members of NATO do not even do 1.5%, and four or five of them do not even do 1%. So European country members of NATO, in particular, still have a long way to go to fulfil the pledges on which we all agreed at the Wales summit.

Kevin Foster (Torbay) (Con): It was a pleasure to read recently of the work that HMS Torbay has been doing in helping to secure the maritime security of our allies. Does the Secretary of State agree, though, that it is vital that the incoming US Administration in January recognise that there is no such thing as a peripheral NATO state, because an attack on one is an attack on all?

Sir Michael Fallon: Absolutely; that is the principle of collective defence, and it is the best possible message to send on any further aggression from Russia—we have seen a huge increase in Russian submarine activity in recent years—or indeed on the threat from terrorism. We stand together.

Mary Creagh (Wakefield) (Lab): On Friday, the head of MI6, Alex Younger, warned about Russian meddling in UK domestic politics. Given the revelations from the CIA about the Kremlin's involvement in influencing the outcome of the US election, what discussions has the Secretary of State had with our NATO allies—US and European—to tackle this type of hybrid warfare interfering in other countries' democratic electoral processes?

Sir Michael Fallon: We are now seeing a rather disturbing pattern of allegations of direct Russian interference in areas as far apart as Bulgaria, the referendum in the Netherlands, and continuing pressure on the Baltic states. We agreed at Warsaw that the European Union and NATO would come together to co-operate on hybrid warfare, in particular, and to look at the various techniques that were necessary to help us all resist that kind of pressure.

Mr Peter Bone (Wellingborough) (Con): For many years in this Chamber, people have been asking why European countries that are members of NATO are not spending 2%, and we are always told that it will happen, but it just does not seem to happen. What pressure can we put on other members of NATO to fulfil their commitment?

Sir Michael Fallon: We agreed this commitment at the Wales summit back in the autumn of 2014. That, at least, has halted the decline in defence spending across the alliance. As I said, a number of member states—roughly half the alliance—are now committed to increasing their spending, and eight of the 28 are firmly planning to get up to 2%. The transparency involved in publishing the table every year in itself stiffens the arm of Defence Ministers when they are tackling their Finance Ministers. It is certainly encouraging to see the increase in defence spending by the countries that feel most vulnerable: the Baltic states, for example, with increases also in Bulgaria and Romania.

Vernon Coaker (Gedling) (Lab): May I press the Secretary of State on this issue? The question was about the discussions he has had with the President-elect, and his answer was that the President-elect “confirmed the importance of NATO”. What does that actually mean

for article 5 and for the policies that President-elect Trump will pursue when he becomes President? NATO and the defenders of the west need to know the answers on that. What are the Government actually saying to President-elect Trump about what policies he should pursue, and what are the answers that the Secretary of State is getting? We need a bit more than “confirmed the importance of NATO”.

Mr Speaker: That was a lot of questions to which I am sure a dextrous and pithy reply will trip forth from the tongue of the Secretary of State.

Sir Michael Fallon: As I indicated, there have been two phone calls with the Prime Minister. The incoming President has not yet taken office, and his nominees for the different offices have yet to be confirmed, but there is a clear understanding between us and the United States Administration of the importance of NATO not simply to us here but to the United States itself.

Fabian Hamilton (Leeds North East) (Lab): My colleagues and I on Labour's defence team recently returned from a briefing visit to NATO in Brussels and to SHAPE—Supreme Headquarters Allied Powers Europe—in Mons, where we were told about plans to ensure the security of the Baltic states and, of course, about our armed forces' leading role in helping to defend Estonia. May I press the Secretary of State further on what assessment he and his Department have made of the impact that President-elect Trump's policies may have on the ability of NATO to implement article 5, should that ever be necessary?

Sir Michael Fallon: The United States itself will be leading one of the four forward battalions next year. It will be leading the battalion in Poland, and we will be adding a company of our own troops to that battalion. We, as the hon. Gentleman said, will be leading in Estonia, and Canada and Germany will be leading in the other two countries. We have absolutely no evidence at the moment that the United States is going to alter its position on that; on the contrary, I have been over the Atlantic twice in the past three weeks, and from my discussions with the US military and with Senators and Congressmen who take an interest in defence, I have every reason to believe that the United States will confirm its commitment to the alliance.

Armed Forces: Legal Claims

2. **Andrew Bingham** (High Peak) (Con): What progress his Department has made on protecting the armed forces from persistent legal claims. [907772]

The Minister for the Armed Forces (Mike Penning): We have made significant progress in recent months: we announced our intention to derogate from the relevant articles of the European convention on human rights in future conflicts where appropriate, and I have launched a consultation on enhanced compensation for soldiers injured or killed in combat, so that members of the armed forces and their families do not have to spend years waiting to pursue claims against the Ministry of Defence. We hope to announce further measures shortly.

Andrew Bingham: I thank my right hon. Friend for that answer. My constituent 87-year-old Arnold Hustwick, himself a former soldier, will also welcome that news, because he has expressed his outrage about some of these claims. Does my right hon. Friend agree that if it was not for the MOD submitting evidence of malpractice by Mr Phil Shiner, of Public Interest Lawyers, and the Ministry of Justice cancelling Mr Shiner's legal aid contract, this man would still be hounding our soldiers?

Mike Penning: I was at the Ministry of Justice when we revoked the legal aid, and if it was not for this Secretary of State and my former colleague sending submissions to the Solicitors Regulation Authority, Mr Shiner would probably still be pursuing our soldiers and servicemen. Mr Shiner should probably do exactly what the Secretary of State called for him to do in December 2014 and apologise to our former servicemen.

Ian Paisley (North Antrim) (DUP): As someone who has served with distinction in Northern Ireland, the Minister of State must be disgusted by the industrial-scale abuse of the legal process against former soldiers, which has impugned the reputation of every single soldier who has served in Ulster over the last 40 years. Will he and his Department undertake to be a bulwark against that abuse and against that witch hunt, and will he stand up and make sure that it is stopped forthwith?

Mike Penning: I had the honour of serving in the Province and—I hope—I was part of the peace process. The vast majority of our servicemen and women served with distinction in Northern Ireland. The MOD and I will continue to support the police force in Northern Ireland with its ongoing inquiries. That is what was said on the radio at the weekend: these are not new investigations; they are ongoing investigations. I pay tribute to the hon. Gentleman for the work that he has done in the past, and I wish him a happy 50th birthday today.

Mr Speaker: I had thought that the hon. Member for Charnwood (Edward Argar) was stirring in his seat. If he were standing, I would call him, but if he is not, I will not. He is not, so I will not.

Mr James Gray (North Wiltshire) (Con): I am most grateful to my hon. Friend the Member for Charnwood (Edward Argar) for not standing.

In the last few years, some 3,500 soldiers have had their lives wrecked by the investigations of the Iraq Historic Allegations Team. That has been at a cost of some £90 million to Her Majesty's Treasury, and I think one single prosecution has resulted from it. Surely, now that we have seen the back of Mr Shiner, it is time for the Government to bring to an end the dreadful IHAT organisation.

Mike Penning: The Secretary of State and I are doing everything we can to get IHAT to come to its conclusions and decide what it is going to do. The vast majority of those investigations will be concluded, and we hope and expect that in the vast majority of cases, IHAT will feel that there is no action to be taken. We must make sure that the investigations take place correctly so that they do not end up in some European court somewhere.

Sir Gerald Howarth (Aldershot) (Con): It is not just a question of the IHAT inquiry and the disgraceful behaviour of the disreputable solicitor Phil Shiner; we are now faced with the prospect of hundreds of British soldiers who served in Northern Ireland again being brought before the court, as the hon. Member for North Antrim (Ian Paisley) has just said. It is wholly unacceptable that nearly half a century on, men who have served their country to the best of their ability should face possible prosecution. Does my right hon. Friend accept that it is not good enough to say that this is a matter for the Police Service of Northern Ireland? This is a matter of public policy, for which Ministers must personally be accountable.

Mike Penning: We must make sure that if the police decide—I repeat that this is for the police to decide—that they need to investigate something, they can do so. As we bring forward proposals, we will help the police, but we will also ensure that we protect as much as possible those who have served their country—alongside me and other colleagues—throughout the years.

Defence Suppliers: Innovation

3. **Nigel Huddleston (Mid Worcestershire) (Con):** What steps he is taking to encourage innovation by defence suppliers. [907773]

The Parliamentary Under-Secretary of State for Defence (Harriett Baldwin): With a rising defence budget and an equipment plan worth £178 billion over the next 10 years, we are renewing our capabilities. We spend up to 20% of our science and technology budget on research, and we have launched an £800 million innovation fund.

Nigel Huddleston: The Minister will be aware that the Ministry has a reputation among some suppliers of being somewhat challenging to work with. What is she doing to try to improve working relationships, particularly with small and medium-sized enterprises, including many of the defence industry suppliers in Worcestershire?

Harriett Baldwin: My hon. Friend and constituency neighbour is absolutely right that it can be challenging to work with Ministry of Defence procurement processes. We are particularly keen to encourage small and medium-sized businesses to apply for business with us. We want to increase the level of our spending that we procure from small businesses from 19% to 25%. Acting on direct feedback from small businesses, we have introduced a network of supply chain advocates to help smaller businesses through the maze of defence procurement, and their contact details are available to my hon. Friend and other Members on request.

Toby Perkins (Chesterfield) (Lab): The Minister has referred to renewing our capabilities. I have previously asked her about the programme to renew the Type 45 power and propulsion systems. I recognise that there are commercial sensitivities, but will she tell us whether there is a budget for the programme of improvements to the Type 45 power and propulsion systems, and when does she expect all six vessels to be improved?

Harriett Baldwin: I am very pleased to be able to confirm to the hon. Gentleman that there is a budget, and that progress is being made. These incredibly capable

ships are performing a wide range of tasks. For example, HMS Daring is now in the Gulf, acting as part of our deployment there.

21. [907792] **Rebecca Pow** (Taunton Deane) (Con): Small firms in my constituency, such as GSI ExoTec Precision, which specialises in producing beryllium-based products, have the technology and the ideas that could help us to maintain our defence advantage. Will the Minister confirm how such firms can access the £800 million innovation fund, and when might the first competition stage start?

Harriett Baldwin: I am delighted to tell my hon. Friend that I was able to launch the first competition on Thursday at the University of Strathclyde in Glasgow. In the first competition—for up to £3 million—we are looking for new ways of exploring data to inform decisions. It does not sound as though that is exactly the area of specialisation with which the business my hon. Friend mentioned is engaged, but there will of course be further competitions, and applications are also open for a wide range of different ideas to be fed in directly.

Brendan O'Hara (Argyll and Bute) (SNP): No one would deny that it is vital to do everything we can to encourage innovation in the defence sector. Does the Minister agree with me that to foster an environment in which innovation can flourish, business and industry have to be able to trust what they are told by the Government? Given that, will she take this opportunity to explain to the shipbuilding industry exactly why she did not deliver on the copper-bottomed assurances, which she gave on at least four occasions, that the national shipbuilding strategy would be published before the autumn statement?

Harriett Baldwin: Mr Speaker, did you pick up in that question any congratulations on or delight at the fact that I was at the shipyards on the Clyde on Thursday, cutting steel for two new offshore patrol vessels? I remain astonished at the very grudging way in which the Scottish National party fails to recognise the billions of pounds of work that is being sent to shipyards on the Clyde.

Brendan O'Hara: For the record, I am absolutely delighted that the OPVs are being built on the Clyde. Will the Minister take this opportunity to apologise to workers and management across the UK shipbuilding industry for the misleading and contradictory statements that have come from the Ministry of Defence during the past few months? Will she also take this opportunity to explain why the shipbuilding strategy did not appear when she promised it would appear?

Harriett Baldwin: It is lucky the hon. Gentleman gets a supplementary, so that he can say some vague, grudging words of welcome for the fact that we have just announced two decades' worth of work on the Type 26 frigates in Scotland. He is complaining about the lack of publication of a report that has been published; the Government will provide their response next year. [Interruption.] Sir John Parker's report on shipbuilding was published on 29 November. I am sorry the hon. Gentleman has not had a chance to read it, and will send him a personally signed copy.

Mr Speaker: The hon. Gentleman is a very excitable burgher of this House. I am not sure that he has quite attained the apogee of statesmanship to which he should aspire. He must try to calm himself and take some sort of soothing medicament. That will probably do the trick. Let us hear from a calm person. I call Maria Miller.

Mrs Maria Miller (Basingstoke) (Con): The Minister's focus on innovation is absolutely right. Will she look at the excellent work of the National Aerospace Technology Exploitation Programme, which is already running more than 100 innovation projects, and establish how she can help to continue that work?

Harriett Baldwin: Mr Speaker, you were absolutely right to call my right hon. Friend, who has asked such a calm and helpful question about the excellent work of that organisation. She also will be familiar with the work of the Defence Growth Partnership at Farnborough and the fantastic way in which it works to promote the excellence of the UK aerospace industry to people all around the world.

RAF Operations: Iraq and Syria

4. **Bridget Phillipson** (Houghton and Sunderland South) (Lab): What assessment he has made of the effectiveness of the RAF's military operations in Iraq and Syria. [907774]

The Secretary of State for Defence (Sir Michael Fallon): The Royal Air Force has made a vital contribution to the counter-Daesh coalition, carrying out 1,092 strikes in Iraq and 75 in Syria, and providing essential intelligence, surveillance and reconnaissance. In Iraq, the RAF has helped Iraqi security forces reclaim significant territory, including supporting operations to liberate Mosul. In Syria, the RAF has already attacked Daesh's capital in Raqqa while supporting opposition groups pushing back Daesh on the ground.

Bridget Phillipson: The RAF is making real progress in tackling Daesh in Iraq and Syria, and our thoughts at this time of year must be with our brave servicemen and women. Once Mosul has been liberated by the Iraqi Government what role does the Secretary of State anticipate for the RAF in Iraq?

Sir Michael Fallon: We shall be reviewing progress in Iraq and Syria with the military commanders at the counter-Daesh coalition meeting in London on Thursday, and will map out a road to longer-term peace in Iraq, including potential future deployments in different parts of Iraq that may help to continue the training we have been offering Iraqi forces, and further work on counter-terrorism. We will also discuss the need to control the spread of the return of foreign fighters from Iraq and Syria to the different countries that they came from.

Mrs Anne-Marie Trevelyan (Berwick-upon-Tweed) (Con): At a time when our RAF is at full stretch on operations, the Secretary of State will be as concerned as I was to hear the announcement that RAF Halton is to close, not because the long-term defence estate consolidation is not the right direction of travel, but because the closure seems to have been sprung on the civilian and

military personnel in order to meet the local council land bank deadline. Will he reassure personnel about timescale and staff support so that the decision does not create a serious retention risk?

Mr Speaker: Notably in relation to operations in Iraq and Syria, to which I am sure the hon. Lady intended to allude but did not quite get round to doing so.

Sir Michael Fallon: Decisions on closing some of the bases and airfields that we no longer need have been taken on the basis of military capability and on the advice of service chiefs. I am sure that the whole House will join my hon. Friend, and indeed the hon. Member for Houghton and Sunderland South (Bridget Phillipson), in paying tribute to the work of the RAF—both the sustained tempo of its operations, which is probably at its highest for more than 25 years, and the enormous job it is doing to keep our country safe.

John Woodcock (Barrow and Furness) (Lab/Co-op): May I press the Defence Secretary on the level of defeatism in his statement that it is nearly impossible to envisage successful airdrops if Russia does not allow them? For all its belligerence, Russia does not want to trigger a conflict with the UK and our NATO allies. The longer that that cowardice, in essence, goes on in the face of Russia's posturing, the more Russia will push and the harder it will be for any resolution to come to the dreadful tragedy happening in Syria.

Sir Michael Fallon: We continue to consider all possibilities for getting either food or medicine into Aleppo, or indeed some of the other besieged areas, but it is not simply a question of Russian permission; we would also have to make sure that any drops were feasible, considering the vulnerability of aircraft to ground-to-air defence systems.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): The Secretary of State said that it was very late for the people of eastern Aleppo, but it is not too late, and I would second the calls for airdrops. RAF planes could be flying over and providing humanitarian airdrops. Some 200 Members on both sides of the House, including Front-Benchers and Back-Benchers in the Labour party, have signed a letter calling for airdrops. Leading humanitarian organisations have done likewise. Will he look at it again?

Sir Michael Fallon: We continue to look, almost daily, at the various ways we might get food aid in, but it is not possible, in a contested airspace, with ground-to-air missile systems and Russian aircraft flying overhead, denying permission, to fly coalition aircraft over Aleppo. Without that security, we cannot drop food where it is most needed, but we continue to look at all the options.

Nia Griffith (Llanelli) (Lab): I thank the Secretary of State for his answer on Aleppo to my hon. Friend the Member for Barnsley Central (Dan Jarvis), and I recognise the RAF capabilities that he mentioned, but I share the concerns raised by my hon. Friends the Members for Barrow and Furness (John Woodcock) and for Cardiff South and Penarth (Stephen Doughty) that we really need to look at this again. Will the Secretary of State continue to look—and not at any stage give up looking—for a way to alleviate the terrible suffering in east Aleppo?

Sir Michael Fallon: I can give the hon. Lady that assurance. We continue to look at these options and to talk to non-governmental organisations willing to help us provide food and medicine. Some food and medicine is getting into other cities in Syria, but it is not getting into Aleppo itself, simply because of the impossibility of flying aircraft in the airspace over Aleppo and the very real risk of aircraft being shot down.

Apprenticeships

6. Rebecca Harris (Castle Point) (Con): What support the armed forces provide to apprenticeships. [907777]

The Parliamentary Under-Secretary of State for Defence (Mark Lancaster): The armed forces are Britain's biggest provider of apprenticeships. We have around 20,000 apprentices on programmes at any one time, ranging from engineering and IT to construction and driving. Defence has pledged to start 50,000 apprenticeships during this Parliament and will seize the new Treasury co-investment opportunity to work with the Department for Education, expanding and improving the current range of apprenticeships we offer.

Rebecca Harris: That is indeed impressive. I was expecting a good reply but not to find out that the armed forces were the largest provider in the country. What assurance can the Minister give those residents of mine who might want to take up an apprenticeship with the Ministry of Defence that they offer quality as well as quantity?

Mark Lancaster: My hon. Friend is right to focus on quality, and I am delighted to say that following the last Ofsted inspections both the Army and the naval service were graded as "good", with some individual programmes being graded as "outstanding", while the RAF's programme was graded as "outstanding".

Mr David Hanson (Delyn) (Lab): The Minister mentioned the Department for Education, and the Government website refers to England, so will he assure me that apprenticeships are available throughout the UK for people in the devolved regions where apprenticeships are a devolved matter to the Scottish Parliament, the Northern Ireland Assembly or the Welsh Assembly?

Mark Lancaster: Of course, we are always happy to work with devolved Assemblies, and I can absolutely reassure the right hon. Gentleman that apprenticeships are available to all our armed forces personnel.

Jason McCartney (Colne Valley) (Con): I thank the Secretary of State for coming to my constituency on Friday to open the Type 26 facility at David Brown Santasalo, the gear manufacturer, where he met and spoke to some of its many young apprentices. Will he and his Ministers continue to make sure that quality apprenticeships are a key part of the defence supply chain?

Mark Lancaster: My hon. Friend makes a good point. Indeed, I understand that the visit was a great success. Absolutely, as we look to the future, this is not just about apprenticeships in the armed forces, but about the transition for service personnel when they leave.

We have a duty to prepare them for work potentially in the supply chain after their service. After all, this is a partnership with industry.

Douglas Chapman (Dunfermline and West Fife) (SNP): This time last week, the SNP's defence team visited BAE Systems on the Clyde and talked to apprentices about their future. What reassurances can the Government give to these skilled young men and women who are waiting to hear if the promised Type 31s will be built entirely on the Clyde?

Mark Lancaster: It is worth remembering that the apprentice who will work on the last Type 26 is yet to be born, but we continue to work closely with industry. As the Under-Secretary of State for Defence, my hon. Friend the Member for West Worcestershire (Harriett Baldwin), said just a few moments ago, the investment made in Scotland for many years to come should be celebrated.

Battle Tanks

7. **Dr Julian Lewis** (New Forest East) (Con): For what reasons his Department plans to reduce the Army's number of main battle tanks. [907778]

The Minister for the Armed Forces (Mike Penning): The strategic defence and security review 2015 committed us to a more adaptive force to meet the range of future threats. This means having the best mix of Challenger 2 tanks and the new Ajax multi-purpose armoured vehicles to deliver the Army's contribution to future threats. We are planning to spend £700 million to extend the Challenger 2 capability out to 2035.

Dr Lewis: I thank the Minister for that answer. While we should warmly welcome the very large order for Ajax fighting vehicles, does he accept that these will be no match for the armour and the armament of enemy main battle tanks? Will he therefore confirm how many of our existing 227 tanks will go forward to the Challenger 2 life extension programme, bearing in mind the need to have capacity for regeneration in the event of a crisis?

Mike Penning: My right hon. Friend is the Chair of the Defence Committee and has taken a keen interest in defence matters for so many years. He knows very well that it is for the military to decide exactly what the capabilities are, but having £700 million available for Challenger 2 going forward to 2035 shows a clear commitment to Challenger.

Gerald Jones (Merthyr Tydfil and Rhymney) (Lab): While I support having a diversity of vehicles available, there are reports that the Army is planning to reduce its number of tanks by a third. At a time when Russia has announced a new generation of vehicles, ours will reduce from 227 to 170. Does the Minister agree that now is not the right time for this sort of announcement to be made, because it sends out completely the wrong message about our defence?

Mike Penning: We should not believe everything we read in the press—as a former journalist, I might have written it in the past. We need to trust the armed forces to tell us exactly what they want. The Russian Armata

tank, which I think is what the hon. Gentleman is alluding to, is an unmanned vehicle. We are making sure that innovation and adaptation is there. I would have thought that we would hear more cheers from Labour Members, particularly those in Wales, about the fact that the Ajax vehicle is going to be built in Wales.

Wayne David (Caerphilly) (Lab): The Minister mentions the Ajax vehicle. When David Cameron was Prime Minister, he announced that the new Ajax fighting vehicle would be a “boost for British manufacturing”. While I welcome the fact that many of the vehicles will be assembled in Merthyr Tydfil, they are being built using Swedish steel and will have their hulls built in Spain—and some are to be completely built in Spain. Does the Minister accept that Mr David Cameron was somewhat inaccurate in his statement?

Mike Penning: No, I do not think so. The issue is about jobs in Wales, which are coming to Merthyr Tydfil, and making sure that the Army has the vehicle it wants. That is what this Government are going to guarantee. Unless the Labour party commits to spending 2% of GDP on defence, they are never going to reach this sort of expenditure.

NATO

10. **Mr Dominic Raab** (Esher and Walton) (Con): What steps he is taking to strengthen the UK's commitment to NATO. [907781]

The Minister for the Armed Forces (Mike Penning): Next year, we are sending nearly 800 troops to Estonia and 150 personnel of the Light Dragoons to Poland. We are leading the Very High Readiness Joint Task Force, and undertaking air policing, based in Romania, with the four Typhoons we are committing to NATO.

Mr Raab: I welcome the Government's commitment, particularly to the Polish Prime Minister last month, of additional UK troops and armoured vehicles in the face of concerns about the Russian threat. Does the Minister agree that we should stand shoulder to shoulder with our Polish friends, and that this shows how Britain can be an even stronger European ally—irrespective of Brexit?

Mike Penning: On behalf of the Secretary of State and the Prime Minister, I had extensive talks with the Polish Defence Minister and his colleagues, who were thrilled that we were committed to being with them, which is what came out from the statement afterwards. The Light Dragoons, which will have their Jackals in Poland, are really looking forward to going there as well.

Mike Gapes (Ilford South) (Lab/Co-op): On the day we celebrate the 25th anniversary of the end of the USSR, can we do more to educate our people about the importance of defending the security of the states—Estonia, Latvia and Lithuania—that regained their independence and were able to make a free, democratic decision to associate with NATO, and to end the nonsense we hear in some quarters, perhaps on both sides of the Atlantic, that NATO is not a voluntary alliance?

Mr Speaker: Order. I am sure the hon. Member for Esher and Walton (Mr Raab) is as interested in hearing other contributions on his question as he was in hearing his own views. It is customary for colleagues to remain until the end of the exchanges on their own question, which does not seem unreasonable.

Mike Penning: The whole success of NATO lies in the fact that countries join freely. The hon. Member for Ilford South (Mike Gapes) is right that the countries he mentioned—Latvia, Estonia and so on—are particularly worried about their protection. It is not like the British Army of the Rhine, which I had the honour and privilege to serve with and which sat there, static, for long periods; what we and our allies in NATO are sending is a significant force to make sure the Russians know that we are serious.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): Part of the strength of any alliance is sometimes being a critical friend of other members of that alliance. Will the Minister, on behalf of the Secretary of State, assure me that the next time they speak to the future leader of the free world, they might request that he starts reading his CIA briefings daily and so does us all a favour?

Mike Penning: I am sure that the future President of the United States will read the CIA briefings when he becomes the President of the United States. I am sure the hon. Gentleman saw this morning's press coverage showing that the future President of the United States does not believe everything that he is told by the press.

James Heapey (Wells) (Con): The additional support to NATO is welcome, but for our land forces that requires high-end armoured formations. Will the MOD be making new money available to properly regrow and train with that capability?

Mike Penning: The armed forces, particularly the Army, have the money they require. Only recently, I visited the Light Dragoons and the Rifles, which will be deploying to Poland. The equipment they have is second to none, but we will keep their equipment under review, to make sure it is fit for purpose, particularly in view of the inclement weather in Poland.

Royal Navy

11. **Jack Lopresti** (Filton and Bradley Stoke) (Con): What steps he is taking to increase the size and power of the Royal Navy. [907782]

The Minister for the Armed Forces (Mike Penning): What a busy time for me, Mr Speaker. I am proud to say that, for the first time in a generation, the Royal Navy is growing. This Government are committed to increasing our maritime power to project our influence across the world and to promote our prosperity. That can clearly be seen in the personnel numbers we are aiming to reach—30,600—as well as the Queen Elizabeth class aircraft carriers, 19 frigates and destroyers, and further offshore patrol vessels, new tankers and support ships by 2030.

Jack Lopresti: Does my right hon. Friend agree that to fulfil the Government's commitment to increase the size of the fleet specifically in relation to frigates and destroyers, we have to replace the Type 23 at a rate of one a year? Will he commit to that?

Mike Penning: What we will commit to is the new frigates that will replace the Type 23s. Having been on a Type 23 only in the past couple of weeks, when we were shadowing the Russian aircraft carrier in the English channel, I know we must not underestimate the capabilities of the Type 23s, not least because many other countries are looking to purchase them when we can sell them off. At the end of the day, the Type 23s are doing a fantastic job, and we will make sure that the new frigates do just as well.

24. [907795] **Mary Glendon** (North Tyneside) (Lab): Will the new Royal Fleet Auxiliary ships be built in the UK? If so, will the right hon. Gentleman give a further commitment to buying British in defence procurement, and guarantee the use of British steel to build those ships?

Mike Penning: Importantly, last week's report stated that what we needed to achieve was the best value for the Navy. We must make sure that shipyards bid for the work—previously, they have not done so. Let us see what bids come forward and who wins.

Mrs Flick Drummond (Portsmouth South) (Con): When does my right hon. Friend expect to be able to announce the basing and maintenance options for the Type 26 and Type 23 frigates? Will he confirm that Portsmouth is being considered for at least some of those welcome new ships?

Mike Penning: Of course we recognise that bids are coming in. As soon as the Under-Secretary of State for Defence, my hon. Friend the Member for West Worcestershire (Harriett Baldwin), who is responsible for defence procurement, has the ability to make that announcement, I am sure she will do so. We are looking forward to the new frigates, not least because, as I said earlier, we can sell off the Type 23s to countries that particularly want them.

Ruth Smeeth (Stoke-on-Trent North) (Lab): Today I received my first Christmas present: a Royal Navy calendar. [Interruption.] A calendar showing platforms, obviously. January features HMS Ocean. Can the Minister inform us how its decommissioning in the next 18 months, after years of impressive service, adds to the strength and power of our Royal Navy?

Mike Penning: While procurement does not fall within my bailiwick, I am reliably informed that HMS Ocean was always due to go out of service in 2018, and at the same time the new Elizabeth class carriers will come into force. She has done fantastic work, and we must praise the work the ship and, most importantly, her crew have done over the years, but her time is coming towards its end and she will go in 2018.

Nia Griffith (Llanelli) (Lab): Well, I have to say that the answer from the Minister for defence procurement, the hon. Member for West Worcestershire (Harriett Baldwin), to the hon. Member for Argyll and Bute (Brendan O'Hara) on the publication of the national shipbuilding strategy is simply not good enough—not good enough for our Royal Navy, not good enough for workers in our shipbuilding industries, and not good enough for our international allies. The fact is that on

29 November the Government only published Sir John Parker's independent review to inform the strategy, when just last year the Government promised to "publish a new national shipbuilding strategy in 2016".

With just six parliamentary days left until the end of the year, will the Minister tell us exactly when we are going to see that strategy?

Mike Penning: We will see it in spring 2017, but I do find it slightly difficult to be lectured on defence procurement by a party that will not even commit itself to 2% of GDP. The key to this is making sure that we get the ships built in the shipyards, that we get the apprentices we need, and that the whole community benefits from it.

Nia Griffith: I do not know where the Minister gets his information from; I do not know whether he reads Westminster Hall debates, and I do not know if he has been listening to what we have been saying very clearly from this Dispatch Box, but we are fully committed to a 2% spend of GDP to meet our NATO commitments and to spend it on defence, as is required.

May we now turn to a more specific issue to do with the naval fleet, and in particular the Type 26 frigates, which have faced very long delays with all the attendant risks to our naval capabilities? The Defence Committee recently said that the national shipbuilding strategy "must include strict timelines for the delivery of the new Type 26 class of frigates and an indicative timeframe for the General Purpose Frigate."

Will the Minister confirm that when we see this in the spring, it really will include those details?

Mike Penning: I did a little bit of research and it appears that the Labour Government started looking at Type 26s in 1997; they had 13 further years in government, yet it will be us who will be cutting steel, in spring next year.

Several hon. Members *rose*—

Mr Speaker: I think we will hear the voice of Gainsborough on this matter.

15. [907786] **Sir Edward Leigh** (Gainsborough) (Con): With increasing demands for frigates worldwide, does my right hon. Friend agree with Sir John Parker that we should focus on building ships that other countries actually want to buy, something the Royal Navy has signally failed to do in the past?

Mike Penning: My hon. Friend has hit the nail on the head: the Type 26 is not just for our Navy, but is for our allies around the world as well. It will be exactly the type of ship that will replace the 26 around the world if we get the build right and actually get it out there, which is something the previous Administration forgot to do.

Daesh

12. **Stephen Hammond** (Wimbledon) (Con): What recent assessment he has made of progress in the military campaign against Daesh. [907783]

The Secretary of State for Defence (Sir Michael Fallon): In Iraq, operations to liberate Mosul are progressing, with Iraqi security forces reclaiming increasing areas of

eastern Mosul. Many of those involved in the operation are among more than 31,000 Iraqi troops trained by the UK in counter-IED, engineering and medical skills. In Syria, coalition support has helped push Daesh back from the Turkish border and is now taking the fight to Daesh's heartland, with the move on Raqqa.

Stephen Hammond: When my right hon. Friend meets many of his counterparts later this week, will he confirm that he will focus the discussion on how the threat of Daesh can be defeated, particularly in Iraq?

Sir Michael Fallon: Yes, we will be reviewing the military progress being made, which is substantial in Iraq: Daesh has less than 10% of Iraq now. We will also be mapping out the long-term plan to bring peace and stability, in particular to western Iraq. We will be working, too, as a coalition to monitor the dispersal of Daesh fighters from Iraq who may be moving to other theatres.

Derek Twigg (Halton) (Lab): Does Daesh's move into Palmyra this week not show that there is a lack of a coherent strategy? In our debate on airstrikes 12 months ago, Members argued that more boots on the ground were required. Should not the Secretary of State and the Prime Minister argue strongly for that in the United Nations? Otherwise, the slaughter of countless innocent individuals, which we have seen in the last 12 months, will just go on and on.

Sir Michael Fallon: Well, there is no support at the United Nations for the deployment of UN troops in Syria, and there may not be support in this House for the deployment of British troops on the ground in combat in Syria. Our role has been to provide the intelligence gathering from the air and the airstrikes on the ground. I can tell the House that the second front has begun to be opened up now, with a move by the Syrian Democratic Forces towards Raqqa, which is in effect the capital of the caliphate. That began at the end of last week.

Sir Desmond Swayne (New Forest West) (Con): How many fighters originating from the UK have been killed in the various regions? How many remain and how many have returned to the UK?

Sir Michael Fallon: If I may, I will write to my right hon. Friend with the exact numbers involved, but we believe that several hundred British fighters remain in either Iraq or Syria. Altogether there are many thousand foreign fighters from western Europe and further afield. One of the issues we will consider this week is how we properly monitor their dispersal either to other theatres or back to our respective countries, and how those who have fought for a proscribed organisation such as Daesh can be properly brought to justice.

Sir Desmond Swayne: There is no need to write.

Mr Speaker: That is very generous-spirited of the right hon. Gentleman.

Armed Forces: Equipment

14. **Edward Argar** (Charnwood) (Con): What plans he has to invest in equipment for the armed forces until 2020. [907785]

The Parliamentary Under-Secretary of State for Defence (Harriett Baldwin): The Government are committed to increasing the defence budget by 0.5% a year in real terms, as well as increasing our equipment budget by 1% above inflation each year until 2020. Put simply, that means more ships, more planes and an increase in cutting-edge equipment for our Special Forces.

Mr Speaker: One of the great merits of having the Clerk in front of me is that I am on the receiving end of his specialist advice. May I say, for the benefit both of the right hon. Member for New Forest West (Sir Desmond Swayne), who takes an interest in these matters, I know, and of the House, that the letter to which reference was made is strictly speaking a letter to the House and for its benefit? Notwithstanding the motivation of the right hon. Gentleman in saying, “You need not write,” may I with the greatest respect say to the right hon. Gentleman, a distinguished former Minister, that that is not for him to judge—the letter is for the House’s benefit. He may be disinterested in it, but others may be interested. We will leave it there.

Chris Bryant (Rhondda) (Lab): How will we get to see it?

Mr Speaker: The hon. Gentleman chunters from a sedentary position, “How will we see it?” Toddle along to the Library and you will find it, man.

Edward Argar: Will my hon. Friend the Minister reassure me that we will continue to provide our armed forces with the best possible equipment and that, where appropriate and where that standard is met, that will be equipment developed and manufactured in the UK?

Harriett Baldwin: My hon. Friend is right that we need to focus on the best equipment and getting the right capability for our armed forces. We will also always seek the best value for money for the taxpayer, but we will seek to get that UK content as strong as possible. The F-35 is an example. Fifteen per cent. of each of the 3,000 planes in the global programme are made at Warton in the north-west, and the UK has been selected as the global hub for a large number of elements for the maintenance, repair, overhaul and upgrade of those fantastic aircraft.¹

Topical Questions

T1. [907796] **Andrew Stephenson (Pendle) (Con):** If he will make a statement on his departmental responsibilities.

The Secretary of State for Defence (Sir Michael Fallon): Our priorities remain success in our operations against Daesh and implementing our strategic defence and security review. As I have told the House, on Thursday I will chair the next meeting of Defence Ministers from across the coalition against Daesh, reviewing progress in Iraq and now in Syria and mapping out longer-term plans for peace and stability in the region.

Andrew Stephenson: On Saturday, I visited my constituent, 27-year-old father of two Shahbaz Saleem, a brave RAF serviceman who has dedicated the past 10 years of his life to the RAF, but tragically is now in Pendleside hospice with terminal bowel cancer. Despite that devastating diagnosis, he has taken on another challenge: he has

raised over £15,000 so far for the hospice. Will the Secretary of State join me in paying tribute to Shahbaz for his service in the RAF and for raising so much money for that very worthwhile cause?

Sir Michael Fallon: I am very happy to pay that tribute. Senior Aircraftman Saleem is an airman of the highest calibre who has supported our operations in Afghanistan and, indeed, in Libya. His wife and young daughter should be in no doubt about the highest regard in which the Royal Air Force holds him. We are all impressed and inspired by the courage that he has shown from his sickbed in raising so much money for Pendleside hospice.

Wayne David (Caerphilly) (Lab): Following the Government’s announcement of base closures, what guarantees has the Ministry of Defence given to civilian staff regarding their future employment?

Sir Michael Fallon: As the hon. Gentleman knows and, I think, supported at the time, we have had to reduce the number of bases to ensure that our servicemen and women are in better accommodation in fewer remote areas, and in places where their spouses and partners have more chance of getting into employment. Obviously, civilian jobs may be affected. We have plenty of time. We have set out the generous timescales for discussion. The moves are not immediate and we will certainly do everything we can to ensure that those civilians are properly looked after.

T4. [907799] **Luke Hall (Thornbury and Yate) (Con):** What steps is my right hon. Friend taking to increase Britain’s defence representation around the world, to promote our security and prosperity?

Sir Michael Fallon: This year we have established regional defence staffs in the Gulf, based in Dubai; in Asia-Pacific, based in Singapore; and in Africa, based in Abuja. That fulfils the defence engagement commitment that we made in the strategic defence review last year. The new regional defence staffs will work with our international partners to protect and advance our interests by reinforcing bilateral and multilateral defence relationships.

T2. [907797] **Bridget Phillipson (Houghton and Sunderland South) (Lab):** I welcome the role that UK forces will play in Estonia as part of NATO’s forward presence. It is vital that we provide reassurance in facing the threat from Russia. What further steps will we take to bolster security in the Baltic states and in Poland?

The Minister for the Armed Forces (Mike Penning): Our allies in NATO look very carefully at what we can do and where we can do it. Other nations are also joining in. The French are coming with us into Estonia, with 200 troops in the first six-month tranche. As I said in response to an earlier question, as a coalition we will look carefully at what capabilities we need and where we need them, and we will step up to the mark as we always do.

T5. [907800] **David T. C. Davies (Monmouth) (Con):** Is my right hon. Friend able to offer any hope that 2017 will be a better year for soldiers who either have been or

1. [Official Report, 14 December 2016, Vol. 618, c. 5-6MC.]

are being investigated for decisions taken in the heat of battle, particularly Royal Marine Sergeant Blackman, who faces another Christmas in jail?

The Parliamentary Under-Secretary of State for Defence (Mark Lancaster): The Ministry of Defence has co-operated with the legal process and will continue to do so. Now that that case has moved to the court martial appeal court, it would be inappropriate to comment.

T3. [907798] **Mary Glendon** (North Tyneside) (Lab): What assessment have the Government made of the threat of the use of tactical nuclear weapons by Russia, and what action is Britain taking with NATO allies to resist it?

Sir Michael Fallon: Russia has chosen to deploy Iskander missiles in the Kaliningrad area that it controls. Part of the purpose of our deployment next year of troops to Estonia and Poland, and of RAF Typhoons down to Romania, is to reassure our allies that we all in NATO absolutely stand by the right to collective defence. We will continue not only to reassure, but to make it very clear to Russia that we will come to the aid of any member state that is attacked.

T8. [907804] **Edward Argar** (Charnwood) (Con): As we approach Christmas, a time that many members of our armed forces will spend away from their families, will my right hon. Friend join me in thanking them and their families for all that they do to protect us in this country and for the sacrifices they all make?

Mike Penning: As the Minister for the Armed Forces, or for ops, it is very appropriate for me to ask the House to join me in wishing everyone in our armed forces, and their families and loved ones, a very merry Christmas. We all hope that they will come home safe.

T7. [907802] **Mr Douglas Carswell** (Clacton) (UKIP): Does the Minister support Sir John Parker's recommendation that the construction of the Type 31 frigate be opened up to a much wider range of defence contractors, rather than just BAE Systems, and that in doing so we can end the defence cartel and embrace more competition?

The Parliamentary Under-Secretary of State for Defence (Harriett Baldwin): I thank the hon. Gentleman for having read that excellent report, for which we thank Sir John Parker. The Government will respond to his 34 recommendations in spring 2017.

T9. [907805] **Mr Ranil Jayawardena** (North East Hampshire) (Con): At RAF Odiham in my constituency, 97% of the outdated junior-rank accommodation either has the worst grading or has been condemned. Will my hon. Friend meet me to discuss meeting the approved requirement that has already been determined?

Mark Lancaster: I would be delighted to meet my hon. Friend, but I am pleased to report that a funded programme to rebuild or repair the five worst accommodation blocks will start next year for completion by 2022.

Joan Ryan (Enfield North) (Lab): We have already heard how Russian military activity in support of the Assad regime prevents aid from getting into Aleppo, but it also prevents people and medics who want to leave from getting out safely. What discussions are we having with our allies to ensure safe passage in this intolerable situation?

Sir Michael Fallon: It is an intolerable situation: hospitals are being bombed and humanitarian aid convoys are being attacked. It is clear that Russia and the Syrian regime are not prepared to allow the aid that should get in to get in. There were discussions at the meeting of Foreign Ministers in Paris on Saturday, and there will be further discussions in the days ahead, but until Russia lifts its bar on getting aid into parts of eastern Aleppo, my fear is that a large number of people are going to die.

Michael Fabricant (Lichfield) (Con): Will the Secretary of State join me—I am sorry; I have lost my voice, which will please many people in this House. Will the Secretary of State join me in condemning those who have condemned in turn our deployment of troops in Estonia as provocative? Does he agree that the Baltic states themselves have welcomed it in the face of Russian aggression?

Mr Speaker: A very good croak indeed in the circumstances.

Sir Michael Fallon: My hon. Friend will have noted the leader of the Labour party's call for a demilitarised zone between NATO and Russia. It will be interesting to hear at some point whether the rest of the Labour party agrees with that, because President Putin certainly would.

George Kerevan (East Lothian) (SNP): The unit cost of the five P-8 Poseidon aircraft that Norway is buying is \$300 million, including the data uplink. After the Brexit devaluation, the unit cost of the nine P-8s that the UK is buying is nearer to \$400 million dollars. Does the Minister call that value for money?

Harriett Baldwin: I am not quite sure of the hon. Gentleman's exact point, because if it were up to him and his party, we would not be buying P-8s or basing them in Scotland.

Marcus Fysh (Yeovil) (Con): Will my hon. Friend support me in obtaining Department for Communities and Local Government sponsorship for the lion's share of funding to bring forward the iAero innovation hub in Yeovil? Rapid innovation in unmanned aerial vehicles could help the MOD to deliver aid and support our military.

Harriett Baldwin: I thank my hon. Friend for his tireless campaigning on behalf of the excellent work done in his constituency on interesting, innovative projects, such as the unmanned helicopter system. We have committed to spend some £3 billion with Leonardo over the next 10 years as part of our long-term partnering arrangement.

Mrs Madeleine Moon (Bridgend) (Lab): The Israeli and US navies have recently been attacked with anti-ship missiles by Hezbollah and the Houthis. Is it not time to look again at the River-class offshore patrol vehicles and the Type 31 frigate to ensure that they have ASAM capability?

Harriett Baldwin: It is important that the Royal Navy continually assesses the capabilities with which ships are fitted. I cannot go into some sensitive details at the Dispatch Box owing to operational requirements.

Chris Philp (Croydon South) (Con): The UK's frigates and destroyers are currently protected with Harpoon missiles with a range of 80 miles. Those missiles will be coming out of service in 2018, leaving our frigates and destroyers defended by Mark 8 guns with a range of 17 miles and, from 2020, Sea Venom missiles with a range of just 11 miles. Will the Minister reconsider extending the service life of the Harpoon missiles to ensure that our ships are properly defended?

Harriett Baldwin: The Royal Navy is, of course, continuously assessing the capabilities it requires, and work is ongoing across the Department to consider the options for the Harpoon replacement.

Chris Bryant (Rhondda) (Lab): Thanks to the Cluster Munitions (Prohibitions) Act 2010, brought in by the Labour Government, we do not use or sell cluster munitions any more, but the Government are also required under the Act to persuade their allies not to use cluster munitions either. What are the Government doing to try to stop the Saudis from using cluster munitions in Yemen?

Harriett Baldwin: In line with our obligations under the cluster munitions convention, we continue actively to discourage all states that are not party to the convention from using cluster munitions and we encourage them to accede to it without delay. We have raised the issue of ratification of the convention at ministerial level with Saudi Arabia.

Kelly Tolhurst (Rochester and Strood) (Con): I was disappointed to learn of staff reductions at BAE Systems, including at the site in my constituency. Will my right hon. Friend outline what support his Department can offer to our local suppliers to ensure that the skills behind the innovation are secured in my constituency?

Harriett Baldwin: I share my hon. Friend's disappointment at the news that BAE Systems is reducing employment at the Rochester site—after all, we are spending quite a lot of money with BAE at the moment. But I am sure that the people she mentions have exemplary skills, and I can say on behalf of the Government that we will do everything we can to make sure that those valuable skills are redeployed in other areas of this avionics speciality.

Toby Perkins (Chesterfield) (Lab): Further to the hon. Lady's answer to me earlier, I am glad that she gave confirmation about the budget, but can she tell us when the last of the six Type 45 destroyers will have the new power and propulsion system fitted?

Harriett Baldwin: I cannot give the hon. Gentleman an exact timetable, because that has not been finalised, but I can tell him that the budget is in place, the contract will be competed for in the normal way, and that ongoing improvements are being made—as they have been made—all the time to that power and propulsion system.

Several hon. Members *rose*—

Mr Speaker: Ah yes, the good doctor—the Chair of the Select Committee no less: Dr Julian Lewis.

Dr Julian Lewis (New Forest East) (Con): Do Ministers accept that the Type 31 general purpose frigates are the only chance we will have for a generation to raise the number of escorts from the pathetic total of 19 back to the sort of figures we used to have when we really had an ocean-going Navy with enough escorts to protect it? Will the Minister therefore ensure that the design of these frigates is chosen to be of the most economical nature? All the bells and whistles can be added later but the maximum number of hulls must be commissioned.

Sir Michael Fallon: I say to the Chairman of the Committee that we have some 29 ships serving on the seven seas around the world at the moment, and I am sure that that has his support. He makes a very good point about the exportability of the Type 31 frigate, and our ambition to raise the number of frigates and destroyers above the current 19.

Martin Docherty-Hughes (West Dunbartonshire) (SNP): On a point of order, Mr Speaker.

Mr Speaker: Exceptionally, as I understand that it flows in some way legitimately from the exchanges that have already taken place, I will hear the point of order now. I am sure that the hon. Gentleman will not abuse his privilege.

Martin Docherty-Hughes: I am grateful to you, Mr Speaker. During Defence questions, the Under-Secretary of State for Defence, the hon. Member for West Worcestershire (Harriett Baldwin), advised that the shipbuilding strategy had been published and said she would send a signed copy to my delighted friend, my hon. Friend the Member for Argyll and Bute (Brendan O'Hara). Yet, when cross-examined by the shadow Defence Secretary, the Minister for the Armed Forces stated that publication would take place in spring 2017. Will the Secretary of State now answer the question: which one is it?

Sir Michael Fallon *rose*—

Mr Speaker: No response from the Secretary of State is required. The hon. Member for West Dunbartonshire (Martin Docherty-Hughes) had, a moment ago, a beaming countenance, as he obviously felt he had unearthed a crucial nugget. If he is satisfied with his prodigious efforts, I am glad to bring a little happiness into his life. We will leave it there for now.

NEW MEMBER

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

Dr Caroline Elizabeth Johnson, for Sleaford and North Hykeham.

Social Care Funding

3.41 pm

Barbara Keeley (Worsley and Eccles South) (Lab) (*Urgent Question*): To ask the Secretary of State for Health if he will make a statement on the crisis in funding in social care, and the effect it is having on the NHS and on the care of vulnerable older people.

The Parliamentary Under-Secretary of State for Health (David Mowat): I thank the hon. Lady for raising today's question. All Members of this House will agree that there are few areas of domestic policy that touch on so many lives and that are so important to so many of our constituents.

I wish to start by acknowledging the work of more than 1.4 million professional carers, the vast majority of whom provide excellent, compassionate care. I also wish to acknowledge the 6 million informal carers who also do so much.

Spending on long-term care in our country is more than the OECD average—in particular, it is more than comparable economies such as France and Germany. Nevertheless, I accept that our system is under strain, and that pressure has been building for some years now.

The Government response has been to ensure that councils have access to funding to increase social care spend by the end of this Parliament. We estimate that the increase could be around 5% in real terms. Additional funding comes from the better care fund, the additional better care fund and changes to the precept.

Another response has been to put into place and enforce a robust regulatory system. Between 2014 and early next year, all homes and domiciliary providers will have been re-inspected. Seventy-two per cent are classified by the Care Quality Commission as good or outstanding. Where homes are inadequate, powers now exist to ensure improvement or force closure. Those powers are being used.

Another Government response has been to work with local authorities to ensure that a continuing market exists. In the past six years, the total number of beds has remained constant, and there are 40% more domiciliary care agencies now than in 2010. Finally, the Government have responded by driving further and faster the integration of the care and health systems. We have seen that those councils that do that best demonstrate far fewer delayed transfers than those who adopt best practice more slowly.

Any system would benefit from higher budgets, and social care is no exception—but quality matters too. Today is not a budget statement or a local government settlement. I wish to end by commending again the many hundreds of thousands of carers who work hard to make the current system work for so many.

Barbara Keeley: That was a disappointment. Before the autumn statement, we debated the funding crisis in social care—it is not a strain but a crisis—and the serious concerns expressed by local government health and clinical leaders. We on the Labour Benches called on the Government urgently to bring forward promised funding to address that crisis. The Chancellor did not listen and did not bring forward any funding for social care—he did not even mention it. Will the Minister tell

us in his response why Health Ministers do not stand up for vulnerable and older people in this country and fight harder to get extra vital funding for social care?

Over 1 million older people in this country have unmet care needs, 400,000 fewer people have publicly funded care than did so in 2010 and, as he recognises, a heavier burden now falls on unpaid family carers. The crisis in social care has been made by this Government as a result of £5 billion being cut from adult social care budgets. Can the Minister confirm what is reported by *The Times*—that the Government intend to dump this funding crisis on local councils and council tax payers by increasing the social care precept?

The King's Fund has called that proposal “deeply flawed” because local councils in the least deprived areas would be able to raise more than twice as much as those in the most deprived areas. This year that means that the precept raises £15 per head of the adult population in Richmond, but only £5 per head in Newham and Manchester. That would widen inequality of access to social care across the country. Is it the care Minister's intention to support a solution that widens inequality of access and denies social care to hundreds and thousands of vulnerable older people?

David Mowat: The hon. Lady fought the last election on a manifesto that said not one penny more for local government spending. She is against the change to the precept that we brought in in the spending review. She talked this morning about being against taxpayers and council tax payers having to meet the cost of increased social care. That raises the question who she thinks should be paying for it. Is it borrowing, or is it the magic money tree? She said that the precept increases inequalities because some councils are able to raise more than others from it. That would be true, if it were not for the fact that the additional better care fund is distributed in a way that balances that. That is precisely what we do.

Several hon. Members *rose*—

Mr Speaker: Order. I should advise the House that there are three urgent questions to be taken today and I want all to be properly contributed to, but it is important that we also provide time for subsequent business, so I am looking at finishing the UQs by 5.30 or thereabouts. Perhaps colleagues could tailor their contributions accordingly. We will be led in this matter by Mr Andrew Selous.

Andrew Selous (South West Bedfordshire) (Con): Thank you, Mr Speaker. I hope that in looking at co-ordinated policy across Government, the Minister will look not only at good join-up between the Department of Health and local government, but at other policies, such as lifetime homes, family strengthening and flexible employment policies, all of which will help us deal with these issues. Can he give us some encouragement on that score?

David Mowat: My hon. Friend is right. There is a raft of measures that need to be taken on informal carers and on the holy grail of better integration of health and social care funding, and we are pursuing that vigorously.

Dr Philippa Whitford (Central Ayrshire) (SNP): This was the substance of the letter from the Health Committee to the Chancellor, calling for extra money not for the

NHS, but particularly for the capital budget and social care, because the back pressure from social care is what is causing the NHS to struggle. I totally agree with the Minister as regards integration. In Scotland, where we have the integrated joint boards, it has brought a change more quickly than we would have hoped. Our delayed discharges are down 9% in a year; in England they are up more than 30%. But this is not easy and it needs to be funded. We have debated the sustainability and transformation plans, which could be the basis for the future integration of the NHS, but all we hear within those plans is community hospitals being shut, losing the opportunity to have step-up and step-down beds, A & E departments being shut, and beds within hospitals being shut. This is the wrong way round. STPs could work, but they cannot start with the number they must reach—they have to design themselves around a service that keeps patients at home and keeps them well.

David Mowat: The hon. Lady made two points, both of which I agree with. The first was that in Scotland there has been a 9% reduction in delayed transfers of care. It is also true that in England many parts of our system, particularly those that have integrated most quickly, have achieved reductions of that size and more. She is right that the STPs are part of the process of re-engineering the system. Adult social care and the integration of adult social care are a big part of that and we need to ensure that we deliver.

Jo Churchill (Bury St Edmunds) (Con): Does the Minister agree that better integration could be driven by better patient data, which could help to show us where quality practices exist and how to spread best practice?

David Mowat: I do agree. I had a discussion with the Care Quality Commission on the dataset that is reported, and I hope that over the next months and years we can improve how we do that.

Dame Rosie Winterton (Doncaster Central) (Lab): I think that the Minister completely missed the point made by my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) from the Front Bench about the unfairness of asking councils to deal with the problem. A 1% rise in council tax in Doncaster raises 21% less than would the same rise in a council in the Prime Minister's constituency. Does that not mean that the problem is being pushed on to the areas that can least afford it?

David Mowat: The right hon. Lady would be right that I had missed the point, had I not said that that issue is addressed by how we distribute the additional better care funding, which uses a formula that takes into account relative need.

Steve Double (St Austell and Newquay) (Con): The Minister will know that following recent events I have taken a particular interest in this issue. Does he agree that saying that it is just about money is too simplistic, and we see a wide variety of the quality of care from homes with the same funding packages? Does he also agree that we need to improve the inspection regime to ensure that concerns are taken seriously?

David Mowat: I agree and I commend my hon. Friend for his work on the Morleigh homes in his constituency, which had significant issues and have now been substantially closed down. He is right that the issues there were not principally about money; they were about quality and about people doing their jobs properly.

Norman Lamb (North Norfolk) (LD): Does the Minister share the view of the CQC that the system is close to tipping point, and does he understand the impact that has on many frail elderly people? Does he not agree that now is the time to bury our differences and work together to come up with a long-term settlement for the health and care system?

David Mowat: Today is not the day on which to announce a royal commission on the funding of care in the future, but I do agree that it is important that we put care funding on to a better structural footing for the future. The right hon. Gentleman is right to say that.

Rebecca Pow (Taunton Deane) (Con): I applaud the Government's commitment to £10 billion to the NHS by 2020, but does my hon. Friend agree that social care and healthcare must be better integrated across the whole country? Somerset County Council's sustainability and transformation plan has that at its heart. It is a good model. Does my hon. Friend agree that such models should be copied, but that councils must be given the tools?

David Mowat: The STP for Somerset is excellent in that regard and my hon. Friend is right to raise it. She is also right to emphasise again the integration of health and social care, which is the holy grail of this. Those councils and health systems that do it best are making a huge difference.

Mr Dennis Skinner (Bolsover) (Lab): But is the Minister aware that in the course of the past few years local authorities—let us say in Derbyshire—have lost more than £200 million from cuts promulgated by the Government? On top of that, they are closing community hospitals in Derbyshire, including Bolsover, with a total of more than 100 beds between them. Does it make sense when those community hospitals bear the burden of looking after people who cannot occupy other hospital beds?

David Mowat: The hon. Gentleman is right that there have been changes to the funding regime, but councils such as Knowsley and St Helens have virtually no delayed transfers of care and they have the same budget issues as his council.

Justin Tomlinson (North Swindon) (Con): An ageing population, the welcome introduction of the national living wage and the rightly greater expectations on services provided are causing exponential growth in adult social care costs, to a far greater amount than can simply be found through efficiency savings. Although the council tax cap has delivered financial discipline, we have to be realistic, so may I urge the Minister to explore further flexibility with the social care precept?

David Mowat: I said in my answer to the hon. Member for Worsley and Eccles South (Barbara Keeley) that this is not a spending statement or a statement on the local government settlement, so I will just leave it at that.

Liz Kendall (Leicester West) (Lab): It would be a huge mistake to think that the Minister can plug the gaping hole in care funding with the social care precept alone. The poorest areas, which most need publicly funded social care, are the least likely to be able to get it by raising council tax. If not today, when will the Minister come to the House with a plan to solve this crisis and help families, care users and the NHS?

David Mowat: I have acknowledged that the system is under pressure, but I have also acknowledged that different councils respond to that pressure in different ways. For example, Leicester City Council has increased its adult social care budget for next year—2016-17—by 7% in real terms.

Mr Stewart Jackson (Peterborough) (Con): Shroud waving by the Labour party is particularly depressing given that it did virtually nothing on this issue during 13 years in power. Does my hon. Friend agree that it is important for the Department for Communities and Local Government and the Treasury to use fiscal incentives to encourage the construction of more extra care facilities? Does he also agree that it is important to iron out the disparities between different local authorities in the quality of care delivered?

David Mowat: Yes, there is disparity—still—in the marketplace and between local authorities, and we need to do everything we can, working with the CQC, to ensure that it is eliminated.

Mr David Winnick (Walsall North) (Lab): Does the Minister not realise that his statement today is totally inadequate for the crisis in social care and that the complacency he shows is totally unrealistic, given what has happened in the country? What we require is a very different response from what we have been given today.

David Mowat: I am tempted just to say, "No, I don't acknowledge that," but I make the point again that I am not complacent. We understand that the system is under pressure, and we acknowledge and accept that. That is not the same as saying that there are not things that we can do in terms of quality provision to manage better, and that is what we are trying to do.

Andrew Stephenson (Pendle) (Con): Adult social care accounts for about 45% of Lancashire County Council's budget, and that is a growing share. The key to addressing this challenge will be the better integration of health and social care to better manage demand. What funding is being provided to Lancashire County Council to allow that transformation to take place?

David Mowat: The better care fund is predicated on the assumption that we will drive that integration. I also make the point that not just Leicester, for example, but many councils right across the country—something like 40%—have increased, and will increase, their social care budget in real terms next year.

Dr Rosena Allin-Khan (Tooting) (Lab): By 2020, we will see a national shortfall of £2.6 billion in adult social care funding. If the Government are forcing councils to increase council tax, what percentage will they be expected to increase it by? How much of that

percentage increase would go solely to adult social care services? How will the Government ensure that that happens?

David Mowat: The spending review increased the precept by 2%—that is what we brought in at that time. As I said earlier, this is not the local government settlement, and I have nothing to say on council tax.

Mr Peter Bone (Wellingborough) (Con): Many people on, I think, both sides of the House feel that the social care system is broken because we have councils and the health service involved. Would it not be a good idea for the Secretary of State or the Minister to work with Members on both sides of the House, with good will on both sides, rather than for us to have this petty point-scoring from the Opposition? *[Interruption.]* No, this is much more serious than politics—we have to get this right for future generations. Should we not work together and come up with a solution that both sides of the House can agree on?

David Mowat: My hon. Friend is right that this whole system is more important than politics: there is nothing more important to more people—and more old people in terms of the dignity and quality of their lives—than getting this right, and it is essential that we do that.

Several hon. Members *rose*—

Mr Speaker: I call an Eagle—Maria Eagle.

Maria Eagle (Garston and Halewood) (Lab): Liverpool City Council has seen £330 million cut from its budget since 2010—58% of all its money. A further £90 million has to be found by 2020. In those circumstances, how will it be possible for the council to increase, as we all wish it could, the money it spends on adult social services, when it already spends more on them—£146 million—than it can raise in council tax?

David Mowat: It is not my role to lecture Liverpool City Council on how to deliver adult social care. I make the point, though, that Knowsley and St Helens, which are very close to Liverpool, have virtually no delayed transfers of care, and so possibly some best-practice sharing would be in order.

Several hon. Members *rose*—

Mr Speaker: I do not want to see a festering sibling rivalry. Angela Eagle.

Ms Angela Eagle (Wallasey) (Lab): Thank you, Mr Speaker. I think it is right that you chose the younger before the older this time, because you did the opposite last time.

In the Wirral we have an above-average number of older people, yet we have a very low council tax base, which means that we cannot raise enough money through council tax to deal with the shortfalls in adult social care. As the Minister knows, £5 billion has been cut from social care since 2010, and his better care budget is £3.5 billion, so there are huge issues here. Why was this not mentioned in the autumn statement, and what is the Government's response to this ongoing crisis?

David Mowat: I have made the point already, and I will make it again, that we acknowledge that the precept is uneven in the way that it was announced in the spending review. That is why the additional better care fund component is allocated on a basis that remedies that.

Jess Phillips (Birmingham, Yardley) (Lab): Thank you, Mr Speaker; this is a timely moment to call me, given what the Minister says about remedies. I put in a freedom of information request about the adult residential weekly rate across every single council in the country. Buckinghamshire gets £615 a week, while Birmingham, including the home where my grandparents both died, gets £436 and has to make an additional charge of £55 per week on the residents who live there, who are no doubt poorer than those who live in Buckinghamshire. Does that sound like a discrepancy that is being solved by the Government's system? Are nans and granddads in Buckinghamshire worth more than they are in Birmingham, Yardley?

David Mowat: In terms of quality in Buckinghamshire and Birmingham, we look at the CQC reports right across the system, and we are not finding a geographic variation based on those sorts of statistics. That is just the fact of the matter.

Dr Roberta Blackman-Woods (City of Durham) (Lab): I have heard nothing from the Minister to demonstrate that he understands the severity of the situation facing social care. Last week, the Local Government Association met a cross-party group of MPs. It said that local government needs £1.3 billion to stabilise social care, and pointed out that that money cannot be raised by a council tax increase, especially because that raises the least money in the areas with the highest need.

David Mowat: In terms of council tax increases, this is not about the local government settlement that has already been announced. The additional better care fund will start to deliver more money from next April, and will deliver more money after that. During the course of this Parliament, there will be a 5% increase, in real terms, in money spent on adult social care.

Diana Johnson (Kingston upon Hull North) (Lab): I hear what the Minister says about the better care fund, but that obviously applies from next April. How is it fair that this year the area I represent—the 19th most disadvantaged constituency in the country—will be able to raise only half of what an area like Kingston upon Thames can raise? We can raise about £5; it can raise about £10. How can that be fair for social care?

David Mowat: This year, 42% of councils are increasing their adult social care funding in real terms. The discrepancy caused by the precept is addressed by the way in which we allocate the additional better care fund component and the formula that is used for that.

Nic Dakin (Scunthorpe) (Lab): I think the Minister recognises that there is a crisis and that the precept alone will not address it, so does he agree with the former Health Secretary, Stephen Dorrell, who said this morning that it was a missed opportunity in the autumn statement not to invest in social care?

David Mowat: I am not giving the autumn statement, but I will say again that there is a 5% increase in real terms in adult social care funding during this Parliament, and that 42% of councils are increasing the budget in real terms this year.

Kerry McCarthy (Bristol East) (Lab): The Minister needs to recognise that not only can it be more difficult for cities to raise money—we have already heard from colleagues comparing the amount that would be raised by increasing council tax in cities as opposed to more affluent rural areas—but demographic concerns make delivering health services more challenging in cities such as Bristol. We are already looking at £92 million of cuts or savings that we have got to find over the next five years. Will the Minister come to Bristol to talk to the Mayor and see what challenges we are facing?

David Mowat: Cities do have issues with delivering social care, but so do rural areas, which quite often have a very high proportion of older people. That, in itself, can absorb a great deal of cost. The truth is that, as I have acknowledged, the whole system is under pressure, including in Bristol. We acknowledge that, and we are increasing the total spend by 5% during this Parliament.

Daniel Zeichner (Cambridge) (Lab): We have heard from my hon. Friends about the failings of the social care precept model to address this issue, but what of councils such as Cambridgeshire, which chose not even to take the meagre resources available? Offered 4%, the council took just 2% this year, leaving the local hospital with 100 over-85-year-olds with nowhere to go. When are the Government going to stand up for older people in Cambridgeshire?

David Mowat: That was a decision made by Cambridgeshire County Council, and a number of other councils, such as Hammersmith and Fulham, made the same choice not to increase the precept. Presumably, they did not feel as though they needed to use that money for adult social care. That is a choice that those councils have, and it is a choice that they must take to their voters.

Louise Haigh (Sheffield, Heeley) (Lab): Sheffield is about to lose its last emergency respite care centre for patients with complex dementia needs. Those patients cannot be cared for in the community, and people desperately do not want to see that centre go. Sheffield already has the second-largest better care fund in the country. If today is not the day for the Minister to issue a royal commission, when will he act?

David Mowat: I am not aware of the specific issue that the hon. Lady has raised about the respite care centre in Sheffield that is on the point of closure, and I would be happy to discuss that with her so that I understand it better. I can only repeat that today is not the day that we are going to announce a royal commission into funding.

Kate Green (Stretford and Urmston) (Lab): Care providers in my constituency tell me that they are losing staff to Asda because they cannot compete on pay and conditions, because the council cannot commission care at a price that enables them to do so. What is the

Minister going to do to stem the haemorrhaging of careworkers from the profession and, therefore, the haemorrhaging of the provision of care?

David Mowat: There is an issue with that, and that issue exists in various parts of the country. We acknowledge it and we need to manage it. We also need to manage the total number of beds in the system and the total number of domiciliary providers in the system. The total number of beds, as I said earlier, is the same now as it was six years ago. The total number of domiciliary providers is around 40% higher.

Derek Twigg (Halton) (Lab): The Minister, in a debate on 16 November, congratulated

“both Halton and Warrington Councils on being two of the best performing councils in the country on delayed transfers of care and on increasing their budget.”—[*Official Report*, 16 November 2016; Vol. 617, c. 350.]

Halton still has a massive shortfall, because the precept goes nowhere near meeting the demand on the services in the area. The simple fact is this: there is no coherent national strategy or funding package in place to solve this crisis we now face. The Government are abrogating their responsibility, and the system will tip over.

David Mowat: The hon. Gentleman is quite right. I congratulated Halton and Warrington Councils on being two councils that have particularly low rates of delayed transfers of care. The fact that they are achieving that in spite of the budget constraints that he mentions demonstrates that this is not just about money; it is about quality, it is about leadership and it is about best practice.

Paula Sherriff (Dewsbury) (Lab): The chief executive of Care England has said that under the current regime, “about 40% of care services will no longer be viable,”

meaning that a number of services will be lost. When does the Minister intend to do something about this crisis?

David Mowat: The number of beds available in the system right now is about the same as it was six years ago. There is an issue with managing the financial performance of significant care providers. One thing we brought in two years ago was a robust process, led by the CQC, to look at the financial performance of the biggest providers and to warn us of any issues that may arise. We are very keen on pursuing that and making sure that it happens.

Liz McInnes (Heywood and Middleton) (Lab): This is a national crisis that this Government have wilfully ignored for years. The Minister said in his opening statement that there is no issue that cannot be solved by throwing money at it. Is it not about time that he put his money where his mouth is?

David Mowat: The hon. Lady paraphrases what I said rather inaccurately. I said that money would help with any system, but the issues are about quality, leadership and best practice as well. All those things are within the ambit of my job, and that is what I am pursuing.

Joan Ryan (Enfield North) (Lab): Everything we have heard today from the Minister seems fundamentally to deny that the council tax precept is no solution to the

problem and in fact exacerbates it. Is he aware that Ray James of the Association of Directors of Social Services has said:

“The Council Tax precept will raise least money in areas of greatest need which risks heightening inequality”?

If that is what experts in the field are saying, why does the Minister think he knows better?

David Mowat: I often discuss this and other issues with Ray James. It is true that the precept on its own would result in an uneven distribution of revenue, which is why the additional moneys coming from the better care fund will be allocated using a formula that corrects that.

Sky: 21st Century Fox Takeover Bid

4.11 pm

Kevin Brennan (Cardiff West) (Lab) (*Urgent Question*): To ask the Secretary of State for Culture, Media and Sport if she will make a statement on 21st Century Fox’s bid to take over the remaining 61% of Sky.

The Minister for Digital and Culture (Matt Hancock): As the House will know, Sky announced on Friday that it had received an approach from 21st Century Fox to acquire the 61% share of Sky that it does not yet already own. The announcement made it clear that the independent directors of Sky and 21st Century Fox have reached an agreement on price. However, the offer is subject to further discussion, and Sky has advised that there is no certainty at this stage that an offer will be made. The terms of any deal will obviously need to be agreed by the non-21st Century Fox shareholders of Sky. The announcement also said that under the takeover code, 21st Century Fox is required to set out its intentions by 6 January 2017.

The Secretary of State has powers to intervene in certain media mergers on public interest grounds, as set out in the Enterprise Act 2002. Government guidance on the operation of the public interest merger provisions under the Act indicates how the intervention regime will operate in practice and the approach that the Secretary of State is likely to adopt in considering cases. Any transaction will be looked at on its merits, on a case-by-case basis. The guidance makes it clear that the Secretary of State will aim to take an initial decision on whether to intervene within 10 working days of formal notification of the merger to the competition authorities, or of the transaction being brought to her attention. No such formal notification has yet been received.

The role of the Secretary of State is a quasi-judicial one, and it is important that she acts independently and is not subject to improper influence. It would be inappropriate for me or the Secretary of State to comment further on the proposed bid under the Act. In the light of Friday’s statement and given the role of the Secretary of State, the Department is putting in place procedures to ensure that her decision-making process is scrupulously fair and impartial should a decision be necessary. This will include guidance for other Ministers and officials on dealing with the parties to the bid or any other interested parties. We are of course aware of the wider interest of Parliament in these matters, and we will keep the House updated as appropriate within the legal framework.

Kevin Brennan: I thank the Minister for his response. Late on Friday, a new bid for Sky was revealed. Five years ago, an equivalent bid was abandoned, after Rupert Murdoch and News Corporation were engulfed in the phone hacking storm. At that time the House was united behind a substantive motion calling on Rupert Murdoch to withdraw his bid. The concerns back in 2011 were not only about the serious wrongdoing being uncovered in the phone hacking scandal but about the concentration of media power and ownership in fewer and fewer hands. I have re-read the motion—which we all supported, on both sides of the House—and nowhere does it say that we should sit quietly for five years and come back when we have forgotten all about it. We have not forgotten about it, and we also have not forgotten

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that when the Prime Minister stood on the steps of Downing Street this summer she said to the people of this country:

“When we take the big calls we will think not of the powerful, but you.”

This is a big call, so we need to know whose side the Government are on.

Ofcom’s original assessment was that the deal may “operate against the public interest”.

Will the Minister commit the Government, here and now, to issuing a public interest intervention notice and referring the bid to Ofcom? Remember that, back in 2012, Ofcom’s assessment was that the chief executive officer of Fox, James Murdoch,

“repeatedly fell short of the exercise of responsibility to be expected of him as CEO and chairman.”

The Prime Minister met Rupert Murdoch in New York in September. Was the bid discussed then? Did she give him any assurances about the bid, or discuss his future support for her and/or for her Government?

I understand that, as the Minister said, this is a quasi-judicial decision, and that the words he says today will be scrutinised by some of the highest-paid lawyers on at least two continents. Nevertheless, will he assure us that the Secretary of State is prepared to stand up to powerful interests and ensure that this deal is properly and independently scrutinised?

Matt Hancock: I am grateful for the acknowledgment by the Opposition Front-Bench team that, owing to the quasi-judicial nature of the decision, procedures have to be followed properly. That is what we fully intend to do. Formal notification of this proposal has not been received, and the Secretary of State cannot make a decision prior to that. As I said, the rules are that she should aim to take such a decision within 10 days of formal notification.

Stewart Hosie (Dundee East) (SNP): I thank the Minister for his answer. I also recognise the quasi-judicial nature of the decision the Secretary of State has to make. I have two technical questions. Since the bid in 2010, which was withdrawn, the Murdoch empire has been divided, with the newspaper operations separated from the broadcast and film operations. How much weight will the Secretary of State give to that separation in determining any questions of plurality in the UK media? Secondly, given that separation has happened, to some extent, how much weight will she place on it when determining whether to issue a public interest intervention notice?

Matt Hancock: The plurality rules are clearly set out, as the hon. Gentleman knows, and the Secretary of State will follow them very carefully in this determination.

Mr John Whittingdale (Maldon) (Con): Does my right hon. Friend accept that in the event of a bid there is a strong case for asking the regulators to provide advice about any concerns on competition or plurality grounds? Does he agree that this bid would essentially be an investment decision rather than an acquisition, as 21st Century Fox already has effective control of Sky? Does he also agree that since the last bid, which was

approved by Ofcom subject to certain remedies, there has been a considerable increase in competition in the pay TV market?

Matt Hancock: The decision has to be taken in the context of the world as we find it. The situation, as we find it, in terms of ownership is that 21st Century Fox owns 39% of Sky, and the notification to the stock exchange on Friday was about the proposal to buy the other 61%. Those issues will be taken into account when the decision is made.

Edward Miliband (Doncaster North) (Lab): I understand the Minister’s complex position on these matters, but will he take into account the fact that when we compare the situation now with five years ago, when the House passed unanimously the motion saying that the bid should not go ahead, we see that we still have unresolved phone hacking issues in the courts and a system of self-regulation that has not satisfied the victims of phone hacking? Will he bear in mind this question—what has really changed since the House passed the motion five years ago? In my view, very little, which is why I believe the bid should be rejected.

Matt Hancock: It is enjoyable to be at the rerun of one of the right hon. Gentleman’s greatest hits. He says that my position today is complex, but actually it is very simple: we have not yet received a formal notification, and when we do, the Secretary of State will have 10 days to consider, under the Enterprise Act and other legislation, whether it is necessary to take action.

Damian Collins (Folkestone and Hythe) (Con): At this early stage, is the Department considering whether some of the conditions that Ofcom attached to the deal last time, such as the guarantee of editorial independence for Sky News, would be required this time around, given the restructuring of the Murdoch companies?

Matt Hancock: The notification was given to the stock market on Friday morning, but no formal notification to the competition authorities has been received, so it is fair to say that we are quite early on in the process, but all things that it is appropriate to consider will be considered.

Mr Alistair Carmichael (Orkney and Shetland) (LD): What differences can the Minister see between this bid and the one referred to the competition authorities by Vince Cable in 2010?

Matt Hancock: It will be quite hard, until formal notification, to know the shape of the proposals. When we do, we will have a look at them.

Mr Peter Bone (Wellingborough) (Con): I congratulate the shadow Minister on tabling the urgent question, and I completely understand the Minister’s problem of not wanting to judge an application of which notification has not actually been given, but will he take it from today that there is a concern across the House about this issue and will he undertake to keep the House fully informed? That is the message coming across.

Matt Hancock: Yes, of course, I would be delighted to keep the House as informed as is appropriate under the legislation the House has passed. I apologise to the House if some of my remarks sound a little reticent, but it will understand that this is a quasi-judicial decision.

The Secretary of State does not want her position prejudiced—I do not want to do that—but all these considerations will be taken into account.

Fiona Mactaggart (Slough) (Lab): From whom will the Secretary of State take advice about the competition implications of the bid?

Matt Hancock: Of course, advice will be taken from officials in the Department, and procedures are being put in place to ensure that there are no conflicts of interest and that the decision is taken appropriately.

Naz Shah (Bradford West) (Lab): I would like to give the Minister a second chance to answer the question from my hon. Friend the Member for Cardiff West (Kevin Brennan). Did the Prime Minister discuss this deal with Murdoch back in September in New York?

Matt Hancock: No.

Chris Bryant (Rhondda) (Lab): Surely the only thing that really matters is the public interest. When one man controlled 40% of the newspapers in this country, including the largest daily newspaper and Sunday newspaper, and by far the largest broadcaster—by value—in the country, it poisoned the well of British politics. I urge Ministers, as they go through this business, in the quasi-judicial manner the Minister suggests, that they keep that close to the front of their minds.

Matt Hancock: I am grateful for the wisdom of the hon. Gentleman, who I know has taken a great interest in these affairs for a long time.

Ruth Cadbury (Brentford and Isleworth) (Lab): More than 8,000 people work at Sky's headquarters in my constituency, and many will be concerned about this news, particularly those in journalism. Is the Minister at all concerned that through this deal one man would take 100% ownership of one of the UK's biggest media outlets?

Matt Hancock: I want to make it clear that the Secretary of State's decision relates to media plurality. Of course, there are competition and labour market issues, but the Enterprise Act rules are clear about the breadth of the decision she will take, and she will follow those procedures very carefully.

Kerry McCarthy (Bristol East) (Lab): I echo what my hon. Friend the Member for Rhondda (Chris Bryant) said about the public interest in and concern about this issue. Phone hacking has not died in people's memories, and anyone who watched the American elections would have had real concerns about the way in which Fox News operates. I urge the Minister to realise that in the public's mind, this man is not a fit and proper person to have control of our media.

Matt Hancock: I can assure the hon. Lady that the Secretary of State is a fit and proper person to take this decision. Members of all parties have made their views clear, and we will operate carefully, with appropriate guidance in place for both Ministers and officials, to make sure that this decision is taken in the proper way.

Yemen

4.25 pm

Keith Vaz (Leicester East) (Lab) (*Urgent Question*): Will the Minister provide an answer to the urgent question of which I have given him notice?

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Tobias Ellwood): As the Foreign Secretary made clear during his trip to the region this weekend, Britain supports the Saudi-led campaign to restore the legitimate Government in Yemen. Ultimately, a political solution is the best way to bring long-term stability to Yemen and end the conflict.

We continue to have deep concern for the suffering of the people of Yemen, which is why making progress on peace talks is the top priority. As with all negotiations of this kind, they will not be quick or indeed easy, and a lot of tough discussions will need to be had. The United Nations has drawn up a road map for ending the conflict, which outlines the security and political steps the parties must take. The UK is playing a central role in this process.

The Foreign Secretary hosted the last meeting of the Quad, comprising Saudi Arabia, United Arab Emirates, the United States and the United Kingdom, which UN Special Envoy Ismail Ahmed attended, in London on 16 October. In addition, I travelled to Riyadh on 20 November to discuss the road map with President Hadi and to seek ways to find a political solution to the conflict. Most recently, the Prime Minister and Foreign Secretary raised the issue of Yemen during their visits to the region, and I met Vice-President General Ali Mohsen on Saturday during the Manama dialogue.

As the House will be aware, Yemen is one of the most serious humanitarian crises in the world. So, in addition to our considerable diplomatic efforts to try and bring an end to the conflict, the UK is the fourth-largest donor to Yemen, committing £100 million to Yemen for 2016-17. UK aid is already making a difference there; last year we helped more than 1.3 million Yemenis with food, medical supplies, water and emergency shelter.

The situation in Yemen is indeed grave, which is why we are debating this matter today. There are now plans for the Quad to meet in the very near future, so that we can move this very important process forward.

Mr Speaker: I appreciate the great pithiness of the right hon. Member for Leicester East (Keith Vaz) in referring to the urgent question of which he had given the Minister advance notice, but in the name of transparency and for the benefit of those attending to our proceedings from outside the Chamber, I should advise that the question is "To ask the Secretary of State for Foreign and Commonwealth Affairs if he will make a statement to clarify the United Kingdom's policy on the conflict in Yemen."

Keith Vaz: I am grateful to you for granting this urgent question, Mr Speaker, and to the Minister for his answer.

Until now, our foreign policy objectives in Yemen have been crystal clear: pursuing a cessation of hostilities and backing a UN mandated intervention. Last week, the Foreign Secretary was absolutely right to speak of

[Keith Vaz]

his profound concern for the Yemeni people and correct to say that this conflict could not be solved by force alone. However, his words also revealed an inconsistency in our foreign policy, which if not addressed immediately, threatens to wreck everything that we are trying to accomplish.

Will the Minister please confirm that we would never be involved in any puppeteering or proxy wars anywhere in the world, including in Yemen? Our influence and credibility as an honest broker is now being seriously questioned. We criticised Russia's bombing of Aleppo; the Russians accuse us of supporting the same thing in Yemen.

Further to the Minister's reply, can he clarify that our objective is an immediate ceasefire, and can he lay out the detail of how we will get to that position? As the Foreign Secretary has said, we hold the pens on Yemen at the United Nations. There is already a draft Security Council resolution calling for an immediate ceasefire, resumption of peace talks and humanitarian access. Where is that resolution now? Will it be tabled before the Security Council before the end of the year? We must not fiddle as Yemen burns. On Saturday, Islamic State bombed a military camp in Aden, killing 35 soldiers. The UN humanitarian co-ordinator, Stephen O'Brien, calls Yemen a "man-made brutal humanitarian disaster", with four fifths of the population in desperate need of emergency aid.

On Wednesday, the House, including the Minister, will show its support for the incredible work of the humanitarian agencies at "Yemen Day". Today, the Disasters Emergency Committee announced a long overdue emergency appeal, but if the fighting does not stop that will not be enough. The Government must speak with one voice and with one aim for Yemen, and that should be an immediate ceasefire. Anything else only plays into the hands of terrorist organisations, damages our diplomacy and increases the suffering of the Yemeni people.

Mr Ellwood: I pay tribute to the right hon. Gentleman for his continuing work and interest in Yemen and for bringing it to the attention of the House. I can confirm that we remain resolute in working toward a cessation of hostilities, developing confidence-building measures, working with the United Nations and supporting the UN envoy. I absolutely agree that we will not win by military means alone; we need a long-term political solution for a country that, as he knows, has been fragmented since its beginning.

The right hon. Gentleman is right that as well as a permanent member of the UN Security Council, we are the UN penholder and therefore take a lead on these matters. Humanitarian access is vital. I made it clear that we are investing more funds to support the UN agencies and others. The UN Security Council resolution is being discussed in New York as we speak, and as I mentioned, the Quad meeting that will take these matters further takes place in the very near future.

The right hon. Gentleman touched on a comparison between Yemen and Syria. President Hadi and the coalition that has been created to support him has the backing of the United Nations through resolution 2216, so there is a legitimate call to support President Hadi and the work he has done. Without that, the Houthis

advance would have pushed much further, through the capital and down to the port of Aden, and we would have had a full-scale civil war. In contrast, there is no UN resolution to support Russia's involvement in Syria. The Russians are supporting a brutal regime, which has used chemical weapons and barrel bombs against its own people; they have compounded the situation. The two are not comparable in any way.

Britain remains resolute in its support for President Hadi and for the United Nations and its envoy in bringing the necessary stakeholders back to the table. I hope that we will see some developments in the very near future.

Crispin Blunt (Reigate) (Con): Given that I have only just come down from the Joint Committee on the National Security Strategy, I thank you for calling me, Mr Speaker.

May I ask my hon. Friend the Minister not only to work hard to get the macro-deal on a ceasefire between the competing parties at the top level, but to make sure that the work of all the international agencies is engaged with all the subsidiary interests in Yemen—a nation of enormous complexity? We must not just get a political track at the top level and ignore all the consequences that may flow regionally and more locally in Yemen.

Mr Ellwood: My hon. Friend is right to point to the complexities of Yemen and what is going on there. On the face of it, the Houthis are against President Hadi, but as those who have visited or are familiar with the country will know, there is a complex network of tribal loyalties which are not necessarily supportive of any circumstance at the time, and those loyalties move depending on movements of funds, weapons, interests and so forth. It is a very complicated situation.

The right hon. Member for Leicester East (Keith Vaz), who raised the urgent question, spoke of the attack at the weekend. Reports suggest Daesh was responsible for it, although we still await confirmation. That shows how al-Qaeda, which is firmly based in the peninsula, and, indeed, Daesh, are taking advantage of the vacuum created by the absence of governance. That is all the more reason why we are encouraging the necessary stakeholders to come to the table.

My hon. Friend the Member for Reigate (Crispin Blunt) is right to say co-ordination of humanitarian aid is needed. The port of Hudaydah is currently under Houthi control, and until we can open it up, ships with humanitarian aid will continue to queue up and be unable to get in to provide that important aid for the rest of the country.

Emily Thornberry (Islington South and Finsbury) (Lab): Thank you, Mr Speaker, for calling me in the circumstances. I also thank my right hon. Friend the Member for Leicester East (Keith Vaz) for securing the urgent question. The authority and passion he brings to the issue of Yemen is without equal in this House. For the last year and a half my right hon. Friend has been consistent and principled in his advice. Let us be clear that the difference between that and what we have heard this week from the Government could not be more stark. On Yemen, there is no consistency and no principle.

Last Thursday, we heard the Foreign Secretary say that Saudi Arabia was fighting proxy wars in countries like Yemen, and we know the consequences all too well:

thousands of civilians killed, the country's agricultural infrastructure destroyed, millions of Yemeni children facing starvation. Let us be clear: the Foreign Secretary was absolutely right on this, and we say, "Good for you, Boris." Yet he has still been slapped down by Downing Street and forced to go to Riyadh to "clarify his remarks"—and he has sent his junior Minister here today to support Saudi Arabia's actions to the hilt. It seems that he will not support our calls for an independent UN investigation into Saudi Arabia's alleged war crimes, and he will continue selling it arms to prosecute its proxy wars. There is no consistency, there is no principle, there is just more shabby hypocrisy.

There are many questions I would like to ask the Minister today, but let me just ask one. It is the same question asked of him by my right hon. Friend the Member for Leicester East, and he has not had an answer, so I will ask it again. For two months now the UN Security Council has been waiting for the United Kingdom to present its proposed resolution to effect a ceasefire in Yemen to allow access for humanitarian relief. For two months, a draft resolution has been in circulation, so let me ask the Minister again: why has the resolution not been presented and who is holding it up, because the people of Yemen cannot afford any more delay?

Mr Ellwood: I am not sure where to start. I will focus on the serious questions the hon. Lady poses rather than the political point-scoring she tries to involve in all these things, which I am afraid means I take on board less and less the points she actually made. Because she has obviously run out of questions to ask this week, she is regurgitating last week's questions, instead of focusing on what is needed today.

Emily Thornberry Answer the question.

Mr Ellwood: If the hon. Lady holds on to her seat, I will answer all the questions—not just one question, but all the questions.

First, the Foreign Secretary made it clear—the hon. Lady should read the full passage of what he was saying—that there are concerns about the leadership needed in Syria, Yemen and elsewhere, and that needs to be pushed forward; we need strong leadership in those places. As I said to the right hon. Member for Leicester East, the UN Security Council resolution is being discussed, but the hon. Lady should be aware of the details of how they are put together: we do not simply do it as a paper exercise; we do it by ensuring the work has been done to make sure it can stand. If the homework has not been done to make sure that the stakeholders are supportive of the resolution, what is the point of having the resolution anyway, other than to pat ourselves on the back and make ourselves look good? That may be good enough for the Labour party but it is certainly not good enough for the Government.

The hon. Lady did not mention the challenges we face with the Houthis themselves. I do not dispute that this has been a difficult campaign for the coalition. It has been new to conducting sustained warfare and has had to learn very difficult lessons in how to do that, governed by 21st-century rules. However, I make it clear that the Houthis are causing huge problems in that country. That needs to be acknowledged by this House as well. They have committed extrajudicial killings,

unlawful arrests, detentions, abductions, enforced disappearances and the shelling of civilians in places such as Taiz. Landmines have also been used. Those are all things that have prolonged this conflict; the Houthis have not been brought to the table. What is required now is for all sides to work with the Quad and the UN to ensure that we can get the necessary ceasefire in place, which will lead us to the UN resolution that the hon. Lady is calling for.

Sir Desmond Swayne (New Forest West) (Con): To what extent is intransigence on the part of President Hadi a block to a ceasefire?

Mr Ellwood: The President is the legitimate leader of the country at the moment and we have to work with the stakeholders that he is representing to ensure that the road map is compatible with the needs and support of the people he represents. That is why we have had long discussions with him and the vice-president to ensure that we can bring them to the table. I take this opportunity to thank the Omanis, who have played such an important role in bringing the Houthis forward so that they can accept a long-term deal to take us away from military action to a political dialogue.

Patrick Grady (Glasgow North) (SNP): It is regrettable that the humanitarian situation has worsened to such an extent that the Disasters Emergency Committee has had to launch an appeal. We hope that it will be widely supported so that the people of Yemen do not, as has been predicted, literally run out of food in the coming months.

What more will the Government do to co-ordinate with the DEC and responders on the ground on the humanitarian response? What steps are the Government taking to ensure that that humanitarian response is not undermined by their continued laissez-faire attitude to the behaviour of Saudi Arabia? Calls for arms sales are only getting louder. Although we keep hearing that UK military officials are not carrying out strikes and are not directing operations, it begs the question, what are they doing on the ground to ensure that the coalition respects international humanitarian law? We hear so much about the Government's positive relationship with Saudi Arabia, although it not clear whether that extends to the Foreign Secretary, but what good is that relationship if the Government cannot or will not use their influence to prevent the killing and starvation of innocent civilians?

Mr Ellwood: Perhaps I can start with the hon. Gentleman's last point. I would be happy to present to him the speeches that the Foreign Secretary made during the Manama dialogue, which confirmed not only our important working relationship with our close ally Saudi Arabia, but the frank conversations we have with that country and the work we do in stopping terrorist attacks from taking place. The hon. Gentleman could then become familiar with why that relationship is important. If we broke that relationship, the Gulf and, one could argue, the region and the UK could easily become a more dangerous place. That is not something he would advocate.

The hon. Gentleman speaks about the war itself. He has made the point in the Chamber before—he has been consistent on this—about concerns over the errors

[Mr Ellwood]

that have been made. I share those concerns. Forgive me; I did not respond to the point that was made earlier about the call for an independent investigation into the incidents that have taken place, but I have made it clear that I will support the call for a UN independent investigation if it is deemed that the reports—[*Interruption.*] Would the hon. Member for Islington South and Finsbury (Emily Thornberry) let me finish the point? If it is deemed that the reports that are coming forward—that is the way any country conducting sustained warfare operates—are not worthy, we will call for an independent investigation, but that is the process that we follow, that the United States is following right now on incidents that have taken place in Afghanistan, and indeed that Saudi Arabia follows: they conduct their own investigations. If those investigations are found wanting, I will support a UN independent investigation.

Bob Stewart (Beckenham) (Con): May I ask my hon. Friend what chance he would give President Hadi if Saudi Arabia were to withdraw from its engagement—a proper engagement under UN resolutions—in Yemen?

Mr Ellwood: My hon. Friend is right in implying that, were President Hadi not to receive the legitimate support through UN Security Council resolution 2216, the country would be in full-scale civil war. The complete breakdown in governance would provide incubation for organisations such as Daesh, al-Nusra and al-Qaeda. That would spill out way beyond the peninsula into the region. That is not something that we would want to contest. It is right that the coalition was formed and it is why we support the coalition. However, we absolutely share the concerns raised in the House that the conduct of that war needs to be scrutinised very carefully indeed.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): On Saturday, Liverpool Friends of Yemen held our fourth monthly vigil in solidarity with the people of Yemen and for peace in that country. I have spoken to the Yemeni diaspora in Liverpool and their very clear message is that they fear for the lives of people back home. This is a country on the edge of famine. May I urge the Government—it is good to see the Minister of State, Department for International Development, the hon. Member for Penrith and The Border (Rory Stewart), present—to ensure that we do everything we can as a country to relieve the humanitarian crisis in Yemen? And when will we support an independent UN inquiry into alleged violations on both sides of the conflict?

Mr Ellwood: On the hon. Gentleman's last point, we will not support an independent report until we allow the Saudi Arabians to do their reports. That is the process that we face. They have never actually undertaken such publications and reports, so they are having to learn themselves. As we know, it is a conservative country that is unused to the limelight that is now being thrown on it. They must act responsibly, respectfully and transparently, as we would in the same situation.

On humanitarian aid, the hon. Gentleman is absolutely right. This House and this country can be proud of the work that we are doing, not just here but right across the piece. He is right to say that the DFID Minister and, indeed, the Secretary of State for International Development

are very much engaged with that. At the UN General Assembly in September, it was us who held a donors conference to encourage other countries to match our funding so that we can provide support to the people of Yemen. However, it is not a lack of funds or equipment that is the problem—

Emily Thornberry: It is a lack of peace.

Mr Ellwood: That is absolutely right: it is a lack of peace and a lack of access, particularly through the central port on the Red sea.

Mrs Flick Drummond (Portsmouth South) (Con): Charity agencies report that it is very difficult both to get into Yemen and, once there, to get aid out, because of all the bureaucratic challenges, arrests of charity workers, suspensions of programmes and difficulties in obtaining new programmes. Will my hon. Friend bring that up directly with all parties in the conflict, as it is the charity sector that is doing much of the delivery and it should be allowed to have rapid and unimpeded humanitarian access throughout the country?

Mr Ellwood: I think that that is the point that everybody is most concerned about. Although it can take time for both parties to come to the table and work out the details, there is a sense of urgency in making sure that the humanitarian aid can get in as early as possible. That will be the focus of the next Quad meeting. Yes, we want parties to come together, but we immediately need access routes. We need the port to be opened fully so that container ships can go in and equipment can be distributed right across the country, not just through the port of Aden, which is how the material currently goes in.

Tom Brake (Carshalton and Wallington) (LD): Now that the Foreign Secretary is encouraging transparency and honesty in foreign affairs policy, does the Minister accept that, by signing up to the convention on cluster munitions, the UK is taking a stance that cluster munitions are always in violation of international humanitarian law owing to their indiscriminate and disproportionate nature? If so, arguing that the Saudi use of them is legitimate, as the Minister does, is completely contradictory and in violation of the convention, which states that the UK should always encourage Saudi Arabia not to use them. Why are the UK Government adopting that position?

Mr Ellwood: To be clear, it is against international law only if the country has signed the convention, and there are countries across the world that have yet to do so. We have signed it and it is our policy to encourage others to do so. I had a meeting last Sunday with all the Foreign Ministers of the Gulf Co-operation Council nations, and I formally invited every single one of the Gulf countries to consider signing the convention. I hope that we will be able to move forward on this.

Mims Davies (Eastleigh) (Con): I welcome the fact that the UK has doubled its humanitarian commitment to Yemen to £85 million. Does my hon. Friend believe that the UN General Assembly can be of more help in actively resolving the situation?

Mr Ellwood: If I understand my hon. Friend's question correctly, she is asking about the General Assembly, as opposed to the UN Security Council, in which case there is no veto. In this arena, it is not so much about the challenge that we face from other permanent members in getting a UN resolution through. If we are going to draft a UN resolution, the important thing is that it needs to work; otherwise, it is simply a paper exercise. That is the homework that our head of mission is currently undertaking with other nations, to make sure that what we write on paper will lead to the cessation of hostilities, confidence-building measures and access to humanitarian aid, which are important; otherwise, it is not worth writing a UN Security Council resolution.

Graham Jones (Hyndburn) (Lab): What representations have Her Majesty's Government made to the Iranian Government about stopping the flow of arms to the Houthis? At the same time, what representations have been made to facilitate with the Iranians the opening of the ports so that much-needed aid can get through to the Yemenis who are suffering in this civil war?

Mr Ellwood: The hon. Gentleman raises an important point: what is Iran's involvement in Yemen? Is it helpful or is it hindering events? The Prime Minister made it clear that Iran can play a more constructive role in ensuring that weapons systems are not entering the country, that the Houthis are encouraged to come to the table, that the Red sea remains free of ships that may want to arm the Houthis, and that the port is opened. Those are the messages that we are asking Iran to recognise.

Dr Matthew Offord (Hendon) (Con): There is no doubt that the conflict in Yemen is a war of proxies, and the Foreign Secretary was absolutely right to criticise Saudi Arabia in the way that he did. However, there had been no mention of Iran until the previous question. The United Kingdom must take some responsibility for the continuing and escalating violence in Yemen, because if we had not agreed to the nuclear deal, the billions of pounds of resources would not have been able to enter this conflict and others in Syria, Lebanon and other parts of the middle east.

Mr Ellwood: The signing of the joint comprehensive plan of action represents an opportunity for Iran to take a more responsible role on the international stage. We know that it has an influence from Baghdad to Damascus to Beirut and, indeed, to Sana'a. We want Iran to step forward and recognise that it is in the region's interests for it to be more secure and more prosperous. It should elevate itself and rejoin the international community, not continue to hinder the peace process right across the region.

Chris Bryant (Rhondda) (Lab): What is particularly pernicious about the use of cluster munitions is that many of the bomblets lie around for a long time, effectively creating minefields where many thousands of innocent civilians, including children, are killed. I am therefore slightly confused by the Government's position. The Under-Secretary of State for Defence, the hon. Member for West Worcestershire (Harriett Baldwin), who is fortunately still here, said in Defence questions earlier that the matter had been raised with the Saudis,

but this Minister seemed to indicate just now that he does not oppose the Saudis' use of cluster munitions. Surely we are opposed to their using such munitions and surely the Minister will be happy to condemn it from the Dispatch Box.

Mr Ellwood: I think the hon. Gentleman is trying to put words in my mouth. I made it very clear that our policy is to discourage the use of cluster munitions across the world and to encourage people to sign up to and support the convention. In fact, I think I said in my answer that I absolutely condemn the use of cluster munitions. As he said, they are a legacy that lie around on the battlefield long after it has turned back into a civilian arena, and that is why they cause damage. That is why we signed this important convention and why I have invited all Gulf Co-operation Council nations to support its signing.

Craig Whittaker (Calder Valley) (Con): My hon. Friend has already said that there are issues around tribal agreement with the framework, but what measures has he taken to engage all relevant parties in the region to test the framework's robustness?

Mr Ellwood: We need a collective approach to ensure that stakeholders are supported in coming to the table to discuss not only Yemen but stabilisation, which applies to Iraq, Yemen and Syria. That is where the Gulf nations have a responsibility not only to support legitimate governance, but to take an interest in and commit to stabilisation, post-conflict planning and peacekeeping resolutions after the guns fall silent.

Dr Rosena Allin-Khan (Tooting) (Lab): The first 1,000 days of a child's life are vital in their lifelong development. Not only are Yemeni children's basic human rights not being met now in this awful conflict, but they will not have a chance even when the conflict ends. What are the Government doing to ensure that Yemeni children have access to vital nutritious food for the duration of the conflict?

Mr Ellwood: The hon. Lady is right; the travesty is that the length of this conflict is denying a generation, in terms not only of health but education. This is the generation that needs to rebuild the country in the longer term, which is why, as the Minister of State, Department for International Development, my hon. Friend the Member for Penrith and The Border (Rory Stewart), has confirmed, we are working with UNICEF specifically to make sure that we can provide the necessary nutritional meals to support those infants in the important years in the first 1,000 days of their lives.

Mr Peter Bone (Wellingborough) (Con): Let me congratulate the right hon. Member for Leicester East (Keith Vaz), who asked the urgent question, as I believe the whole House would recognise that he has almost single-handedly kept the issue of Yemen before this House. May I say to the shadow Minister that it was not right to make party political points on Yemen? May I ask our excellent Minister, who has a lot of knowledge of this issue, whether I am right in thinking that the humanitarian aid problem is not the amount—the money for it—but the fact that we cannot get it through? If that is the case, how can we try to open up the blockage?

Mr Ellwood: I am grateful for my hon. Friend's comments. He is right to point out the difficulties in getting access to these areas. There are a series of checkpoints on roads which mean that humanitarian aid is denied. There are non-governmental organisations and commercial organisations—we are not forgetting those—that do have access in some cases, but some of the aid is taken away as a punishment or penalty, or as the cost of getting into the country. The port is not running properly; the cranes are not working—not one of the old cranes is working there. If we get them working, we will be able suddenly to increase tenfold the aid that can get into the country.

Tom Brake: On a point of order, Mr Speaker.

Mr Speaker: A point of order on cluster munitions? Very well, I will take it now. [*Interruption.*] Not on musicians, no—I am sorry if I misspoke. It is on cluster munitions, which was what Jack Straw would have called the gravamen of the right hon. Gentleman's concern. Let us hear it.

Tom Brake: Thank you, Mr Speaker. You will have heard, just a couple of minutes ago, the Minister say that the Government are against cluster munitions, but I have before me a letter from the Minister dated 3 November 2016, in which he states:

“The UK maintains the view that cluster munitions are not *prima facie* illegal, and can be used in compliance with international law by States that are not party to the Convention...provided that they are used in a manner that is compatible with international humanitarian law, including distinction, proportionality and the obligation to take all feasible precautions.”

I am confused, because the Minister says that the Government are completely opposed to cluster munitions and yet in this letter he sets out a view that in some circumstances they are perfectly legitimate and acceptable to use.

Mr Speaker: The answer to the right hon. Gentleman is twofold. If what he wants is personal reassurance, I suggest that his appropriate recourse is to sidle up to the junior Minister and ask to have a cup of tea with him. Secondly, if he is concerned for the benefit of the House as a whole and he wants something formally on the record—as a former Deputy Leader of the House, I doubt he particularly needs my advice, but I will proffer it—he should table a written question on this substantive point upon which he requires clarification, and I think he will probably find his salvation coming pretty soon.

Mr Ellwood *indicated assent.*

Mr Speaker: A helpful nod from a sedentary position from the Minister confirms that my expectation is correct. If there are no further points of order, I shall in a moment call—

Seema Malhotra (Feltham and Heston) (Lab/Co-op)
rose—

Mr Speaker: I do beg the hon. Lady's pardon. Patience is a virtue, and I thank her for waiting.

Point of Order

4.58 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): On a point of order, Mr Speaker. Yesterday afternoon, I attended a Christmas fayre in my constituency at which a 76-year-old man with diabetes fell and broke his shoulder. He had to wait almost two hours for an ambulance. When I spoke to the emergency services, they said that they were “re-triaging” as they were experiencing high levels of delay, with 162 calls across London unattended and awaiting ambulances, and that the situation had been worse before. The latest figures seem to show that not one ambulance trust in the country met its targets in October. Perhaps you could tell me whether you have received any advance notice or indication of the intention of a Minister to make a statement to this House on ambulance delays and on the Government's plans to address NHS capacity issues as we near the Christmas period.

Mr Speaker: From memory—I apologise if I am incorrect, but I do not think that I am—there are questions to the Secretary of State for Health before we rise for the Christmas recess. That is extremely fortuitous as far as the hon. Lady is concerned. I predict with complete confidence that she will be in her place on that occasion bobbing with the required intensity to be called to put this matter to a relevant Minister. If she does so, I do not think that it is the revelation of a state secret to say that she is likely to be successful. I hope that that is helpful in relation to what—all levity aside—is an extremely serious matter.

East Aleppo: Evacuation

Application for emergency debate (Standing Order No. 24)

5 pm

Mr Andrew Mitchell (Sutton Coldfield) (Con): I rise to propose that the House should debate a specific and important matter that should have urgent consideration, namely the need for immediate and concerted international action to evacuate from east Aleppo approximately 40 doctors and 70 nursing staff, up to 500 children, at least 100 of whom have been wounded and are receiving rudimentary care, and thousands of terrified civilians caught between the different fighting groups in a 10 km by 10 km enclave where most of those who are trapped now are.

Mr Speaker, I make no apology to the House for raising this vital issue again. You granted a debate on these matters two months ago. On that occasion, the Foreign Secretary made his first major speech from the Dispatch Box and expressed the horror so many feel at what is happening in Syria and Aleppo.

I am sure, Mr Speaker, that if you grant this emergency debate the whole House will hope to hear an update from the Foreign Secretary who has already shown his deep and principled concern about what is taking place. The debate will enable us to explore, with the Government, how Britain's immense diplomatic muscle—the finest foreign service in the world—can do more to secure a deal that will ensure a ceasefire for at least 24 hours to enable innocent civilians to be rescued from the hideous circumstances that now prevail in east Aleppo.

Britain took a lead some years ago at the United Nations in developing the international community's responsibility to protect. We said after Srebrenica, Darfur and Rwanda, "Never again." It is happening today as we meet. There are reports this afternoon, accompanied by the most hideous photographs, of the use of sarin—a nerve gas—by the regime in Hama. At dawn today, a chlorine bomb, the second in three days, hit a medical point at Kallaseh. There is no escape from chlorine bombs—civilians are forced to come out from the rubble and cellars where they are hiding. The use of chlorine munitions is a war crime. Their use defies every facet of international humanitarian law.

Many of these terrified civilians trapped in this hellhole, which now resembles Stalingrad at the end of its destruction, are children. They have few places to hide. Tomorrow night in Aleppo, the temperature is expected to reach minus 4°.

Mr Speaker, as we contemplate a warm and secure Christmas here in Britain, I hope you will agree that the House should urgently discuss not "Something must be

done," but "What in the name of humanity we, the international community, will do to save those who today are in such dreadful jeopardy."

Mr Speaker: The right hon. Member for Sutton Coldfield (Mr Mitchell) asks leave to propose a debate on a specific and important matter that should have urgent consideration, namely international action to protect civilians in Aleppo and more widely across Syria. I have listened carefully to the application and I am satisfied that the matter raised by him is proper to be discussed under Standing Order No. 24. I now put it to the House.

Application agreed to.

Mr Speaker: The right hon. Gentleman has obtained the leave of the House. The debate will be held tomorrow, on Tuesday 13 December, as the first item of public business. I must simply remind the House, as the prelude to what I am about to say, that there is other important scheduled business to follow and there is flexibility and discretion with the Chair in terms of the timing of such debates. I have decided that the debate will last for two hours, and will arise on a motion, "That the House has considered the specified matter," as set out in the right hon. Gentleman's application. I hope that that is helpful to the House.

I am hinting to the House, by the way, that if lots of Members who are showing up today also show up tomorrow, there is no reason why they should not be called to speak. If it is helpful to the House, the emphasis will perhaps be on hearing pithy speeches from several people.

Dan Jarvis (Barnsley Central) (Lab): On a point of order, Mr Speaker. On a different matter, today marks precisely 150 years since an explosion at the Oaks colliery killed 383 Barnsley miners. A number of the victims were under 14 and the youngest were just 10 years old. I seek your guidance on how best to ensure that this House commemorates the service and sacrifice of all those who lost their lives at the Oaks colliery disaster 150 years ago today.

Mr Speaker: First, I think the hon. Gentleman has gone some distance towards achieving that recognition and commemoration by virtue of his ingenious use of the device of the point of order. Secondly, it is open to the hon. Gentleman, with colleagues, to table an early-day motion on the matter. My hunch is that he will not find it difficult to identify colleagues who are willing to assist him. Thirdly, if the hon. Gentleman is still not satisfied with what will by then be his prodigious efforts, it is always open to him to seek an Adjournment debate in which the matter can be more fully marked. I hope that is helpful to him.

Savings (Government Contributions) Bill

Consideration of Bill, not amended in the Public Bill Committee

New Clause 1

SAVE AS YOU EARN: EMPLOYEE REQUEST

(1) The Secretary of State may, by regulations, make provision for a Save as You Earn scheme.

(2) The scheme shall require employers to make deductions from wages if—

- (a) the employee has requested to enrol on the Save as You Earn scheme;
- (b) the deducted wages are paid into a Help-to-Save account; and
- (c) the amount deducted does not exceed the maximum monthly amount as defined in paragraph 10(2) of Schedule 2 to this Act.—(*Mr Gareth Thomas.*)

Brought up, and read the First time.

5.7 pm

Mr Gareth Thomas (Harrow West) (Lab/Co-op): I beg to move, That the clause be read a Second time.

Mr Speaker: With this it will be convenient to discuss the following:

New clause 2—Impact review: automatic enrolment and pensions savings—

(1) The Treasury must review the impact of Lifetime ISAs on workplace pensions automatic enrolment and pensions savings within one year of this Act coming into force and every year thereafter.

(2) The conclusions of the review must be made publicly available and laid before Parliament.

This new clause would place a duty on HMRC to review annually the impact of Lifetime ISAs on automatic enrolment.

New clause 3—Lifetime ISAs: Advice for applicants—

(1) The Treasury must, by regulations, make provision for all applicants for a Lifetime ISA to have independent financial advice made available to them regarding the decision whether or not to save in a Lifetime ISA.

(2) Any applicant that opts in to the services offered under subsection (1) shall be given a signed declaration by that service provider outlining the financial advice that the applicant has received.

(3) Any provider of a Lifetime ISA must confirm whether an applicant—

- (a) intends to use the Lifetime ISA for the purposes of paragraph 7(1)(b) of Schedule 1,
 - (b) has a signed declaration of financial advice under subsection (2), or
 - (c) is enrolled on a workplace pension scheme or is self-employed.
- (4) Where the provider determines that the applicant is—
- (a) self-employed and does not participate in a pension scheme,
 - (b) not enrolled on a workplace pension scheme,
 - (c) does not intend to use the Lifetime ISA for the purposes of paragraph 7(1)(b) of Schedule 1, or
 - (d) does not have a signed declaration of financial advice under subsection (2),

the provider must inform the applicant about the independent financial advice available to them under subsection (1).

This new clause would place a duty on the Treasury to make regulations that ensure all applicants for a Lifetime ISA have independent financial advice made available to them.

New clause 4—First-time residential purchase: research and impact assessment—

(1) Within one year of this Act coming into force the Treasury must conduct a review into the potential impact of provisions within paragraph 7(1)(b) of Schedule 1 on—

- (a) house prices in the UK, and
- (b) the operation of the housing market.

(2) The findings of the review must be made publicly available and laid before Parliament.

This new clause would require a review of the Bill's effect on the UK housing market/house prices.

New clause 5—Distributional analysis of the impact of the Lifetime ISA and Help to Save—

(1) Within six months of this Act coming into force the Treasury must conduct an analysis of the distribution of benefits of Lifetime ISAs and Help-to-Save accounts including between—

- (a) households at different levels of income,
- (b) people of different genders,
- (c) people with disabilities, and
- (d) black and minority ethnic groups.

(2) The findings of the analysis conducted under subsection (1) must be laid before Parliament.

New clause 6—Lifetime ISA and Help-to-Save: value for money—

(1) Within six months of this Act coming into force the Treasury must assess the value for money provided by the Lifetime ISA and Help-to-Save scheme.

(2) The assessment must in particular include—

- (a) the cost to the Exchequer of the measures,
- (b) the number of individuals who have benefited from the measures, and
- (c) the average tax deduction received by an individual as a result of the measures.

(3) The findings of the assessment must be made publicly available.

New clause 7—Advice for applicants—

'The Treasury must make provision by regulations to ensure all providers of Lifetime ISAs or Help-to-Save accounts provide applicants, at the point of application, with advice about the suitability of the product in question for each individual applicant.'

This new clause would require advice to be provided to applicants for LISAs or Help-to-Save accounts which must include information on automatic enrolment and workplace saving schemes.

Amendment 15, in clause 1, page 1, line 1, leave out clause 1.

See explanatory statement for amendment 16.

Amendment 17, in clause 3, page 2, line 17, leave out "1 or".

Amendment 18, page 2, line 19, leave out "Lifetime ISA or".

Amendment 19, page 2, line 23, leave out "Lifetime ISA or".

Amendment 20, in clause 4, page 2, leave out lines 32 to 36.

Amendment 21, page 3, leave out lines 9 to 11.

Amendment 22, in clause 5, page 3, leave out line 23.

Amendment 6, in clause 6, page 3, line 36, leave out from "on" to end of line 37 and insert "30 April 2019".

This amendment would delay the commencement of the Bill until the end of April 2019, when all firms will be auto-enrolled and the increase in minimum contributions to eight per cent. will be completed.

Amendment 16, page 5, line 1, leave out schedule 1.

This amendment, together with amendments 15 and 17 to 22, would remove provisions for the Lifetime ISA from the Bill.

Government amendment 3.

Amendment 1, in schedule 2, page 16, line 3, leave out “48” and insert “24”.

Amendment 12, page 16, line 31, at end insert—

“(1A) The conditions specified under subsection (1) shall not include the condition that the individual be over 25 years old if that individual meets all other specified conditions relating to the working tax credit.”

Currently those aged under 25 only qualify for Working Tax Credits if they work at least 16 hours a week. This amendment would ensure any individual aged under 25 would qualify for a Help-to-Save account if they met other specified criteria.

Amendment 2, page 17, line 36, at end insert—

“(d) a credit union.”

Amendment 8, page 18, line 16, leave out “maximum” and insert “average”.

See explanatory statement for amendment 11.

Amendment 9, page 18, line 19, leave out “maximum” and insert “average”.

See explanatory statement for amendment 11.

Amendment 10, page 18, line 19, after “means”, insert “an average of”.

See explanatory statement for amendment 11.

Amendment 11, page 18, line 19, after “£50”, insert “across every two month period within the maturity period”.

Together with amendments 8, 9 and 10, this amendment would allow HTS to provide for “top-up” monthly payments above £50 so long as the average payment for every two months is £50.

Government amendment 4.

Amendment 14, page 19, line 2, at end insert—

“(e) provision for eligible persons to be auto-enrolled into Help-to-Save accounts through deductions from salaries or benefit entitlements unless the individual chooses to opt-out.”

This amendment would enable an ‘auto-enrolment’ workplace saving scheme which would see an individual automatically signed up to a Help-to-Save account. He or she must opt-out to stop money being deducted from their pay or benefits into a savings account.

Government amendment 5.

Amendment 13, page 19, line 31, at end insert—

“(3A) Where a bankruptcy order is made against a person with a Help-to-Save account any bonus paid into the Help-to-Save account will not form part of a debtor’s estate during insolvency proceedings.

(3B) Any bonus paid into a Help-to-Save account shall not be liable to be taken as repayment via third party debt orders.”

Amendment 7, page 20, line 23, at end insert—

“(ba) for a bonus in respect of a Help-to-Save account to be paid after six calendar months beginning with the calendar month in which the account is opened and at six month intervals thereafter;”.

This amendment would reduce the time before the holder of a Help to Save account would receive a government bonus to six months.

Mr Thomas: I am grateful for the opportunity to speak not only to new clause 1, but to amendments 1 and 2. I should declare an interest as a member of the M4Money credit union and as chair of the all-party group on mutuals.

New clause 1 seeks to give a statutory right to anyone wanting to save with a credit union via payroll deduction. Amendment 1 would reduce to one year the two years that those who are just about managing will wait before getting the Government top-up under Help to Save, to better incentivise saving under the scheme. Amendment 2, about which I shall speak a little more first, seeks to allow credit unions to offer the Help to Save product.

I took part in the Second Reading debate and raised the concern that credit unions would not be allowed to offer the Help to Save product. I have read through the transcripts of that debate and of the Committee proceedings and I can still see no good reason for the Government’s resistance to allowing credit unions to offer the Help to Save scheme. I recognise that Ministers want to ensure national coverage of Help to Save so that everyone who meets the criteria—the potentially 3.5 million people across the UK who Ministers think might do so—regardless of where they live can access the scheme. That clearly makes sense. I have no objection to the choice of National Savings & Investments as that national provider of choice. What I cannot see is any valid reason why credit unions cannot be allowed to complement the NS&I offer.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): I too declare an interest as a member of the Cardiff and Vale credit union and I am also pleased to be, like my hon. Friend, a member of the Co-operative party. Does he agree that the Government need to be far more ambitious as regards credit unions playing a full part in financial services, and that, as I mentioned on Second Reading, we need to be heading in the direction of other countries, such as Canada, that have a much bigger credit union sector?

Mr Thomas: My hon. Friend makes an important point. We need much more ambition for credit unions and for financial mutuals and co-operatives more generally. I am thankful for his intervention.

Ministers claimed in Committee that a multiple provider model for Help to Save would not offer value for money, yet as far as I can see they have produced no costings to justify that claim. It is not as if Ministers are dealing in the case of NS&I with a private company demanding an exclusive arrangement as it feels threatened by the competition that credit unions can offer. NS&I is a state-owned bank, effectively, and is responsible to the Treasury. Indeed, I understand that the Minister responsible is the Economic Secretary to the Treasury, who is also responsible for policy on credit unions. NS&I has some 25 million customers and £135 billion in assets. By comparison, credit unions across the UK have £1.37 billion in assets, less than 1% of the value of NS&I’s investments. In short, credit unions are no threat to NS&I.

NS&I is under the control of the Treasury, as I have said, and it is in Ministers’ hands, or it was until the start of the House’s proceedings on this issue. The House now has the opportunity to decide whether credit unions should be allowed to offer the Help to Save scheme.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): I thank my hon. Friend for giving way, and I am delighted to serve as a Labour and Co-operative MP alongside him. Does he agree that allowing such diversity is important in helping to change behaviour? Many of the issues with savings are about cultural attitudes,

[Seema Malhotra]

and having ways to reach out to communities that might not have engaged in such behaviour is an important part of changing the savings culture in this country.

Mr Thomas: My hon. Friend makes a good point, and I hope to deal with it a little more in due course. She is right that credit unions have scope to reach out to more of the 3.5 million people Ministers want to assist through the Help to Save scheme, whom NS&I might not be best placed to help.

Credit unions are not-for-profit financial co-operatives, owned and controlled by their members. They are, I would argue, more uniquely exposed to low and middle-income financial services markets and are used to offering financial services to those who are often excluded from other better known sources of finance. They provide safe savings and affordable loans, with some credit unions offering other products, such as current accounts, individual savings accounts and mortgages.

Yvonne Fovargue (Makerfield) (Lab): Is it not true that what is key is that credit unions can also provide loans? We know that low-income families have more bumps in the road than the majority of people on a higher income, so that provision, combined with the opportunity to keep saving, is an important service that NS&I cannot offer.

Mr Thomas: My hon. Friend has stolen one of my lines from later in my speech. She makes an entirely appropriate point: credit unions can offer access to an affordable loan while encouraging people to save at the same time. When the loan is paid off, the incentive to keep saving is still there.

Credit unions have until now enjoyed the support of Members on both sides of the House. From 2006 to 2007 the growth fund, launched by the Co-op party's—and now Strictly's—very own Ed Balls, saw more than 400,000 affordable loans offered and saved recipients between £120 million and £135 million in interest that would otherwise have been paid to high-cost lenders. It is that type of success that, after a long Co-operative party campaign under the last Government, saw Ministers, led by the right hon. Member for Broxtowe (Anna Soubry), agree to allow three credit unions to offer services to our soldiers, sailors and airmen and to their families—in short, to offer an armed forces credit union. Given the funding from the Department for Work and Pensions under the last Government to expand credit unions, it seems odd that Ministers should tonight want to continue to exclude credit unions from offering a product in a market in which they already have significant interest and penetration.

5.15 pm

Credit unions—I think this is the point my hon. Friend the Member for Makerfield (Yvonne Fovargue) was alluding to—routinely require those borrowing money from them to save as they repay their loan. On completely paying off their loan, those who have borrowed from a credit union have their own pot of savings, which some have never had before. That approach sees many members continue to save over a far longer period after they have overcome the inertia or budgeting difficulties that perhaps prevented them from getting into saving in the first place.

Credit unions also help people to save towards a particular short-term goal. The idea of a rainy day fund, which a number of hon. Members talked about on Second Reading, is often not tangible enough for people to begin a savings habit, whereas saving for Christmas, to go on holiday, to buy a particular good or to access a particular service is. Indeed, according to the Association of British Credit Unions Ltd—the excellent credit union trade body—the available evidence suggests that people are more likely to begin to save towards a defined goal. In this way, they demonstrate to themselves that they can save, and from there more saving takes place. I am told that this is basic behavioural economics.

Other advantages of allowing credit unions to offer Help to Save include the fact that NS&I is not a particularly familiar organisation for many low and middle-income earners. Its offer is fairly impersonal and remote, with little face-to-face contact or obvious customer support. It is difficult to think that many of the target audience will be particularly inspired by such an offer, whereas a credit union trusted by friends or family and able to provide face-to-face support will, for some, be the difference between signing up and starting saving or not.

If credit unions were supported by this House to offer Help to Save, it would boost their ability to grow. It would further raise public awareness, and potentially introduce credit unions to a new group of savers. Given credit unions' lack of advertising and branding firepower, compared with the great megaliths of financial services, such as the banks, that can only be helpful to the Government's claimed aims of increasing support for credit unions and creating a more diverse banking market.

New clause 1 locks into law the right of anyone wanting to join a credit union to request payroll deduction. When saving is in the interests of the individual and the country at large, why should we not expect business and other employers to help a little by making it as easy as possible for people who want to save? One way some choose to save is by having an amount, which they decide, deducted automatically from their pay packet by their employer. That is a process they can stop immediately, and it is known as payroll deduction.

Yet, at the moment, whether or not payroll deduction is allowed is entirely in the gift of the employer. The best employers have no problem with it. Often, they will reach agreement with local credit unions or credit unions that operate in their industry. Once they have done so, payroll deduction will be offered by their back office. Indeed, the Ministry of Defence granted the facility of payroll deduction to three credit unions, which now offer services to our soldiers, sailors and airmen and to their families. In so doing, they help to save them, as I alluded to, huge amounts of interest. Some £1 million of affordable credit is already being offered to military personnel.

ABCUL has pointed out to me that the Department for Work and Pensions is the latest Whitehall Department to offer payroll deduction for credit union services to their staff. Again, it has chosen three particular credit unions to work with: Commsave, Hull & East Yorkshire, and Voyager Alliance. A number of staff who work for the DWP have already benefited to the tune of several hundred thousand pounds-worth of affordable loans. Many other Departments in Whitehall also offer this facility. Most police forces offer payroll deduction for credit

union members, as does much of the NHS. Hospitals, NHS trusts and other parts of government are quite right to do so. Unfortunately, however, some outsourced payroll companies try to exploit the terms of their contract and demand a fee for agreeing to offer such a service to an employee.

Payroll deduction takes a tiny amount of time to sort out, yet some employers will not do the right thing to help their employees to save in the way that best suits them. The worst offender that I know of currently is Transport for London, which employs almost 28,000 staff. It claims that there is no demand for credit union access. It says that it offers generous emergency assistance if staff get into problems, that it would be costly to offer payroll deduction, and that it certainly would not want to get into the picking of which credit unions to work with. I struggle to see why, in this regard, TfL is any different from the Ministry of Defence. There were not thousands of soldiers queuing outside the MOD to join a credit union either, and it cost the MOD, whose payroll is outsourced, a fee. Ironically, the payroll company concerned offers payroll deduction to its own staff. TfL's offer, important as it is, of emergency loans if staff get into trouble is a bit of a red herring. This is about making it easy for an employee to save on an ongoing basis with a reputable and regulated credit union. If the MOD can work out which credit unions to work with, it should not be beyond the wit of Transport for London to do so as well. I hope that TfL will change its mind. We are having discussions with it, and I hope it will come to see sense in the end; it has a responsibility to do so. Nevertheless, Government should cut through this sort of nonsense and legislate to allow employees the right to request payroll deduction up front through joining a credit union. If saving is both in the individual interest and in the national interest, we should seek to make it as easy as possible for this to be offered.

The last amendment in my name in this group is amendment 1, which would lower the qualifying period of the Help to Save product before the Government top-up begins from 24 months to 12 months. There was some debate in Committee about reducing the time that people have to wait before the top-up is granted. I simply draw the House's attention to the evidence put in by StepChange, the debt advice charity, suggesting that 24 months was too long to ensure that the Government's objective of incentivising more savings was met.

I look forward to hearing the views of other Members. I hope that Ministers will, in particular, reflect on the case that I have made for amendment 2. If they are not willing to shift on this issue, I will seek your leave, Mr Speaker, to divide the House on it.

Stella Creasy (Walthamstow) (Lab/Co-op): It will come as no surprise to many people in this House that I am here in full support of my Co-op party colleagues on this matter, and in full support of the vital importance of supporting our credit unions because of the debt tsunami that is coming our way as a nation. Some people may think that it is one of my greatest hits to talk about personal debt and the scourge of the high-cost lenders. The credit unions have always been very much part of the answer to this, and I support amendment 2 on that basis. It is absolutely critical, with the debt tsunami that is coming towards us, that we act to support the credit union movement as a vital component of helping people.

For too many people in our nation, debt is a part of life. There is simply too much month for their money. That has been the case for many years, but the problems are becoming endemic, to the extent that people may not even realise the level of debt that they have. For other people, it may be all too clear: two out of five people are very worried about their level of personal debt. Let me be clear that we are talking about unsecured personal debt. These are not people who are just worrying about their mortgages; these are people who are worrying about the day-to-day cost of everyday living.

For 54% of people who are struggling, the cost of food is the problem—literally, the cost of putting food on the table as well as keeping a roof over their heads and those of their families. For 30% of people, the problem is the cost of energy. Those people will look at the weather forecast fearfully as the temperature drops, knowing that they simply cannot afford to put money in the meter to keep their families warm. Increasingly, people are in debt because of their debt: 22% of people are struggling because of credit card repayment debt.

That is everyday Britain. That is the kind of country we have become—a country where debt is so commonplace that people are not just waving but drowning in it. It is the responsibility of all of us to act. We must not simply give people debt advice, or shrug our shoulders and see this as part of how our economy works. We must ask whether there are things we can do to help people to manage their debts.

The debt tsunami will only become worse as we head into 2017. We all recognise that inflation is likely to rise from 1% to possibly 4%, some experts suggest. The cost of food and basic goods such as energy is going to get higher, not lower. So many people's wages have been frozen for so many years that in 2017 the gap between the start of the month and the end of the month will feel very large. That is why we have to be pragmatic. Pragmatism is about offering people good options for managing what little money they have, and that is where the credit union movement comes into its own. When the Government want to encourage saving, it is absolutely vital that instead of excluding the credit union movement, they embrace it and the benefits that it can offer. A quarter of people in this country have no savings at all, so we need to ask ourselves which movement always has its doors open to every citizen, and how we can help it to bridge that gap. That means looking to the credit union movement.

My hon. Friend the Member for Harrow West (Mr Thomas) has made an admirable case for helping our credit union movement and its work. At the risk of repeating what has been said, I want to echo his words and say that we can do so much more. This scheme and the involvement of credit unions are the start, not the end, of that conversation. My own credit union struggled for many years to get on to the high street in Walthamstow, but what a difference that has made. My credit union struggled for many years to get into workplaces and to work with people, but what a difference doing so can make.

Councils around the country, such as Southampton, are working to give people access to a credit union as savers, in return for helping those who would otherwise have gone—let us say it—to a payday lender to get the money that they needed. That sort of work enables us to link communities together. It is crucial that we see

[Stella Creasy]

credit unions as being not just about borrowing, but about saving. We must recognise that saving enables us to support wider social objectives in a local community.

That is why this omission must be corrected and why Co-operative MPs are standing here tonight to try to get the Government to think again about excluding credit unions from the Help to Save scheme. Instead, we ask the Government to embrace credit unions by accepting the amendment. I join my hon. Friend in saying that if we do not get support from the Government for this change, we will seek to divide the House.

We want to send a message. We know that people will have to borrow. When 2017 looks as dire as it does, with inflation rising, people's wages still stalling and the cost of living continuing to rise, we have to make sure that people have sensible borrowing options. They also need to have sensible saving options, and the credit union movement is the answer. It is the solution for people who might not have gone anywhere else. If we can get them into a credit union, we can start dealing with their debts and getting them to save.

This is a critical time for our country's debt portfolio. As I said at the beginning of my remarks, a debt tsunami is heading our way. Let us not turn our backs on it. Let us be sensible about what we can do to help, and let us make credit unions part of the solution.

5.30 pm

Peter Dowd (Bootle) (Lab): I thank my hon. Friend the Member for Harrow West (Mr Thomas) for his indefatigable pursuit of the issues he has raised today, particularly on the role of credit unions. He is supported by other Members, such as my hon. Friend the Member for Walthamstow (Stella Creasy). No reasonable person could disagree with anything articulated by my hon. Friend the Member for Harrow West in his usual coherent, cogent and reasonable way. He has the support of Labour Front Benchers and of many other hon. Members in the Chamber.

My hon. Friend is in line with organisations such as StepChange Debt Charity, which welcomes the concept of Help to Save, but feels that the Government have not gone far enough in their commitment to facilitating saving. It says that only one in seven people eligible for the scheme are likely to take it up, and it supports the payroll deduction concept suggested by my hon. Friend.

Before I deal with the Opposition new clauses and amendments, I will first summarise our overall view. Although we fully support any measure that will encourage people to save, particularly young people and those on lower incomes, we feel that the proposed lifetime individual savings account will do little to help those two groups. In the Public Bill Committee, we heard a raft of expert evidence in support of that view, with many experts citing their concern that this may be simply another product in an overcrowded market. The products are not necessarily complicated per se, but the market is.

The Opposition will not stand in the way of the Bill, but we want to make a number of reasonable changes to ensure that the proposed ISA and right-to-buy scheme proposals do what they say they will do. Those with low incomes are already struggling to make it through the week, and they have seen the Government drastically

cut in-work benefits. I do not see how people will meet the minimum threshold, particularly given the reports showing that half of UK adults have set aside less than £500 for emergencies. Some families will simply not be able to save £50 every month, as was raised by Scottish National party Members in Committee.

On the impact review of auto-enrolment, the Opposition's wider concern is that the new savings scheme will interfere with and perhaps even have a negative impact on the automatic enrolment of people into pensions. Do the Government really want to gamble that, with 6.7 million people already auto-enrolled across 250,000 employers, they will not reach their target of 10 million by 2020? The Opposition new clauses and amendments are designed collectively to address the concern expressed across the board, including by the pensions industry, the trade union movement, Select Committees of this House and the Office for Budget Responsibility, which is that the lifetime individual savings account poses a threat to traditional pension savings and, most significantly, to auto-enrolment.

It is self-evident that automatic enrolment, which was mandated by the previous Labour Government, is an outstanding initiative that, as time passes, is starting to achieve the objective set for it. Hence our new clause 2, which proposes to place a duty on Her Majesty's Revenue and Customs to review the impact of lifetime ISAs on automatic enrolment annually. Auto-enrolment is one of the few success stories in the pension landscape, and it is widely acknowledged in all sectors to be right. We fear that, intentionally or not, the Government's policy may put the wider landscape in jeopardy and be a dangerous path to follow. Pensions history suggests that this will only be recognised in years to come. We want the Government to review the situation and the impact on the auto-enrolment scheme annually to ensure that the introduction of lifetime ISAs does not have a negative impact on the success of automatic enrolment.

Similarly, not all employees will be auto-enrolled until February 2018, and the increase in minimum contributions to 8% will not be completed until April 2019. The level of drop-outs is relatively low among younger people, but we do not want anything whatsoever to jeopardise the maximum possible number of people enrolling or to provide any incentive for them to opt out. That is not an unreasonable position to take, given the implications of getting things wrong. We have therefore tabled amendment 6 to delay the commencement of the Bill until the end of April 2019, when all firms will have been auto-enrolled and the increase in minimum contributions to 8% will have been completed. The simple truth is that many people cannot afford to pay into both a pension and a LISA. In fact, many can do neither. The Work and Pensions Committee has warned the Government:

"Opting out of AE to save for retirement in a LISA will leave people worse off."

Government messages on the issue have been mixed. The DWP has been very clear that the LISA is not a pension product, but the Treasury has proffered an alternative view.

New clause 3 is on independent financial advice. If the Government cannot get their position on the lifetime ISA clear, how will ordinary people in the street be clear about it? Compared with those of other pension plans,

the benefits of the LISA are relatively confusing and unclear when set in the context of the wider market. That is why we have tabled the new clause, which would place a duty on the Secretary of State to make regulations that ensured that all applicants for a lifetime ISA

“have independent financial advice made available to them”.

In other words, the new clause’s purpose is to ensure that those opening a lifetime ISA for retirement savings receive independent financial advice.

Advice is crucial in purchasing any expensive product, in particular one involving post-retirement income. The advice would be offered automatically—through an opt-in service, for example—and the service provider would sign a declaration outlining the advice the applicant had received. Any provider would have to confirm the status of the applicant, whether they were enrolled in a workplace pension scheme, whether they had signed a declaration of financial advice and whether they planned to use the lifetime ISA for a first-time residential purchase.

Independent financial advice does not have to be expensive. In fact, to give an example, the Government could mandate a robo-advice scheme, which is an online platform where an individual can get independent financial advice. Given the putative simplicity of LISA that the Minister has championed, experts inform me that having a robo-advice scheme would be a reasonable course of action, although such a scheme would need safeguards. First, it should be backed up by accredited financial advisers. Secondly, the Government should take steps to ensure that no one company has the contract, something that is all the more important to avoid a repeat of the Concentrix scandal.

The Opposition believe that it is only right that anyone considering a lifetime ISA be given the opportunity to see its benefits compared with those of other schemes on the market. New clause 3 would ensure that people could make an informed choice with the benefit of independent financial advice. It would enable parity in the quality of advice for all those entering the scheme and mean that much-needed oversight and education about the benefits of the scheme would be in situ.

It goes almost without saying that a pension is perhaps one of the most important purchases a person makes. That issue has exercised the minds of many people in government, in the regulatory sector and in the products sector. The history of mis-selling has left a long, deep shadow across the financial products sector. We must take that into account—we cannot ignore it. With so many bodies from across numerous industries outlining their concerns that there is a risk that people will save into a lifetime ISA when it is not the most beneficial retirement savings option, I cannot see a reasonable argument against ensuring that applicants receive independent financial advice before opening an account.

Millions of people have lost confidence in much of the sector to some degree or other. As witnesses in Committee alluded to, that is partly why when people are saving they do so in cash ISAs. They are not sure about stocks, shares and other products and so put their savings into products that give them a return of 0%, 0.1% and so on—up to 1% if they are lucky. We must create an environment in which people save and feel confident that they will get a reasonable return on their investment, especially if that investment is for their later years. That, too, is perfectly reasonable.

On new clause 4, the Opposition recognise that many people want to own their own home, and would encourage people to do so if that is what they wish, but we are concerned that the Government’s housing policy will only inflate housing prices further, and that the lifetime ISA will make things even more difficult in a housing environment that is already strained because of the limited numbers of houses being built nationwide. I will not even mention the huge cost of housing, particularly in London and the south-east. The average figure nationally is as much as £250,000 and over £500,000 in the capital. That is why new clause 4 would require the Government to conduct a review, within a year of the Act coming into force, of the potential impact of the lifetime ISA on house prices in the UK. It would also require that the review be made publicly available and be laid before both Houses of Parliament.

Evidence received in Committee, from the likes of Martin Lewis of MoneySavingExpert.com, acknowledged the potential popularity of the lifetime ISA but highlighted concerns about its potential impact and argued that unintended consequences of the scheme were a possibility and a concern. Worryingly, fewer homes were built in the last Parliament than under any other peacetime Government since the 1920s. The lifetime ISA might help to overheat a market already short of capacity. The Government’s priority should be to try to mitigate, not to add to, the problem. I do not consider that an unreasonable point either.

People are increasingly chasing a product in a market that has low supply levels. As I indicated in Committee, it so happens that that product is housing. The facts speak for themselves: the Government are almost two years through their five-year housing plan—not counting the previous five years—and still falling badly behind on their targets. If I recall correctly, the OBR’s assessment suggests a 0.3% inflationary effect on the housing market from products such as lifetime ISAs. If there are 100,000 house transactions a year, at £750 a time, that will add about £70 million a year to prices. If we are to implement policies that will affect an already overheating sector, it is important that we take into account their overall impact.

New clause 5 calls for a distributional analysis. As mentioned earlier, the Opposition’s underlying concern about the lifetime ISA is that it will do little to help those on low incomes to save. That is why we would like the Government to produce, within six months of the Act coming into force, an analysis of the distribution of benefits of lifetime ISAs and Help to Save accounts, including of the distributional effects between households at different income levels, genders, people with disabilities, and black and minority ethnic groups.

We should not forget that the Government’s huge cuts to universal credit will see 2.5 million people in working families lose as much as £2,000 a year, even after the Chancellor’s recent minor adjustments. It is difficult to imagine that such families will have a spare £50 a month to put into a Help to Save account. I made a point earlier about the low take-up. Those who can afford to save are generally better off, so the lifetime ISA will deliver subsidies to those who least need them. Meanwhile, the danger is that the Help to Save measure, which is specifically for universal credit and tax credit recipients, might encourage those on low incomes to

[Peter Dowd]

save money when it is not, at that point, necessarily in their best interests. According to the Women's Budget Group,

"Incentives to encourage saving—via the 'Help-to-Save' and 'Lifetime ISA' measures"—

are

"likely to disadvantage women"

and tend to represent

"a move away from collective provision of welfare".

It is concerned

"that in the future such individual accounts are used to provide an income during periods of caring, illness or disability...As women are both less likely to have funds to save and more likely to require time out for caring, they would be significantly disadvantaged by such an individualized approach as opposed to a collective system that enables redistribution."

New clause 6 feeds into the overall debate about whether the lifetime ISA and Help to Save measure will be good value for money, particularly if they do not help those on low incomes and minority groups to save. We welcome the sensible measures to address the thorny issue of the low retirement savings of the less well-off, and anything that puts money into the pockets of middle and low earners is welcome, but I wonder how that aim sits alongside the Conservatives' planned cuts—they are more like a heist—to universal credit. According to the OBR, the various pensions and savings policies introduced since 2011, including the lifetime ISA, will create a £5 billion lacuna in the public finances.

It is therefore imperative that the scheme benefits everyone in society, not disproportionately those who are already in a position to get on the housing ladder and save. It would be a real shame if the beneficiaries of the scheme were limited to those who were already able to afford to save and afford the deposit for a house. Given that the two policy announcements come at more or less the same time as cuts to tax credits, the juxtaposition of an investment of £1.8 billion in housing support for those in a better position to afford to buy against the significant cuts for those in lower-paid work will be seen at the very least as insensitive, and by some as crass and unfair.

5.45 pm

Even in less stressful economic circumstances, it is incumbent on the Minister to ensure that taxpayers' money is used with the concept of fiduciary duty uppermost in mind. It is all the more necessary in times of economic turbulence that the spending of taxpayers' money must be both prudent and canny. That is why we are asking the Government to implement an assessment within six months of the Bill coming into effect on the value for money to the taxpayer provided by the lifetime ISA and Help to Save scheme.

The Opposition are concerned about the effectiveness of the scheme. While we welcome any reasonable measures that will allow those on low incomes to save and encourage younger people to start saving earlier, the fear is that the scheme will disproportionately benefit a minority of people who are already more likely to be in a position to save and get on the housing ladder. There is a clear contradiction—some might say a tartuffery—between the Government cutting universal tax credits on the one hand but expecting people to somehow find the money for this scheme on the other. Is that fair?

I have laid out our clear concerns about the need for independent financial advice and assessment of the impact that right-to-buy schemes will have on the housing market and its cost-effectiveness. It is paramount that in due course the Government lay out clear evidence about who is using this scheme and, if necessary, amend it to allow wider participation. This scheme should not interfere with the continued success of auto-enrolment, so it should be delayed until 2018-19 when auto-enrolment is completed.

To be clear, this is not a scheme we would have initiated. We have huge reservations about any move by the Government away from a collective pension system towards an individualised payments system. That is a very slippery slope that the Government will not be here to regret. That is why we will continue to scrutinise the lifetime ISA—a potential Trojan horse for the current pension system—and the Help to Save scheme, which is an attempt to salve the conscience of a few Conservative Back Benchers after the chainsaw the Government have taken to tax credits. If the Government will not concede, we shall pursue new clauses 2 and 6 to a Division.

Ian Blackford (Ross, Skye and Lochaber) (SNP): It is a pleasure to be called to speak in the debate. I rise to speak to new clause 7 and amendments 7 to 11 and 13 to 22, which were tabled in my name and those of my hon. Friends.

We in the SNP—[*Interruption.*] I see that Conservative Members are laughing, but if the Government had taken this issue seriously and accepted some well-intentioned amendments in Committee, we would not have had to table all these amendments this evening. Let me tell Conservative Members that this Bill is a seriously bad piece of legislation, and they should take it seriously, not scoff at it.

The Scottish National party has consistently warned of the dangers of the Bill and its consequences for savers. The SNP is supportive of any initiative that promotes savings, but the lifetime ISA is a gimmick, as it will work only for those who can afford to save to the levels demanded by the Government to get the bonus. The LISA falls short of real pension reform, and it is a distraction to allow the Treasury access to taxes today rather than having to wait for tomorrow.

Savings into a LISA are made out of after-tax income; pension contributions are tax exempt and tend to receive employer contributions. Saving through pensions remains the most attractive method of saving for retirement. While anything that encourages saving for later life has to be welcomed, the danger is that the Government will derail auto-enrolment. Help to Save is another example: we agree working to encourage savings is welcome, but once again the UK Government are only scratching the surface, rather than really targeting those struggling to plan for emergencies or later life.

The Bill risks seducing young people away from investing in a pension by encouraging investment in a lifetime ISA. We have said before that no one investing in an ISA can be better off than someone investing in a pension. Why are the Government persisting with the Bill? Let us be clear: if we pass the Bill tonight, we could create circumstances in which young people might be sold a lifetime ISA when their interests would be better served by investing in a pension. That is what we will do if we pass this Bill.

In Committee, we sought to make sure that safeguards were in place and that advice was available for applicants to remove that risk, but for some reason the Government refused to accept our reasonable proposals. This evening, we are pressing new clause 7, which would require the Secretary of State to make regulations requiring all providers of LISAs or Help to Save accounts to provide applicants, at the point of application, with both advice on the suitability of the products to the individual and information on automatic enrolment and workplace pension schemes. Auto-enrolment is still in its infancy and is due to be reviewed next year, although we heard today that increases in payments to auto-enrolment schemes are now off the agenda. That too should be debated by the House and changed.

That has to be our priority for savings, but if we are not successful in pressing the new clause tonight, our only alternative is amendment 15, which would completely remove the LISA from the Bill. Our primary problem with the Bill as drafted is the LISA. While the UK Government rely on low opt-out rates from auto-enrolment to justify their claim that the LISA would not risk pension savings, we are not convinced. The Bill is a missed opportunity to focus on strengthening pension saving, rather than tinker with the savings landscape.

The amendments we tabled in Committee aimed to delay the LISA until safeguards were built in; they also highlighted the need for mandatory advice. The Government say that the LISA is a complementary product, not an alternative to pension saving, but they have given no real thought to the difficulties facing consumers in understanding their options and, for those who have savings, whether they are in the best product for their needs. Pensions are already confusing and complex; the LISA as it stands adds to that complexity. We need to build trust in savings. That can only come if consumers have confidence in what is offered to them. A new suite of savings products that in many cases are inferior to existing offerings does not help build confidence in savings.

On Second Reading the Financial Secretary said:

“What is attractive about the lifetime ISA is that people do not have to make an immediate decision about why they are saving this money...people not having to make that decision at an early stage when they cannot see what is ahead.”—[*Official Report*, 17 October 2016; Vol. 615, c. 607.]

That is an astonishing statement. Why is the Financial Secretary not saying that we ought to be encouraging pension savings? I get the point that we need to consider ways to help young people to get on the housing ladder. Perhaps we need to think about how investments in pension savings might help in that regard. That is one of the reasons I keep asking for the establishment of a pensions and savings commission, so we can look at these matters in a holistic manner. I keep making the point, and I make no apology for saying again, that nobody should be better off with a LISA than with pension savings.

The long-term cost of forgoing annual employer contributions worth 3% of salary by saving into a LISA would be substantial. For a basic rate taxpayer, the impact would be savings of roughly one third less in a LISA over a pension by the age of 60. For example, an employee earning £25,000 per annum and saving 4% of their income each year would see a difference in excess

of £53,000. After 42 years, someone saving through a pension scheme would have a pot worth £166,289.99 at a growth rate of 3%; in a LISA at the same growth rate the value would be only £112,646.75. That is a difference of over £53,000, and the difference would be even greater if wage growth was factored in. That is why we cannot support the Government tonight on the LISA elements of the Bill.

Without the introduction of advice, we are creating the circumstances in which mis-selling can take place. How can we stop someone being sold a LISA when a pension plan would be better for the consumer's needs? We cannot. That, quite simply, is why the Bill is wrong. The Government ought to be thoroughly ashamed of themselves. They are creating the circumstances in which mis-selling can take place. I point the finger of blame at the Government for introducing this Bill and at every Member who is prepared to go through the Lobby tonight to support the Bill. Dwell on the example I gave where someone earning £25,000 per annum saving 4% of their salary could be as much as £53,000 worse off after 42 years. Who can honestly support that? That is not in consumers' interests. It is de facto committing a fraud on savers in this country.

Today research has been published by True Potential. A poll of 2,000 employees showed that 30% of people aged between 25 and 40 would chose a LISA instead of a pension and that 58% of 25 to 34-year-olds would use their LISA for retirement savings. These statistics are the early warnings of the potential for mis-selling. Tonight, the House must vote to protect the consumer interest by backing new clause 7 to put in place an advice regime; failing that, Members should support amendment 15, which would delete LISAs from the Bill. Failure to do so will be a failure to take responsibility by each and every Member of this House.

I said on Second Reading:

“We would resist any further attempts to undermine pension saving and, specifically, to change the tax status of pension savings. That would be little more than an underhand way of driving up tax receipts—sweet talking workers to invest after-tax income in LISAs when their interests are best served by investing in pensions.”—[*Official Report*, 17 October 2016; Vol. 615, c. 620]

The sheer fact that the use of LISAs for retirement savings will be encouraged will confuse the public that this is a pension product and could disincentivise retirement savings in what should be traditional products. The Government's response that an amendment on advice would not work in practice, as it would create a barrier to accessing the LISA, is another quite extraordinary argument, as all that advice would do is make sure that consumers can make informed decisions. If there are consumers who choose to invest in a pension rather than a LISA product, I would be delighted, and so should the Government be.

The Government said it would be the role of the Financial Conduct Authority to ensure that sufficient safeguards are put in place. Specifically on advice, we welcome the FCA's proposed protections: firms will be required to give specific risk warnings at the point of sale, which include reminding consumers of the importance of ensuring an appropriate mix of assets is held in the LISA; they will also have to remind consumers of the early withdrawal charge and any other charges and they will have to offer a 30-day cancellation period after selling the LISA. However, still the risk is simply too

[*Ian Blackford*]

great for the Government to treat it as an afterthought. There must be a formal mechanism to assist those seeking to increase saving, particularly where they are looking for a retirement product.

Even the Association of British Insurers, which cautiously welcomes the LISA, has said:

“LISA (and other ISA products) receives savings from money that is already taxed. This keeps the burden of taxation with working age people and takes money out of the real economy”.

This takes us back to why we are here and what the Government are proposing and why it is wrong.

As I also said on Second Reading:

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

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

‘too many young people in their 20s and 30s have no pension and few savings. Ask them and they will tell you why. It is because they find pensions too complicated and inflexible, and most young people face an agonising choice of either saving to buy a home or saving for their retirement.’—*Official Report*, 17 October 2016; Vol. 615, c. 618-19.]

6 pm

This assertion was not backed up by any evidence, and it was also half-baked. Young people under the age of 30 have the lowest level of opt-out rates of all those who have been automatically enrolled into workplace pensions. Department for Work and Pensions research has found that for the under-30s the opt-out rate was 8%, compared with 9% for 30 to 49-year-olds and 15% for those aged 50 and over. One would have thought that the then Chancellor and the Minister today would look at the DWP evidence and recognise that the assertion behind the justification for these measures was wrong. The fundamental principle that young people, when presented with a solution for pension savings, such as is now the case with auto-enrolment, are not saving for a pension is wrong. After much effort, auto-enrolment has been successful at encouraging young people to save. That is what we should be prioritising tonight and it is why we should vote to delete LISAs from this Bill.

Of course we know that the Treasury has been flying kites on moving from the existing arrangements for pensions—exempt, exempt—to one of taxed, exempt, exempt. This in my opinion would have a drastic impact on incentivising pension savings, but clearly from the Government’s point of view it would mean higher tax receipts today rather than pensions being taxed on exit, a wheeze from the previous Chancellor to deliver higher taxation income today rather than taxing consumption in the future—a modern-day reverse Robin Hood. Is it not the case that when this was kicked into the long grass, along came the Chancellor with proposals to achieve the same ends through the back door?

We must focus on pension savings and auto-enrolment. We must not undermine those efforts by inadvertently encouraging people to opt out through by consumers with new competing products. As has been stated by the likes of Zurich Insurance:

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

I agree with that.

What is inconceivable is the reason why the Government are pushing ahead at such haste with the product: with the right hon. Member for Tatton gone from the Cabinet, why are they holding on to his big ideas? Providers have already said that they may not be ready for the implementation date of April 2017. Surely, to ensure quality and safeguards and overcome the challenges of complexity, at least the Government should accept our amendments to remove this ISA on these grounds.

Let me turn briefly to our Help to Save amendments. Currently those aged under 25 only qualify for working tax credits if they work at least 16 hours a week. Amendment 12 would ensure that any individual aged under 25 would qualify for a Help to Save product if they met other specified criteria. Amendments 10, 11, 8 and 9 would allow Help to Save to provide for “top-up” monthly payments above £50 so long as the average payment for every two months is £50. Amendment 14 would enable an auto-enrolment workplace saving scheme which would see an individual automatically signed up to a Help to Save account. He or she may opt out to stop money being deducted from their pay or benefits into a savings account.

Amendment 13 would ensure that individuals subject to a bankruptcy order would not be stripped of their assets. Amendment 7 would reduce the time before the holder of a Help to Save account would receive a Government bonus to six months.

We welcome the Government’s Help to Save, which we believe will help to boost the financial resilience of lower-income households. A survey conducted specifically about the scheme by StepChange demonstrates the importance of helping low-income households to save. Over three-quarters of respondents said that they need to pay an unexpected cost at least once a year, and on average it is worth between £200 and £300.

Without savings, many people have cut back on essentials such as food or heating, or had to borrow money. Boosting accessible cash savings among lower-income groups is vital to keep struggling families out of debt. Having £1,000 in accessible cash savings reduces the likelihood of a household falling into debt by 44%. If every household in the UK had at least £1,000 saved, it would reduce the number in problem debt by 500,000. However, in terms of the entire pensions and savings landscape, the Government could do much more.

We will support these aspects of the Bill. However our amendments simply add further security and protections for those the Government have not considered. StepChange is also calling for the Government to come forward with a plan to tackle anticipated low take-up of Help to Save, to ensure the maximum benefit among eligible households who are just about managing. Our amendment for those under 25 would help to do that.

We also support StepChange's calls for Ministers to commit to bring forward a plan no longer than six months after Royal Assent of the Bill that shows how Help to Save will reach half of the eligible target group. The review of auto-enrolment should be used to look at how we can enhance the numbers and those eligible for pension savings, and more broadly how we can help families to build short-term savings.

I hope the Government reflect on our amendments. There must be advice for those looking to invest in LISAs. Failing that, I will be seeking to remove LISAs from this Bill through amendment 15. We must as a House protect consumers from any possibility of mis-selling. A failure to do so will see us back in this Chamber discussing the consequences, and it will be the Government at fault.

The Financial Secretary to the Treasury (Jane Ellison):

This has been a wide-ranging debate, albeit with a relatively small number of speakers. Many of the arguments today were given a good airing during our Bill Committee discussions. I will try to address the key points raised by hon. Members, and will also set out why we think the Government amendments are necessary.

First, however, I want to touch on a point of policy that is of some relevance to the debate: a change to charges in the first year. We are making a small change to charges on early withdrawals from the lifetime ISA in its first year of operation, for the benefit of consumers. Although these rules will be set out in regulations, so do not affect the substance of the Bill before the House today, as a courtesy I thought some hon. Members would be interested, given the points raised in oral evidence to the Bill Committee.

The 25% Government charge on unauthorised withdrawals from the lifetime ISA recoups the Government bonus and applies a small additional charge. This is fair as it reflects the long-term nature of the product and ensures that individuals save into it for the intended purposes, protecting Government funds and taxpayers' money. However, in 2017-18 only, the bonus will not be paid monthly, as it will be from April 2018 on, but will be paid as an annual bonus at year-end. This could create a difficult case where people face a 25% Government charge up to 12 months before they receive the bonus. We have listened to representations on this point, and so, to improve the product for consumers, I can confirm that there will be no Government charges in 2017-18.

If people want to withdraw from their lifetime ISA in 2017-18, they must close their account, and there will be no Government charge to do so. No bonuses will be paid on such closed accounts.

An individual who has closed their account will be able to open another lifetime ISA in 2017-18 and contribute up to £4,000 into it, if they wish to. From April 2018 the Government bonus will be paid monthly. This means that the 25% Government charge on withdrawals other than for a first-time house purchase, in the event of terminal illness or when the individual is over 60 will apply as per the overarching policy intention.

Government amendment 3 is about data sharing, and I wrote on this issue to the hon. Members for Bootle (Peter Dowd) and for Ross, Skye and Lochaber (Ian Blackford) and copied in the rest of the Bill Committee. We have heard that the lifetime ISA will provide an eligible first-time buyer with a new choice in saving for

their first home, in addition to the existing help to buy ISA scheme. Both schemes provide that generous Government bonus of 25% that can be put towards a first home.

As we set out when we first announced the lifetime ISA, we intend that individuals will be able to save into both a Help to Buy ISA and a lifetime ISA, but they will only be able to use the bonus from one of the schemes when they buy their first home. Amendment 3 introduces a new paragraph to schedule 1 to allow HMRC and the administrator of the Help to Buy ISA to share information about bonus payments and charge-free withdrawals so that those rules can be policed. It also provides appropriate safeguards and sanctions in relation to the use of account holders' information, including a criminal offence for unlawful disclosure of that information, in line with HMRC's established duty of taxpayer confidentiality. The amendment is straightforward and will ensure that the scheme rules on Government bonuses can be effectively administered. I hope that the House will accept it.

Government amendments 4 and 5 concern residency conditions for Help to Save. That is a targeted scheme, as we have heard, that will support lower-income savers by providing a generous Government bonus on their savings. It is only right that that Government bonus should be available for savings made while an account holder is in the UK or has an appropriate connection with the UK, such as Crown servants serving overseas. The Bill already provides that, as well as meeting conditions in relation to working tax credit or universal credit, an individual must be in the UK to open an account. However, it is currently silent on the rules that apply where an account holder leaves the UK during the four-year lifetime of an account.

The amendments address that situation by allowing regulations to provide that the monthly payment limit for Help to Save can be set at nil in certain cases. We intend to use that power to provide that an individual cannot make payments to an account, and cannot thereby earn additional Government bonus, when they are not in the UK or do not have the appropriate connection to the UK. That will be supported by a requirement to notify the account provider if an account holder's circumstances change and they will be absent from the UK. That approach broadly mirrors the arrangements currently in place for ISA accounts. The amendments also provide for a penalty where there is a failure to notify the account provider of such a change. However, that penalty will not apply where there is a reasonable excuse for the failure, and any person who receives a penalty will have the right to appeal. The House will have the opportunity to consider regulations dealing with eligibility for an account before the launch of the scheme.

These amendments allow an effective targeting of the generous Help to Save bonus, so that it can be earned only on savings made by individuals in the UK, or with an appropriate connection. On that basis, I hope that the House will accept them.

I will now respond to the non-Government amendments and new clauses. Again, we debated most of these issues at length in Committee. I will try not to recap all the arguments and to summarise the main ones.

New clause 3 and new clause 7 both concern advice for people opening either type of account. We have heard concerns that people may not get all the advice

[Jane Ellison]

they need. I have been clear that the regulation of providers is the role of the independent Financial Conduct Authority, which regulates ISA providers and will likewise set the framework for the Lifetime ISA. It is consulting on its approach at the moment. On 16 November, it set out its suggested approach.

The Government of course want to ensure that people have the information that they need to make important financial decisions. We will provide clear information on gov.uk as well as work with the Money Advice Service and its successor to ensure that they make appropriate and impartial information available. The risk of mandating that people receive independent advice is that it makes investing in these products prohibitively expensive for many people. In Committee, we talked about the cost associated with mandating financial advice of that nature. Therefore, although I understand the sentiment behind those new clauses, I urge hon. Members not to press them and instead look at what the FCA has recommended in its initial suggestions to us.

Ian Blackford: Will the Minister give way?

Jane Ellison: I will, although the hon. Gentleman spoke for 20 minutes on this subject. I will take a brief intervention.

Ian Blackford: Speaking for 20 minutes when consumers are exposed to risk is not unreasonable. Can the Minister tell me which workers who have access to auto-enrolment will be better off under a LISA than they would under a pension?

Jane Ellison: I accept entirely, and it is evident from the hon. Gentleman's speech, that he objects in principle to the lifetime ISA, but the matter before the House is whether we legislate for it, and the new clause I am addressing at the moment concerns financial advice. I have given examples of where the Government will be steering people towards advice. We are as keen as anyone that people have access to advice, but I urge him to look at the FCA consultation and what it has said, because it is the FCA's job to steer us in that regard.

6.15 pm

Amendment 2 is on Help to Save and credit unions as providers. I agree that credit unions play a key role in offering affordable, responsible credit to under-served communities. The Government are very keen to support them. The Conservative manifesto committed to support the credit union movement in making financial services more accessible. The Government supported the movement through the Department for Work and Pensions credit union expansion project. They have provided £38 million of funding to help the sector to modernise and to become self-sustainable. The coalition Government, as the hon. Member for Walthamstow (Stella Creasy) will know, increased the maximum interest rates that credit unions can charge.

Amendment 2 concerns the potential for credit unions to offer Help to Save accounts. We have chosen to appoint NS&I as the single provider of Help to Save accounts, as it provides the most cost-effective way of ensuring national coverage for the scheme. As I have said, we acknowledge the important role that credit unions play in local communities, but it became clear during this

summer's consultation that a multiple provider model reliant on financial providers, including credit unions, offering accounts on a voluntary basis would not have guaranteed the UK-wide coverage that we wanted. By appointing NS&I as the scheme provider, we can achieve that nationwide account provision. It also means that we can work with a single provider to ensure that accounts are easily accessible by all the eligible people. That removes a significant administrative and compliance cost that would be associated with a range of different providers.

However, I want to stress—I hope this reassures the hon. Member for Walthamstow, who was not on the Bill Committee—that the Bill does allow HMRC to approve a credit union to be an authorised account provider, if we decide to adopt a multiple provider model of account provision in future. NS&I has been adopted in regulations as the provider at this stage, but nothing in the Bill would preclude expanding the provider model in future. I want to assure the hon. Lady and the hon. Member for Harrow West (Mr Thomas) that nothing precludes credit unions from being further involved in future.

Richard Fuller (Bedford) (Con): I listened with interest to the points made by Labour Members about credit unions. I am a member of the Bedford credit union. Will the Minister look specifically at this issue? I think the hon. Member for Walthamstow (Stella Creasy) was saying that the Bill was an opportunity to expand the role of credit unions—they could be given almost a preferred provider status. When the Minister considers expanding the provider model beyond NS&I to include alternative providers, will she look specifically at expanding it solely to credit unions, rather than more broadly?

Jane Ellison: I hope that my hon. Friend will understand that it would be pre-emptive of me to make such a commitment at this stage. However, we have been clear that we think that credit unions have a big role to play. The primary legislation does not preclude them from being part of a multiple provider model in future. Indeed, my officials have been in constructive discussions with the credit union movement throughout the passage of the Bill. We are working with the credit union sector to ensure that the final design of Help to Save meets the needs of the target audience. I know that the Economic Secretary to the Treasury is looking forward to meeting the hon. Member for Harrow West and my hon. Friend the Member for South Ribbles (Seema Kennedy) to discuss the issue further with the Association of British Credit Unions. Therefore, this is not about excluding the credit union movement. We are in regular, constructive discussion with credit unions. We just feel at this stage that the amendment would not allow us to offer that simple nationwide model on the introduction of Help to Save.

Stella Creasy: I thank the Minister for what she is saying. Our concern is that savings are a critical part of credit unions' ability to deliver the services that they provide. Her argument does not preclude the amendment that Co-op MPs have tabled. The conversations that she is talking about could then happen. There has been no suggestion that there would be any legislative bar. She is making the case for accepting the amendment in saying that it is exactly what she wants to do in future.

Jane Ellison: I am just saying that nothing in the Bill precludes that from happening now, so the amendment is unnecessary. We are in constructive discussions with the credit unions. They are not precluded from being part of a multiple provider model in future. I have laid out that, throughout the consultation, we identified that that was not a suitable model for the starting point. However, I honestly think that we are essentially coming at this from the same point of view. I hope that, in the light of what I have said, hon. Members will not press the amendment. As I say, we will continue to have those constructive discussions.

Amendment 7 seeks to pay the bonus every six months, rather than at the two and four-year mark of the Help to Save product. We believe that paying the bonus at two years and at account maturity strikes the right balance between giving people enough time to build up their savings and develop a savings habit and allowing them to access the bonus within an appropriate timescale. That is supported by evidence from similar savings schemes. Some Members will be aware that the savings gateway pilots showed that the optimal period for the saving habit to be embedded is two years.

I emphasise that people will still have full access to their savings with Help to Save, so even if they are able to save for only six months, they will still be entitled to receive a bonus at the two-year point or at maturity. I hope that that reassures hon. Members that we have looked carefully at the issue. I accept that it is, to an extent, a judgment call, but evidence from the savings gateway pilots, as well as from other peer-reviewed research, shows that the optimal time for the saving habit to be embedded is about 19 to 24 months. We think that we have struck the right balance, so I hope that the amendment will not be pressed.

Amendments 8 to 11 centre on the contribution limits. Not many Members spoke specifically about the issue and we explored it well in Committee. It is about being able to contribute a two-monthly average of £50. Our consultation specifically addressed the question of whether individuals should be able to pay in more than the £50 limit in certain circumstances. Respondents were very clear that that would add complexity to the scheme, both for savers and for account providers. It is worth noting that the Office for Budget Responsibility-certified forecast suggests that people will deposit £27.50 into their accounts each month on average. The £50 monthly limit is adequate, so I hope that the amendments will not be pressed.

Amendment 12 centres on eligibility for under-25s. The issue was explored in Committee and it has been touched on briefly today by the hon. Member for Ross, Skye and Lochaber. Our intention is to passport people into eligibility for Help to Save from working tax credit and universal credit. That is a well-established way of targeting people on lower incomes, and we think that it is the most simple and effective method for determining eligibility. Importantly, it removes the need for people either to complete a further means test to prove that they are eligible for an account or to contact the Government, both of which deter people from opening accounts. It also avoids additional costs associated with developing a new and complex eligibility checking system.

The hon. Gentleman also touched on amendment 13, which seeks to exempt bonuses from bankruptcy proceedings. Our approach is consistent with what we

have done elsewhere. In the benefits system, for example, deductions are sometimes made to claims to repay debts. We think that, in reality, any accrued bonus represents an asset to the account holder and should be treated as such during any insolvency proceedings. Again, I urge Members not press the amendment.

The hon. Member for Harrow West began by speaking to new clause 1, which focuses on save-as-you-earn and the payroll reduction, which is also the subject of amendment 14. Both proposed amendments seek to introduce rules to allow people to deduct automatically amounts from their salary into a Help to Save account. In fact, amendment 14 goes further by proposing the introduction of auto-enrolment for Help to Save, allowing employers or benefit-paying bodies to divert money from employees' pay into a Help to Save account, unless they opt out.

As I said in Committee, we want the decision to save into a Help to Save account to be an active choice made by eligible individuals at a time that is right for them. For many, that will mean saving flexibly, putting aside what they can afford each month, rather than committing to having a fixed amount deducted each month from their salary. There is nothing in the Bill to stop an employer offering payroll deduction for Help to Save to their employees, but we do not intend to make it a statutory requirement for employers to offer payroll deduction for Help to Save. Automatic enrolment into workplace pensions must remain the priority for employers.

New clauses 2, 4, 5 and 6 seek to place a duty on the Government to review or publish analysis on certain aspects of the policies. In all cases we have already conducted an impact assessment, published alongside the Bill. At the time of the autumn statement, we published a cumulative distribution analysis of all the policies implemented during the 2015-20 Parliament, including of the lifetime ISA and Help to Save. We believe that it is important to look at the cumulative impact of tax and spending decisions, rather than the impact of individual measures in isolation. The distributional analysis that the Government have published since 2010 has always taken that cumulative, rather than measure-by-measure, approach.

As with all Government policies, we will, of course, keep the lifetime ISA under review to ensure that it is meeting its objectives. Indeed, we already regularly publish a wide range of detail about the take-up of Government-supported savings accounts such as ISAs. We intend to take a similar approach to the lifetime ISA, so we have already done a lot in that regard.

We discussed the interaction with the housing market in Committee, as the hon. Member for Bootle (Peter Dowd) has said. In essence, any impact that the lifetime ISA has on the housing market is likely to be very difficult to detect among other factors. As was said in Committee, the accusations that this product benefits only the wealthy do not bear scrutiny, given that the Help to Buy ISA has been used to buy homes worth on average £167,250, which is well under the property price cap. The accusations are not fair.

The interaction with automatic enrolment dominated the contribution of the hon. Member for Ross, Skye and Lochaber. We covered the issue in detail in Committee, and I once again stress the Government's absolute commitment to automatic enrolment. It is wrong to say that we are seeking to derail it. The lifetime ISA—the

[Jane Ellison]

Treasury is clear on this—is designed to be a complement to automatic enrolment and workplace pensions, not a replacement. Our costings do not assume that people will opt out of their workplace pension in order to pay into a lifetime ISA. Encouragingly, the figures show that the opt-out rate is very low so far. Taking all those things together, we do not think that the proposed new clauses are necessary, so I urge hon. Members not to press them.

Amendments 15 to 22 would effectively cancel the lifetime ISA from the Bill. It is evident from my comments so far that I have no intention of accepting the amendments. It is clear that we have a disagreement in principle. The hon. Gentleman's accusations against the measure bordered on hyperbole. He said that he is prepared to look at any reasonable proposal that helps people to save, but we know from the consultations on the complex subject of saving for the future that this is a product that will help many people save. It is a direct response to the comments made in response to a public consultation about the complexity of savings options.

Ian Blackford *rose*—

Jane Ellison: No, I am going to press on.

Ian Blackford *rose*—

Jane Ellison: No. We have had a good debate, both in Committee and here, and I am going to press on. I have to date taken slightly less time than the hon. Gentleman—

Ian Blackford *rose*—

Mr Speaker: Order. The Minister is clearly not giving way. It is apparent to everybody else in the Chamber and I am sure that it is now apparent to the hon. Gentleman.

Jane Ellison: Amendments 15 to 22 seek to cancel half the Bill—I am not going to accept them. I refer the hon. Member for Ross, Skye and Lochaber to the FCA's consultation; I do not think that it would recognise his comments, and neither do I.

Amendment 1 would change the normal maturity period for Help to Save accounts from 48 to 24 months. In practice, people would be able to save into a Help to Save account for only two years rather than four. We designed the scheme so that people can save into a Help to Save account and get a Government bonus after two years, and then continue to save and receive a further bonus when the account matures after four years. We have done that because we want the target group to be able to save as regularly as other people and they may take longer to save towards that vital rainy day fund. It also provides an incentive for people to continue saving beyond two years, which fits with our objective to encourage people to develop a long-term saving habit. I hope that the amendment will not be pressed.

Finally, amendment 6 would delay commencement until April 2019, when automatic enrolment into workplace pensions will be fully rolled out. We have been very clear that we do not expect lifetime ISAs to drive opt-outs from pension saving. There is, therefore, no reason to

delay. In fact, such a delay would disadvantage those who wish to open a lifetime ISA and who have been preparing for a 2017 launch. The hon. Gentleman completely disregarded the fact that self-employed people do not have the option of access to a workplace pension scheme. That came out in evidence to the Bill Committee. There was not a word about the self-employed.

Ian Blackford: Will the Minister give way?

Jane Ellison: No, I will not.

The proposal would also delay Help to Save for a year, disadvantaging the savers on low incomes who will benefit from the scheme. Like many hon. Members, I am passionate about the Help to Save scheme and want to see it go ahead as planned. I intend to work with all who have been mentioned—the credit unions, many financial inclusion charities, and the Churches—to ensure that we exceed the take-up target for Help to Save. I will be delighted if we vastly exceed the target, and that is my intention.

6.30 pm

I am grateful for the level of interest that Members have shown in this important area of helping people to save. I appreciate that many amendments were tabled to try to improve the Bill, so in that collaborative spirit I hope that Members will accept Government amendments 3 to 5, which will improve the policies. I have set out why the other new clauses and amendments are unnecessary, and I hope that Members will be prepared not to press them to a vote as I have responded and provided reasons. I am confident that the Bill will further the Government's aim of supporting people to save for their future in different ways, and I commend it to the House.

Mr Speaker: The final words in respect of this group of amendments are for the hon. Member for Harrow West (Mr Thomas).

Mr Gareth Thomas: This debate has been short but interesting. I hope that Members will forgive me if I confine my brief remarks to the three amendments tabled in my name. My hon. Friend the Member for Walthamstow (Stella Creasy) made a characteristically excellent speech dwelling on the debt tsunami coming our way. She rightly alluded to the challenges that many credit unions face in providing a service through local employers to their employees.

My hon. Friend the Member for Bootle (Peter Dowd) made an excellent speech from the Front Bench—perhaps inspired by listening to the works of Shostakovich, of whom he is a devotee. Given the numbers who might be eligible, he is rightly worried that the number of people who sign up for Help to Save will not be as great if credit unions are not included among the providers that can offer Help to Save.

I was interested by the Minister's response, and I hear her concerns about new clause 1, which I look forward to exploring more in a meeting with the Economic Secretary to the Treasury. I was grateful to hear the Minister offer some reassurance on amendment 1 and the possible reduction to 12 months from 24 months. As a result, I will not press amendment 1 or new clause 1 to a Division.

I will, however, seek a vote on amendment 2 because I gently suggest to the Minister that she did not make a convincing case as to why credit unions should not be allowed to offer this product. It is clear that NS&I will be a good national provider, but it is unclear why credit unions cannot be given the opportunity to offer the product at the same time. Given all the effort and expense that the Treasury is going to, it seems odd not to take advantage of the opportunity that credit unions can provide to get more people signed up. In that spirit, I intend to press amendment 2 to a vote, but I will not press new clause 1 or amendment 1.

Clause, by leave, withdrawn.

New Clause 2

IMPACT REVIEW: AUTOMATIC ENROLMENT AND PENSIONS SAVINGS

(1) The Treasury must review the impact of Lifetime ISAs on workplace pensions automatic enrolment and pensions savings within one year of this Act coming into force and every year thereafter.

(2) The conclusions of the review must be made publicly available and laid before Parliament.—(*Peter Dowd.*)

This new clause would place a duty on HMRC to review annually the impact of Lifetime ISAs on automatic enrolment.

Brought up, and read the First time.

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

The House divided: Ayes 230, Noes 277.

Division No. 104]

[6.33 pm

AYES

Abbott, Ms Diane	Chapman, Jenny
Abrahams, Debbie	Coaker, Vernon
Ali, Rushanara	Coffey, Ann
Allin-Khan, Dr Rosena	Cooper, Julie
Anderson, Mr David	Cooper, Rosie
Arkless, Richard	Cooper, rh Yvette
Ashworth, Jonathan	Corbyn, rh Jeremy
Austin, Ian	Cowan, Ronnie
Bailey, Mr Adrian	Coyle, Neil
Bardell, Hannah	Crausby, Mr David
Barron, rh Sir Kevin	Crawley, Angela
Beckett, rh Margaret	Creagh, Mary
Benn, rh Hilary	Creasy, Stella
Berger, Luciana	Cruddas, Jon
Black, Mhairi	Cryer, John
Blackford, Ian	Cummins, Judith
Blackman-Woods, Dr Roberta	Cunningham, Mr Jim
Blenkinsop, Tom	Dakin, Nic
Blomfield, Paul	Danczuk, Simon
Boswell, Philip	David, Wayne
Brabin, Tracy	Davies, Geraint
Brake, rh Tom	Day, Martyn
Brock, Deidre	De Piero, Gloria
Brown, Lyn	Docherty-Hughes, Martin
Brown, rh Mr Nicholas	Dodds, rh Mr Nigel
Bryant, Chris	Donaldson, rh Sir Jeffrey M.
Butler, Dawn	Donaldson, Stuart Blair
Cadbury, Ruth	Doughty, Stephen
Cameron, Dr Lisa	Dowd, Peter
Campbell, rh Mr Alan	Dromey, Jack
Campbell, Mr Gregory	Durkan, Mark
Campbell, Mr Ronnie	Eagle, Ms Angela
Carmichael, rh Mr Alistair	Eagle, Maria
Champion, Sarah	Efford, Clive
Chapman, Douglas	Elliott, Julie

Elliott, Tom	McCarthy, Kerry
Ellman, Mrs Louise	McDonald, Andy
Elmore, Chris	McDonald, Stuart C.
Esterson, Bill	McDonnell, rh John
Evans, Chris	McFadden, rh Mr Pat
Farron, Tim	McGinn, Conor
Fitzpatrick, Jim	McGovern, Alison
Flello, Robert	McInnes, Liz
Fletcher, Colleen	McKinnell, Catherine
Flint, rh Caroline	McMahon, Jim
Flynn, Paul	Meale, Sir Alan
Fovargue, Yvonne	Mearns, Ian
Furniss, Gill	Miliband, rh Edward
Gapes, Mike	Monaghan, Dr Paul
Gibson, Patricia	Moon, Mrs Madeleine
Glass, Pat	Morden, Jessica
Glindon, Mary	Mullin, Roger
Godsiff, Mr Roger	Murray, Ian
Goodman, Helen	Nandy, Lisa
Grady, Patrick	Nicolson, John
Grant, Peter	O'Hara, Brendan
Gray, Neil	Olney, Sarah
Green, Kate	Osamor, Kate
Greenwood, Lilian	Owen, Albert
Greenwood, Margaret	Paterson, Steven
Griffith, Nia	Pearce, Teresa
Gwynne, Andrew	Pennycook, Matthew
Haigh, Louise	Perkins, Toby
Hanson, rh Mr David	Phillips, Jess
Harman, rh Ms Harriet	Phillipson, Bridget
Harris, Carolyn	Pound, Stephen
Healey, rh John	Powell, Lucy
Hendry, Drew	Pugh, John
Hepburn, Mr Stephen	Rayner, Angela
Hodge, rh Dame Margaret	Reed, Mr Steve
Hodgson, Mrs Sharon	Reeves, Rachel
Hollern, Kate	Reynolds, Emma
Hopkins, Kelvin	Reynolds, Jonathan
Hosie, Stewart	Ritchie, Ms Margaret
Howarth, rh Mr George	Robinson, Gavin
Hunt, Tristram	Robinson, Mr Geoffrey
Huq, Dr Rupa	Ryan, rh Joan
Jarvis, Dan	Saville Roberts, Liz
Johnson, rh Alan	Shah, Naz
Jones, Gerald	Sheerman, Mr Barry
Jones, Graham	Sheppard, Tommy
Jones, Helen	Sherriff, Paula
Jones, Mr Kevan	Siddiq, Tulip
Kane, Mike	Simpson, David
Keeley, Barbara	Skinner, Mr Dennis
Kerevan, George	Slaughter, Andy
Kinahan, Danny	Smeeth, Ruth
Kinnock, Stephen	Smith, rh Mr Andrew
Kyle, Peter	Smith, Cat
Lamb, rh Norman	Smith, Jeff
Lammy, rh Mr David	Smith, Nick
Lavery, Ian	Smith, Owen
Lewell-Buck, Mrs Emma	Smyth, Karin
Lewis, Mr Ivan	Spellar, rh Mr John
Lynch, Holly	Starmer, Keir
MacNeil, Mr Angus Brendan	Stephens, Chris
Mactaggart, rh Fiona	Stevens, Jo
Madders, Justin	Streeting, Wes
Mahmood, Shabana	Stringer, Graham
Malhotra, Seema	Stuart, rh Ms Gisela
Marris, Rob	Tami, Mark
Marsden, Gordon	Thomas, Mr Gareth
Maskell, Rachael	Thompson, Owen
Matheson, Christian	Thornberry, Emily
Mc Nally, John	Trickett, Jon
McCabe, Steve	Turley, Anna
McCaig, Callum	Twigg, Derek

Bill

Bill

Twigg, Stephen
 Umunna, Mr Chuka
 Vaz, rh Keith
 Vaz, Valerie
 Watson, Mr Tom
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Wilson, Corri

Wilson, Phil
 Wilson, Sammy
 Winnick, Mr David
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Vicky Foxcroft and
Thangam Debonaie

NOES

Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Barwell, Gavin
 Bellingham, Sir Henry
 Benyon, Richard
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Blackman, Bob
 Blunt, Crispin
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Carmichael, Neil
 Carswell, Mr Douglas
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colvile, Oliver
 Costa, Alberto
 Courts, Robert
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.

Davies, Dr James
 Davies, Mims
 Davies, Philip
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Evans, Graham
 Evans, Mr Nigel
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Glen, John
 Goodwill, Mr Robert
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, rh Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan

Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollobone, Mr Philip
 Hopkins, Kris
 Howarth, Sir Gerald
 Howlett, Ben
 Huddleston, Nigel
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kirby, Simon
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Sir Oliver
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lilley, rh Mr Peter
 Lopresti, Jack
 Loughton, Tim
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Sir Patrick
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll

Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Trednick, David
 Trevelyan, Mrs Anne-Marie
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Robin

Warburton, David
 Warman, Matt
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill

Williams, Craig
 Williamson, rh Gavin
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
Graham Stuart and
Mark Spencer

Carswell, Mr Douglas
 Cartlidge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse

Collins, Damian
 Colvile, Oliver
 Costa, Alberto
 Courts, Robert
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Dodds, rh Mr Nigel
 Donaldson, rh Sir Jeffrey M.
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Elliott, Tom
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Evans, Graham
 Evans, Mr Nigel
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Glen, John
 Goodwill, Mr Robert
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Grieve, rh Mr Dominic

Griffiths, Andrew
 Gummer, rh Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollobone, Mr Philip
 Hopkins, Kris
 Howarth, Sir Gerald
 Howlett, Ben
 Huddleston, Nigel
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kinahan, Danny
 Kirby, Simon
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Sir Oliver
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lilley, rh Mr Peter
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw

Question accordingly negated.

Clause 1

GOVERNMENT CONTRIBUTIONS TO LIFETIME ISAs

Amendment proposed: 15, page 1, line 1, leave out clause 1.—(Ian Blackford.)

See explanatory statement for amendment 16.

The House divided: Ayes 45, Noes 285.

Division No. 105]

[6.47 pm

AYES

Arkless, Richard
 Bardell, Hannah
 Black, Mhairi
 Blackford, Ian
 Boswell, Philip
 Brake, rh Tom
 Brock, Deidre
 Cameron, Dr Lisa
 Carmichael, rh Mr Alistair
 Chapman, Douglas
 Cowan, Ronnie
 Crawley, Angela
 Cunningham, Mr Jim
 Day, Martyn
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Durkan, Mark
 Farron, Tim
 Gethins, Stephen
 Gibson, Patricia
 Grant, Peter
 Gray, Neil
 Hendry, Drew
 Hosie, Stewart

Kerevan, George
 Kerr, Calum
 Lamb, rh Norman
 MacNeil, Mr Angus Brendan
 Mc Nally, John
 McCaig, Callum
 McDonald, Stuart C.
 Monaghan, Dr Paul
 Mullin, Roger
 Nicolson, John
 O'Hara, Brendan
 Olney, Sarah
 Paterson, Steven
 Pugh, John
 Ritchie, Ms Margaret
 Saville Roberts, Liz
 Sheppard, Tommy
 Stephens, Chris
 Whiteford, Dr Eilidh
 Whitford, Dr Philippa
 Wilson, Corri

Tellers for the Ayes:
Owen Thompson and
Patrick Grady

NOES

Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Barwell, Gavin
 Bellingham, Sir Henry
 Benyon, Richard
 Beresford, Sir Paul
 Berry, Jake

Berry, James
 Blackman, Bob
 Blunt, Crispin
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Campbell, Mr Gregory
 Carmichael, Neil

Metcalfe, Stephen	Simpson, rh Mr Keith
Miller, rh Mrs Maria	Skidmore, Chris
Milling, Amanda	Smith, Henry
Mills, Nigel	Smith, Julian
Milton, rh Anne	Smith, Royston
Mitchell, rh Mr Andrew	Soames, rh Sir Nicholas
Mordaunt, Penny	Solloway, Amanda
Morgan, rh Nicky	Soubry, rh Anna
Morris, Anne Marie	Stephenson, Andrew
Morris, David	Stevenson, John
Morton, Wendy	Stewart, Bob
Mowat, David	Stewart, Iain
Mundell, rh David	Stewart, Rory
Murray, Mrs Sheryll	Streeter, Mr Gary
Murrison, Dr Andrew	Stride, Mel
Neill, Robert	Sturdy, Julian
Newton, Sarah	Sunak, Rishi
Nokes, Caroline	Swayne, rh Sir Desmond
Norman, Jesse	Syms, Mr Robert
Nuttall, Mr David	Thomas, Derek
Offord, Dr Matthew	Throup, Maggie
Opperman, Guy	Timpson, Edward
Parish, Neil	Tolhurst, Kelly
Patel, rh Priti	Tomlinson, Justin
Paterson, rh Mr Owen	Tomlinson, Michael
Pawsey, Mark	Tracey, Craig
Penning, rh Mike	Tredinnick, David
Penrose, John	Trevelyan, Mrs Anne-Marie
Percy, Andrew	Tugendhat, Tom
Philp, Chris	Turner, Mr Andrew
Pickles, rh Sir Eric	Tyrie, rh Mr Andrew
Pincher, Christopher	Vickers, Martin
Poulter, Dr Daniel	Villiers, rh Mrs Theresa
Pow, Rebecca	Walker, Mr Robin
Prentis, Victoria	Warburton, David
Pursglove, Tom	Warman, Matt
Quin, Jeremy	Wharton, James
Quince, Will	Whately, Helen
Raab, Mr Dominic	Wheeler, Heather
Redwood, rh John	White, Chris
Rees-Mogg, Mr Jacob	Whittaker, Craig
Robertson, Mr Laurence	Whittingdale, rh Mr John
Robinson, Gavin	Wiggin, Bill
Robinson, Mary	Williams, Craig
Rosindell, Andrew	Williamson, rh Gavin
Rudd, rh Amber	Wood, Mike
Rutley, David	Wragg, William
Sandbach, Antoinette	Wright, rh Jeremy
Scully, Paul	Zahawi, Nadhim
Selous, Andrew	
Shapps, rh Grant	
Sharma, Alok	Tellers for the Noes:
Shelbrooke, Alec	Graham Stuart and
Simpson, David	Mark Spencer

Question accordingly negated.

Schedule 1

LIFETIME ISAs: FURTHER PROVISION

Amendment made: 3, page 14, line 36, at end insert—

PART 6

INFORMATION SHARING

Information sharing between HMRC and others

“18 (1) Sub-paragraph (2) applies to information which—

- (a) is held as mentioned in section 18(1) of the Commissioners for Revenue and Customs Act 2005 (confidentiality),
- (b) relates to withdrawals from a Lifetime ISA, and
- (c) is relevant to whether an individual is eligible for a bonus under the Help to Buy: ISA Scheme.

(2) Information to which this sub-paragraph applies may be disclosed to the Administrator for use for the purpose of establishing whether or not an individual is eligible for a bonus under the Help to Buy: ISA Scheme.

(3) In this paragraph—

‘the Administrator’ means the person who for the time being is the Administrator under the Scheme Rules (as from time to time amended or supplemented) of the Help to Buy: ISA Scheme, and

‘the Help to Buy: ISA Scheme’ means the scheme of that name—

- (a) announced by the Treasury in March 2015,
- (b) launched on 1 December 2015,
- (c) for which Scheme Rules were published on that date by the Treasury, and
- (d) which is governed by those Scheme Rules (as from time to time amended or supplemented),

and paragraph 1(1) (meaning of ‘bonus’) does not apply for the purposes of this paragraph.

(4) Information disclosed in reliance on sub-paragraph (2) may not be further disclosed to any other person without the authority of HMRC (which may be general or specific).

(5) If revenue and customs information relating to a person is disclosed in contravention of sub-paragraph (4) and the identity of the person—

- (a) is specified in the disclosure, or
- (b) can be deduced from it,

section 19 of the Commissioners for Revenue and Customs Act 2005 (wrongful disclosure) applies in relation to the disclosure as it applies in relation to a disclosure of such information in contravention of section 20(9) of that Act.

(6) In sub-paragraph (5) ‘revenue and customs information relating to a person’ has the meaning given by section 19(2) of the Commissioners for Revenue and Customs Act 2005.

(7) A person who holds any information may disclose that information to HMRC or an officer of Revenue and Customs if the disclosure is made for the purposes of the exercise of any of the functions of HMRC, or an officer of Revenue and Customs, under section 1 and this Schedule.

(8) This paragraph does not limit the circumstances in which information may be disclosed apart from this paragraph.”—
(*Jane Ellison.*)

It is proposed that a saver buying their first home who has both a Lifetime ISA and a Help to Buy: ISA will get a government bonus from one only of those accounts if they withdraw money from both for their purchase. To enable the necessary cross-checking, this Amendment would allow HM Revenue and Customs (“HMRC”) to provide the Administrator of the Help to Buy: ISA Scheme with information about withdrawals from Lifetime ISAs. The Amendment would also allow anyone to provide HMRC with information for use by HMRC in carrying out their Lifetime ISA functions.

Schedule 2

HELP-TO-SAVE ACCOUNTS: FURTHER PROVISION

Amendment proposed: 2, page 17, line 36, at end insert “(d) a credit union.”—(*Mr Gareth Thomas.*)

Question put, That the amendment be made.

The House divided: Ayes 227, Noes 279.

Division No. 106]

[7 pm

AYES

Abbott, Ms Diane	Arkless, Richard
Abrahams, Debbie	Ashworth, Jonathan
Ali, Rushanara	Austin, Ian
Allin-Khan, Dr Rosena	Bailey, Mr Adrian
Anderson, Mr David	Bardell, Hannah

Barron, rh Sir Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Black, Mhairi
 Blackford, Ian
 Blackman-Woods, Dr Roberta
 Blenkinsop, Tom
 Blomfield, Paul
 Boswell, Philip
 Brabin, Tracy
 Brake, rh Tom
 Brock, Deidre
 Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Butler, Dawn
 Cadbury, Ruth
 Cameron, Dr Lisa
 Campbell, rh Mr Alan
 Campbell, Mr Gregory
 Campbell, Mr Ronnie
 Carmichael, rh Mr Alistair
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Coaker, Vernon
 Coffey, Ann
 Cooper, Julie
 Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, rh Jeremy
 Cowan, Ronnie
 Coyle, Neil
 Crausby, Mr David
 Crawley, Angela
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 David, Wayne
 Davies, Geraint
 Day, Martyn
 De Piero, Gloria
 Docherty-Hughes, Martin
 Dodds, rh Mr Nigel
 Donaldson, rh Sir Jeffrey M.
 Donaldson, Stuart Blair
 Doughty, Stephen
 Dowd, Peter
 Durkan, Mark
 Eagle, Ms Angela
 Eagle, Maria
 Efford, Clive
 Elliott, Julie
 Elliott, Tom
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Farron, Tim
 Fitzpatrick, Jim
 Ffello, Robert
 Fletcher, Colleen
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Furniss, Gill
 Gapes, Mike

Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glindon, Mary
 Godsiff, Mr Roger
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Gray, Neil
 Green, Kate
 Greenwood, Lilian
 Greenwood, Margaret
 Griffith, Nia
 Gwynne, Andrew
 Haigh, Louise
 Hanson, rh Mr David
 Harris, Carolyn
 Healey, rh John
 Hendry, Drew
 Hepburn, Mr Stephen
 Hodgson, Mrs Sharon
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Howarth, rh Mr George
 Hunt, Tristram
 Huq, Dr Rupa
 Jarvis, Dan
 Johnson, rh Alan
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Kane, Mike
 Keeley, Barbara
 Kerevan, George
 Kerr, Calum
 Kinahan, Danny
 Kinnock, Stephen
 Kyle, Peter
 Lammy, rh Mr David
 Lavery, Ian
 Lewell-Buck, Mrs Emma
 Lewis, Mr Ivan
 Lynch, Holly
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Shabana
 Malhotra, Seema
 Marris, Rob
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCaig, Callum
 McCarthy, Kerry
 McDonald, Andy
 McDonald, Stuart C.
 McDonnell, rh John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahan, Jim
 Meale, Sir Alan
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Dr Paul
 Moon, Mrs Madeleine
 Morden, Jessica

Mullin, Roger
 Murray, Ian
 Nandy, Lisa
 Nicolson, John
 O'Hara, Brendan
 Olney, Sarah
 Osamor, Kate
 Owen, Albert
 Paterson, Steven
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Phillipson, Bridget
 Pound, Stephen
 Powell, Lucy
 Pugh, John
 Rayner, Angela
 Reed, Mr Steve
 Reeves, Rachel
 Reynolds, Emma
 Reynolds, Jonathan
 Ritchie, Ms Margaret
 Robinson, Gavin
 Robinson, Mr Geoffrey
 Ryan, rh Joan
 Saville Roberts, Liz
 Shah, Naz
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Siddiq, Tulip
 Simpson, David
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Cat
 Smith, Jeff

Smith, Nick
 Smith, Owen
 Smyth, Karin
 Spellar, rh Mr John
 Starmer, Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thomas, Mr Gareth
 Thompson, Owen
 Thornberry, Emily
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Twigg, Derek
 Twigg, Stephen
 Umunna, Mr Chuka
 Vaz, rh Keith
 Vaz, Valerie
 Watson, Mr Tom
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Whitford, Dr Philippa
 Wilson, Corri
 Wilson, Phil
 Wilson, Sammy
 Winnick, Mr David
 Woodcock, John
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Vicky Foxcroft and
Thangam Debona

NOES

Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Barwell, Gavin
 Bellingham, Sir Henry
 Benyon, Richard
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Blackman, Bob
 Blunt, Crispin
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James

Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Carmichael, Neil
 Cartledge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colville, Oliver
 Costa, Alberto
 Courts, Robert
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James

Bill

Bill

Davies, Mims
 Davies, Philip
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Evans, Graham
 Evans, Mr Nigel
 Evennett, rh David
 Fabricant, Michael
 Fallon, rh Sir Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Glen, John
 Goodwill, Mr Robert
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, rh Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, rh Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollobone, Mr Philip
 Hopkins, Kris
 Howarth, Sir Gerald
 Howlett, Ben
 Huddleston, Nigel

Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jayawardena, Mr Ranil
 Jenkin, Mr Bernard
 Jenkyns, Andrea
 Jenrick, Robert
 Johnson, Dr Caroline
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kirby, Simon
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Sir Oliver
 Lewis, rh Brandon
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lilley, rh Mr Peter
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John

Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel

Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggins, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
Graham Stuart and
Mark Spencer

Question accordingly negated.

Amendments made: 4, page 18, line 20, after “amount”, insert “(which may be nil)”.

This amendment would allow Treasury regulations to specify that the maximum monthly amount that may be paid into an account is nil in certain circumstances (for example where the saver is not in the UK).

Amendment 5, page 19, line 15, at end insert—

“Account provider to be notified about absence from UK

11A (1) Treasury regulations may, in connection with any stipulation that (directly or indirectly) links entitlement to bonus in respect of a Help-to-Save account with the presence in the United Kingdom of the individual for whom the account is opened—

- (a) impose duties to notify the account provider about absences of the individual from the United Kingdom;
- (b) make provision for the imposition of a penalty, which must not exceed £300, for failure to comply with a duty imposed under paragraph (a).

(2) Paragraphs 44, 45, 46(1), 47 to 49 and 52 of Schedule 36 to the Finance Act 2008 (penalties: liability, assessment, appeals and enforcement) apply in relation to a penalty under regulations under sub-paragraph (1)(b) as they apply in relation to a penalty under paragraph 39 of that Schedule.

(3) An assessment of a penalty under regulations under sub-paragraph (1)(b) must be made—

- (a) within the period of 12 months beginning with the date on which the failure first came to the attention of an officer of Revenue and Customs, and

(b) within the period of six years beginning with the date on which the person became liable to the penalty.

(4) Without prejudice to paragraph 49(2) of Schedule 36 to the Finance Act 2008 (enforcement) as applied by sub-paragraph (2), regulations under sub-paragraph (1)(b) may (in particular) provide for a penalty under such regulations to be deducted from amounts to be paid by way of bonus in respect of the Help-to-Save account concerned.”—(*Jane Ellison.*)

This amendment would allow Treasury regulations to impose duties requiring that account providers are informed about an individual's absence from the UK, where that absence could be relevant to the amount of bonus which is payable in respect of a Help-to-Save account.

Third Reading

7.11 pm

Jane Ellison: I beg to move, That the Bill be now read the Third time.

I thank all right hon. and hon. Members who have taken the time to scrutinise the Bill during its passage through the House for the good, constructive debates, which have been very helpful. We want to make it easier for everyone to build up savings, to meet their ambitions and to feel secure in their personal finances, and we have already set to work to make that the case. We put an end, for example, to 17 million people having to pay tax on the interest they received on their savings and we announced the biggest ever increase in the ISA allowance, to £20,000 from April next year. This Bill, legislating as it does for the lifetime ISA and the Help to Save account, carries on that hugely important work.

As we have heard, the lifetime ISA provides a new option for young people looking to save for the long term. It is a positive move for savers that complements pensions and is yet another way in which we are supporting people who are doing the right thing and putting money aside.

Help to Save has received cross-party support in the House. We know why this is so important. Research from the Centre for Social Justice estimates that 3 million low-income households have no savings at all, so we can be in no doubt that moving forward with this account is a hugely important step.

The Savings (Government Contributions) Bill is important, and its passage through the House has been met with thoughtful and constructive challenge. We have debated a number of important principles during our deliberations, but the Bill is fundamentally about people who are trying to save for the future so I have no hesitation—indeed, I take great pleasure—in commending it to the House.

7.13 pm

Peter Dowd: I echo the Minister's sentiments about the scrutiny the Bill has received. I am grateful to the witnesses who came to our sessions, as well as for all the written evidence, informal information and contact that we received.

Of course, the provisions are in two parts: the lifetime ISA and Help to Save. No one has any objection to helping people to save; it is a question of how to do it. We are not convinced that the Bill will help people to save. We do not think that there is sufficient evidence to back up what the Minister said and we do not think that it sorts out the problem with the shortage of housing. It sets aside £1.8 billion by 2019-20, there are questions

about its value for money, and we think that it complicates the market and might introduce a Trojan horse. Not everybody is convinced about it.

I am not sure that Help to Save does the business for those on a low income. It comes in the wake of major cuts to tax credits and only puts a little drop back into a very big ocean. The Government should listen to what many people, including our witnesses, have said. Nevertheless, we accept that we need to help people save for the future, and all the information that has been provided to us sets the scene for continued future debates. I thank the Minister for her helpfulness and civility throughout the process.

7.15 pm

Ian Blackford: I must say that I think we will repent of this legislation in due course. We cannot get away from all the evidence that was presented to us. The evidence from the Association of British Insurers makes it abundantly clear that anyone who has the opportunity to invest in a workplace pension will be worse off investing in a LISA than investing in their pension. I listened to the Minister talking about those who are self-employed and who do not have the opportunities and advantages of auto-enrolment when what we should have been doing was introducing legislation to deal with that problem.

We have the opportunity to do that when we review auto-enrolment next year. There is no need for this legislation for ordinary people; they will not benefit from the LISA. I put it to the House that this will reward those who have already maxed out their pension schemes by giving them another opportunity that will help them through this Government bonus. It is not so much a LISA as what we would call a “Rupert”—a really useful perk for extremely rich Tories. They are the only people who will benefit from the Bill.

When it comes to what is really important, I am delighted that True Potential has published its evidence today. Let me give two statistics from that. First, 30% of people aged between 25 and 30 would, if given the opportunity, choose a LISA instead of a pension, and 58% of 25 to 34-year-olds would choose the LISA for retirement savings. We know that those with the opportunity to invest in a pension will always be better off. As I said on Second Reading, the Government have wilfully created circumstances in which young people in this country will be mis-sold LISAs. The Government should be utterly ashamed.

7.18 pm

Kelvin Hopkins (Luton North) (Lab): I was a member of the Bill Committee and I made many of the points I wish to make at that time. I was not able to be in the Chamber for the first part of this debate, but I wanted to say a few words in support of what we have heard from the Opposition Front Bench. My hon. Friend the Member for Bootle (Peter Dowd) and the hon. Member for Ross, Skye and Lochaber (Ian Blackford), speaking for the Scottish National party, have expressed strong words of scepticism about the Bill. I reinforce those words.

The very poorest need a much bigger state pension. For many people, a compulsory earnings-related state pension scheme would be much better value and would

[*Kelvin Hopkins*]

guarantee that everybody saved some of their earnings for a decent old age. That would be a much more positive way forward. I echo what has been said by the Opposition Front Benchers and am grateful for this opportunity to speak.

7.19 pm

Mr Gareth Thomas: It is a pleasure to follow my hon. Friend the Member for Luton North (*Kelvin Hopkins*). I did not have the privilege of serving on the Bill Committee, but I spoke on Second Reading and on Report. I welcome Ministers' commitment to continue to engage with credit unions, which was the primary issue I sought to raise.

There is one issue we did not address in relation to Help to Save. With a national provider—National Savings & Investments—it would be relatively easy to disaggregate the data on who is taking advantage of the Help to Save product and to publish them in an anonymised form. We could track the postcodes to see where people are taking advantage of it. I raise that issue in the context of work that the Treasury is doing with the British Bankers Association to encourage banks to publish data about what financial services products are being offered to whom and who is taking advantage of them. The banks have been forced, reluctantly, to reveal where they are lending, but the information being provided is not yet perfect—we are on a journey with the banks.

One thing the Treasury could do once it gets this Bill through both Houses, as it seems likely to, is to require NS&I to publish on a postcode basis where people are taking up the Help to Save product. I commend that point to Ministers, and I hope they will take it up. I also hope that Members of the other House will explore this additional issue in a little more detail.

Question put and agreed to.

Bill accordingly read the Third time and passed.

Welfare Cap

7.21 pm

The Parliamentary Under-Secretary of State for Welfare Delivery (*Caroline Nokes*): I beg to move,

That pursuant to the Charter for Budget Responsibility: Autumn 2015 update, which was approved by this House on 14 October 2015, under Section 1 of the Budget Responsibility and National Audit Act 2011, this House agrees that the breach of the Welfare Cap in 2019-20 and 2020-21, due to higher forecast inflation and spend on disability benefits, is justified and that no further debate will be required in relation to this specific breach.

Today's motion is about Government accountability for welfare spending before the House and, indeed, before the public. This debate is about the welfare cap. I hope right hon. and hon. Members on both sides of the House will agree that our welfare system is about more than just the numbers. We have a set of principles to build a welfare system that works for everyone. We need to look beyond just benefits, and to work with employers, health professionals and the voluntary sector. We need to ensure the system supports people to get into work, to stay in work and to progress in work. We must also offer care for the minority of people who cannot work, whether through sickness, disability or personal circumstances.

We introduced the welfare cap in 2013 to strengthen control of welfare spending and improve parliamentary accountability for that level of spending. The welfare cap is an important part of our fiscal framework, and it plays a crucial role in delivering our commitment to a sustainable and affordable welfare system. Our welfare reforms are creating a system that makes sure that work always pays and that is fair to those who receive welfare but also to those who pay for it.

The independent Office for Budget Responsibility assessed performance against the welfare cap at autumn statement, and it is now forecast that the current cap will not be met in each year until 2020-21. A similar debate was held in the House on 16 December 2015 on the breach of the welfare cap in the years 2017-18 and 2018-19, resulting from the decision not to pursue the tax credits measure proposed at summer Budget 2015. The House agreed that the breach of the cap in the earlier years of the forecast period was justified and that no further debate would be required on that specific matter. Therefore, the motion we are putting before the House today seeks agreement on the justification of the breach of the cap in the later years of the forecast period—2019-20 and 2020-21.

I would now like to outline the reasons why the cap is forecast not to be met in those years. This is due to increased forecast inflation and spend on disability benefits, partly due to the decision not to pursue the personal independence payment measure proposed at Budget 2016. As with our decision not to pursue the tax credits measure, the Government have once more listened and responded to public concerns, and we have decided not to pursue the changes to the personal independence payment. Higher forecast inflation is another factor contributing to the cap not being met in 2019-20 and 2020-21. In view of the uncertainty facing the economy, inflation is now forecast to be higher than when the cap was set at summer Budget 2015.

I would like to reassure the House that the latest forecasts do not mean that welfare spending is out of control. As my right hon. Friend the Chancellor announced at autumn statement, we will deliver the welfare savings

we have already announced and legislated for. I would also like to repeat that the Government have no plans for further welfare savings in this Parliament.

The Government believe that work is the best route out of poverty. That is why we want a welfare system that helps people who can work to get back into work, but that also supports those in most need. Our welfare reforms are working. Employment has risen by 2.8 million since 2010, and is now at a record high of 74.5%. Unemployment is at an 11-year low. Universal credit is revolutionising the welfare system, enshrining the principle that working more always pays more. Through the benefit cap, we are restoring fairness to the system, while ensuring there is a clear incentive to work.

There are now over 1 million fewer people on out-of-work benefits. Some 3.5 million disabled people are now in employment, and in the last three years, the number of disabled people in work has increased by nearly 600,000. We also want a welfare system that is a strong safety net for those who need it—

Neil Gray (Airdrie and Shotts) (SNP): Could the Minister confirm whether it is still the Government's commitment to halve the disability employment gap by 2020?

Caroline Nokes: The hon. Gentleman will have heard my hon. Friend the Minister for Disabled People, Health and Work at her recent Select Committee appearance. She has made the point repeatedly that we are determined to reduce the disability employment gap, and we are working incredibly hard to do that, but we acknowledge that more needs to be done.

The welfare cap plays an important role in ensuring that the welfare bill is sustainable and affordable. We introduced the cap to allow us to bring welfare spending under control, and we have done so. The system we inherited was unaffordable and unsustainable. Under Labour, welfare spending increased by almost 60% in real terms. The number of households where no member had ever worked nearly doubled, and unemployment went up by 457,000.

As part of our continuous commitment to a sustainable welfare system, my right hon. Friend the Chancellor announced at autumn statement the introduction of a new welfare cap, alongside a new fiscal framework. The Government are firmly committed to returning the public finances to balance as soon as is practicable. Given the uncertainty we face, it is important to allow for enough flexibility to support the economy. That is why we are changing the fiscal framework, and why we are introducing a new welfare cap as part of that.

The new cap sets a target for welfare spending in 2021-22, with a pathway for welfare spending in all the years before that. The new cap is set in line with the latest autumn statement forecast. The scope of the new cap remains unchanged. The Office for Budget Responsibility will continue to assess performance against the new cap, and if the cap is assessed as breached, Ministers will still need to hold a debate and justify the breach in the House, or to propose steps to bring spending within the level of the cap.

The House will have the opportunity in due course to debate and agree the new fiscal framework, including the new welfare cap, which was put forward by my right hon. Friend the Chancellor at autumn statement. I commend the motion to the House.

7.28 pm

Debbie Abrahams (Oldham East and Saddleworth) (Lab): It is always a pleasure to be here when you are in the Chair, Madam Deputy Speaker.

As Members will probably gather, I take a slightly different view from the Minister, and I will go on to the details in a moment. However, as the Minister acknowledged, this is the second year the Government have been forced to come to the House to explain their failure not just in breaching their own social security cap but on the economy.

As a quick point of clarification, the Government spent £130 billion more between 2010 and 2015 than the previous Labour Government spent between 2005 and 2010. So this Government have spent more. That is absolutely—*[Interruption.]* It is very interesting that Government Members should take that approach, but I will go on. It turns out that the long-term economic plan is really nothing more than a slogan, and that probably “long-term economic failure” would have been slightly more apt.

The Lord Commissioner of Her Majesty's Treasury (Guy Opperman): More jobs.

Debbie Abrahams: I will come on to the record number of jobs. The hon. Gentleman is trying to—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. We cannot have sedentary interventions from the Whips' Bench. *[Interruption.]* We just cannot, even when there is nobody else here.

Debbie Abrahams: That is fine, Madam Deputy Speaker—I have no problem with answering the hon. Gentleman. He said, “More jobs”, but 80% of the increase in employment is in self-employment, and half—*[Interruption.]* These are the facts. Half of those in self-employment are earning less than the living wage.

As we saw in the autumn statement, growth is down, borrowing is up—again—inflation is on the rise, deficit targets are hopelessly missed, and productivity is flatlining. The Office for National Statistics has described this as “unprecedented”, with the worst levels of productivity since the second world war. Of course, productivity is the driver of wage growth, so we are seeing stagnant wage growth as well as precarious levels of employment.

The Government have failed on every single one of their fiscal targets, so much so that at the autumn statement they had to define a new set. They promised us an economy based on high wages and lower social security spending where work always pays, but in over six years they have done nothing to deliver the high-skill, high-wage, productive economy that this country desperately needs to compete in the global market. As a result of their failures, the Government have once again breached their own welfare cap—not just last year, not just this year, but every year for a full five-year term. For the remaining years of this Parliament, the Government will miss their cap by £5 billion, £6 billion, £7 billion and £8 billion respectively—a record of the complete and utter failure of their economic strategy.

Instead of reforming the social security system to reflect the reality of today's flexible labour market, the Government have sought to cover up their economic

[Debbie Abrahams]

incompetence and take it out on the working poor, the sick and the disabled, raining down austerity on the most vulnerable in our society. We have had six wasted years while the poorest have picked up the bill, with a full four years of failure yet to come. This is a far cry from the former Chancellor's proclamation in 2014 that

"The welfare cap marks an important moment in the development of the British welfare state"

and

"ensures that never again can the costs spiral out of control".—[*Official Report*, 26 March 2014; Vol. 578, c. 374-381.]

All the evidence is to the contrary. This debate is further testament to the Government's complete failure to manage the economy or—and this is the most important point—to tackle any of the drivers of social security spending. It is incredible to watch the Government as they bound aimlessly from one broken promise to the next. Whatever their favourite slogan—"We're all in it together", "Fighting against burning injustices", or "A Britain for everyone"—it is clear that gimmicks and grandstanding are all the Government are capable of.

In the motion, the Government claim that they could not meet their own rules due to spending on social security support for disabled people and higher than expected inflation. As ever, they are pointing the finger of blame at the most vulnerable rather than apologising for their own economic mismanagement. Let us examine the facts in a bit more detail. At the autumn statement, the Office for Budget Responsibility predicted that the Government will spend £120.5 billion in 2019-20 and £123.2 billion in 2020-21 on social security considered within the cap. Of this, the OBR estimates that changes in forecasts for CPI—consumer prices index—inflation will increase spending to 2021 by £0.8 billion in total. At less than a percentage point of total spending inside the cap, this can hardly be said to be the major driver of the Government's failure to keep their promises. The Government have lost control of the economy, if they ever had control of it in the first place, and failed to tackle the key drivers of social security spending other than pensions—low-paid work and high housing costs.

Furthermore, the Government's claim that increased disability spending will cause a breach of the cap at the end of the Parliament is just another attempt to point the finger at sick and disabled people. I admit—I am pleased about this—that there has been no language from Ministers around the "shirkers and scroungers" narrative that we have seen in recent years. That is a very welcome move. However, I am not clear whether this extends to press releases from Conservative Campaign Headquarters or to some of the coverage in less responsible sections of the media. We must be careful of our language in this respect. Even if derogatory terms such as "shirker" and "scrounger" are not used, what is implied by "incentivising" people who have been found not fit for work? Is the implication that they are at home avoiding work—that it is their choice to stay at home instead of being in productive work? That is offensive to very many people.

Instead of blaming everyone else for their mess, the Government should start taking responsibility. It is not just Labour Members who are making these points. The United Nations Committee on the Rights of Persons with Disabilities has described the approach of the past

six years as a "grave and systematic violation" of disabled people's rights. We have heard similar comments from our own Equality and Human Rights Commission, the Government's Social Security Advisory Committee, and, indeed, Government Back Benchers. All have raised concerns about the lack of evidence in many of the Government's social security policies, particularly regarding their punitive effects. I am pleased that the Minister said that the Government had taken the view that because of the implications that changes to tax credits would have for the working poor, they had decided not to proceed with them, but what about work allowances around universal credit? We are talking about the same people. The taper rate will make a difference of a couple of hundred pounds a year instead of the net effect of over £2,000 a year.

I want to explore some of the real reasons the Government have totally failed to meet their promises. They have failed because they have not tackled the drivers of social security spending. Rather than creating a strong economy with high wages, progression in the labour market, affordable housing and accessible childcare, they have starved the economy of much-needed investment, leaving us all worse off after six wasted years of austerity. This is not just our analysis; in every regard, the evidence speaks for itself. On housing, under this Government we are projected to spend more than £20 billion a year, every year, on housing benefit, which, after pensions, is the second largest spending area of social security spending. This amounts to more than £100 billion spent over the course of this Parliament, with nearly half going straight into the pockets of private landlords.

All the while, the Government's own figures show that the number of affordable homes being built has slumped to a 24-year low. Indeed, research by the Joseph Rowntree Foundation suggests that we need to be building 80,000 affordable homes a year to meet demand and keep the current spend on housing benefit stable. This year, we have managed to build just 30,000. Instead of focusing on reducing the housing benefit bill by building affordable homes, the Government have chosen to force the sale of the remainder of our socially rented stock, worsening the housing crisis and driving up housing benefit spend. This is one of the key reasons they have breached their own cap.

On top of this, there is the squeeze on in-work support for people in low-paid jobs. We will spend over £50 billion on tax credits in the two years covered in this motion. Why? Because the Government have failed to ensure that wages keep up with the cost of living, leaving many working people relying on top-ups to get by. Real wages are now set to remain lower in 2021 than they were in 2008, yet the Tories still turn their backs on working people by trying to cut the amount of tax credit support available under their failed austerity plans.

Likewise, under universal credit the Government have weakened incentives to work by cutting billions—about £10 billion over the life of this Parliament—from the programme's work allowance under their austerity plans. Their meagre reduction in the taper rate does not touch the average cut of £2,000 a year, as I have just mentioned, which will affect 2.5 million working people. If the Chancellor was serious about reducing the social security spend, he would follow Labour's lead and implement a real living wage calculated on the basis of what

people need. That would ensure that people get a fair and proper wage for a working day, while reducing the expenditure of the state.

Our Chancellor is apparently not capable of making such an obvious decision, despite the fact that the Living Wage Commission has shown that the Government's national living wage falls well short of providing a decent standard of living. The Chancellor used his autumn statement to chop 1w0p an hour off the previously promised wage increase, at a cost of about £200 a year to the average worker. That is all in the context of flatlining pay, which leads to the average wage being £1,000 lower in 2020 than was predicted at the last Budget. How can we ever expect to reduce social security expenditure when the Government will not act on wages?

High wages alone will not clear up the mess, however. We also need to act on progression in the labour market if we are to tackle the drivers affecting social security spending. The JRF has shown that four out of five low-paid workers are still low paid 10 years later. There is no automatic progression to higher pay. That is further proof of the deep structural problems we face in our labour market.

Finally, we should turn our attention to the disability employment gap, which the Government claimed they would halve by 2020. I am grateful for the intervention from the hon. Member for Airdrie and Shotts (Neil Gray) on that point. The gap narrowed from the end of last year, but it is now back up to the level it was just before the general election last year. Perhaps the Government's plan to force people into work before they are ready by cutting the employment and support allowance can be added to the mounting examples of the Government's flawed strategy.

Why have the Government not acted to improve the retention of disabled people in their current jobs? The Resolution Foundation has shown that doing so could reduce the number of people transitioning from employment to health-related inactivity, which was 350,000 in 2015. Keeping disabled people in their jobs would surely be a better strategy to bring down social security spending than slashing support for those who are further away from the labour market. But no; sadly, the Government have not been able to see that far, and their record on supporting retention is very poor.

Jim Shannon (Strangford) (DUP): This is an important issue. The Office for Budget Responsibility has said that the Government will breach their target in each year of its forecast. Does the hon. Lady acknowledge that that means that the welfare cap is not working, because the Government cannot look after those who are genuinely ill and in need of benefits? An example of that is Concentrix, where lots of people were put on benefits and then taken off benefits. The number of such people, when it comes to the cap, is very difficult to forecast, and the Government need to forecast that better.

Debbie Abrahams: That is an interesting question, and I would have to look at the figures. I have tried to show that the high cost of housing is a real issue, as is low-paid work. There are a number of factors, but those are the key drivers. The Government really should have been more careful in their impact assessment when they set out their policy in the first place.

To conclude, this breach of the Government's self-imposed welfare cap every year for five years is further proof of their utter failure on the economy. They have refused to act on the fundamental areas that are driving the cost of social security spending, and they have made bankrupt attempts to meet their targets on the back of the most vulnerable. Only Labour has an economic strategy that will bring the costs of social security down without fraying the safety net that we all rely on. Now is the time to invest in the housing we need, offer a decent wage for a working day and support people to find a job, keep a job and progress in their chosen work. We will transform our social security system to ensure that, like the NHS, it is there for all of us in our time of need, as part of our plan to create a stronger, fairer economic settlement for all in our country.

7.44 pm

Justin Tomlinson (North Swindon) (Con): It is a pleasure to contribute to this important debate. I pay tribute to the Minister, who showed that she had a genuinely deep understanding of the issues. She already has a record of being very willing to engage, particularly with charitable groups, which have a wealth of experience. We, as a Government, would do well to listen to them and allow them to help to shape future policies.

The debate is important because it focuses our minds. We have set a clear marker, and we have to justify any deviation from our original plans. It was interesting to listen to the last speech. The shadow Minister said that the Government have spent something like £130 billion more, but she then criticised us for not spending sufficient money in basically every area. The two things did not quite marry up. It is right to focus our minds, because under the previous Labour Government welfare was simply left to drift. The number of workless households doubled and an extra 470,000 people were abandoned to unemployment. Those are not just statistics; they represent real people who were in desperate need of the right support.

Through our strong economic growth—I am not sure what the shadow Minister was referring to, because it is still the strongest of any major developed economy—we have seen record employment. That is not just a south-east phenomenon; it has happened in every region of the country. I know that hon. Members are all desperate to know the situation in my constituency: 8,100 more people are in work since the general election, and that is even larger than the number of people who go to the county ground to watch the mighty Swindon Town. Unemployment is at an 11-year low.

We have introduced the national living wage, directly benefiting 2.75 million of our lowest earners. The income tax threshold rises year on year, taking 3.2 million people out of paying any income tax at all. While wages have grown, on average, about 2% this year, the wages of the lowest earners have risen by an average of 6%. That is in addition to the welcome extension of free childcare, which has created more opportunities for people to work.

The recent Green Paper announcement gives us a real opportunity to build on the progress that is being made, particularly if we look at the 590,000 more disabled people in work in the last three years. Now, 48% of disabled people are expected to be in work—up from

[Justin Tomlinson]

44% when we first came into office. We still have much further to go, but charitable groups and people who work in this area are encouraged by the fact that we are going in the right direction. The key thing is to deliver tailored individual support, because for those who are still looking for work, there are challenges. It is not as simple as learning how to create a CV and taking part in interview training. We are right to look at delivering more tailored support, to make further progress in delivering more people into work and thus reducing welfare spending.

We are right to identify that we have to do joined-up work with health. Many people who are now looking for work will also have to navigate health challenges, and they need support from the beginning. We are, rightly, introducing the small employer offer to engage proactively with employers on providing opportunities. People who play by the rules and work with the support on offer need the opportunity to go into work at the end of the process.

The announcement on disability apprentices and the increase in funding for Access to Work and universal credit, which has universal support across all parts of the House, reinforce the point that work should always pay and recognise a welfare system that is fair to those who receive it and to those who pay for it. Crucially, we are removing the 16-hour cliff-edge rule and providing, on average, 13% more time for the claimant to look. Most importantly, for me, for the first time ever a claimant has a named contact who can help them to navigate the process of not just looking for work, but dealing with all the different forms of benefit and the extra support they will need.

Crucially, when a claimant goes into work, the named contact will continue to provide support. Until now, we, as a society, would help people to get into work and wish them all the best, and that would be our last contact with them unless they came back to look for work again. Now we realise that those people, many of whom are taking their first step into work, may need support. They may lack confidence. If they attend work regularly and engage in the right way, their named coach can help them to try to increase their hours, increase their responsibility and earn more money in work.

Jim Shannon: One of the things I would like to see in my constituency and across the whole of the United Kingdom is incentives for small and medium-sized businesses, which, because they are small, find it difficult to support disabled people in gaining employment. Does the hon. Gentleman agree that small and medium-sized businesses have so far not been encouraged to do just that?

Justin Tomlinson: I thank the hon. Gentleman for making that very important point. Large employers, with their well-resourced HR and highly educated personnel teams, are very good at making such changes—they are often small changes—to take full advantage of the disabled people who are looking to work and have the great skills and abilities needed to fill the existing skills gaps. Small and medium-sized businesses often do not have the necessary confidence and skills, and may not even be aware of the talent that is available.

The small employer pilot is so important because it is about going around industrial parks, business parks and shops to ask, “Where are your skills gaps? We will match them to the people who are looking for work.” We have had some really encouraging results from the pilots. I had a Disability Confident event in my constituency, and the Shaw Trust managed to place a further 22 people. We got small and medium-sized employers who had never thought about doing this to come forward and say, “These are our skills gaps. Please help find people for us.”

Stephen Timms (East Ham) (Lab): The hon. Gentleman rightly makes the point that the rate of employment among disabled people has risen, but the overall employment rate has risen as well, so the disability employment gap has not been reduced. Why has there not been any progress on that issue?

Justin Tomlinson: The right hon. Gentleman has been very diligent on this issue, and he is determined to be proactive in supporting disabled people to have such an opportunity. The reality is that the growing economy is benefiting everyone, but perversely, the last time we had a recession, the disability gap actually shrank because non-disabled people came out of work at a quicker rate than the disabled people. If we had a recession, we would not celebrate the closing of the gap if people were also coming out of work.

Greater minds than mine will now have to decide what way to go. For what it is worth, I think the only thing that matters is that, as quickly as possible, more disabled people should have an opportunity for work year on year. We should be looking at ways to do that. When we came to office, the then Prime Minister said that we wanted to halve the disability employment gap, which meant employing about 1 million more disabled people. We should be trying to get to that target as quickly as possible, by looking at it annually. Stakeholders and charities are keen that we can demonstrate on an annual basis that we are making real, tangible progress. So far, with 590,000 more disabled people in work in the past three years, progress has been good, but there is still much more that needs to be done.

The final area I want to mention is disability benefits. As a Government, we now spend £3 billion more a year, which is welcome. That recognises the fact that under the old system of disability living allowance, only 16.5% of claimants accessed the highest rate of benefit, while under PIP, the figure is about 22.5%, because the system recognises hidden impairments better, particularly mental health ones. It is right that we are getting support to the most vulnerable people in society as quickly as we can.

However, I have an ask. Everybody in Parliament recognises that we have a growing challenge with mental health conditions in this country. Whether in relation to people in work, people trying to get into work or people in their everyday lives, about one in four people will have a mental health condition at some point. I suspect whoever was in government would, like our Government, look to committing additional funding to support people with mental health conditions. One of the challenges is that no one has quite resolved the best way to direct and provide such support. There are lots of different pilots, but we have a real opportunity in that the one way in which we are identifying people with mental health conditions is through the PIP benefit. However, we do

not do anything with that information: we do not signpost people who have gone through the system and been identified as having a mental health condition to the traditional support offered by the NHS, local charities, support groups and so on. I am not looking to get people off PIP.

Mr Jim Cunningham (Coventry South) (Lab): I am sorry that I came in late and missed the earlier part of the hon. Gentleman's speech. To be quite frank with him, it is not so easy for people with mental health disabilities to get benefits. I now have a number of cases of people with mental health and other disabilities who have had their benefits stopped without any notice and without a by-your-leave.

Justin Tomlinson: The overall picture is that about 20% of those with a mental health condition accessed the highest rate of benefit under DLA, but the figure is now in the region of 80% under PIP. The system is better, although there is still work to be done. We have fantastic organisations, such as Mind, that regularly engage with Ministers and provide proactive suggestions about how to make further improvements.

My point is that when we identify such people, we should then signpost them to the additional support that is available. Through our own casework, we know that people who have experienced a mental health condition often do not know where to turn. There is no guidebook to tell them where to go. If we identify somebody with a mental health condition, we have a duty to do our very best to work with organisations such as Mind to signpost them to the help available, so that they can once again share the same opportunities that all of us take for granted.

This is an important debate. It is right that we are increasing spending on the most vulnerable people in society. We are rightly helping to give people an opportunity to get into work. The statistics are showing that real people are benefiting from our strong economic growth. I urge the Government to keep pressing forward with the positive action we are taking.

7.55 pm

Ian Blackford (Ross, Skye and Lochaber) (SNP): It is a pleasure to follow the hon. Member for North Swindon (Justin Tomlinson). He has been a loyal supporter of the Government from the Back Benches during the past few months, and it sounds very much as though he is putting in a job application to the Prime Minister as much as to anyone else—[*Interruption.*] Well, you never know.

Another breach of the cap calls into question what its actual point was in the first place. As a means to reduce welfare spending, it continues to be inflexible and unworkable. When we look at the motion and words of the Minister from the Dispatch Box, we see a *mea culpa*. The Government are admitting that the cap has in effect gone for the next four years. The Minister will not have to continue to come back to the Dispatch Box to say that it is not working, because we have now given them a blank cheque for the next three or four years, which I guess we should welcome.

We should really be talking about the fundamentals of the economic circumstances that got us into this situation in the first place. We need not the soundbites we used to hear about the long-term economic plan, but

a real plan to make sure that we are boosting investment in productivity in this country. The challenge in delivering that has just got a little bit harder as a consequence of Brexit, which I suspect is really why we are having this debate today. It was always going to be about circumstances, and Brexit—the fall in the value of the pound, the declining confidence in future growth—has had the impact of bringing the Government to the Dispatch Box with the display we have seen this evening.

On social security, the Chancellor missed his opportunity to be the reformer he claims to be for “just about managing” families. He should instead have focused on addressing the underlying root causes of poverty by working to address unemployment and employment support. We acknowledge that the Government have now had to abandon their own targets on the welfare cap, and the projected increases in resources are welcome, after they had used the cap for so long as a source for cuts.

The welfare cap is a reprehensible and regressive measure that places the burden of the UK Government's failed economic strategy on the shoulders of the most disadvantaged in society. We should remind ourselves that the welfare cap was a flagship policy for the Government in the last Parliament, but it ended up as a tool to find more cuts that the Treasury has used and abused to squeeze resources from the Department for Work and Pensions.

The new Chancellor will again have to breach the target set for him, but we ask him to acknowledge that the sheer fact this Government cannot even stick to their own targets proves that the inflexibility of the welfare cap makes it unworkable. The fact that they will breach the cap again and again illustrates a desire not to provide guidance about forgoing the cap for the next four years, but to abandon for good the policy of having a cap. An arbitrary cap in these times of uncertainty is neither useful nor adequate, as the Government's previous breaches have shown.

The best way to reduce and manage welfare spending is to restore the economy to a healthy state, not to hit the most disadvantaged with the bill. The cap will not address the underlying structural problems that are keeping people reliant on social security, including low pay and wider labour market inequality. The fact that people in well-paid jobs cannot afford to pay rent, because of high housing costs, should at least provoke the Government to listen to the point that reliance on welfare is more than what they perceive as a culture of dependency. We keep coming back to the issue of housing and housing costs, but the only way to address that is to make sure we address the issue of supply in the housing market, which the Government have singularly failed to do.

The Institute for Fiscal Studies has said of the welfare cap target:

“The Conservative government already has the unimpressive record of meeting nought-out-of-three of its fiscal targets.”

The Joseph Rowntree Foundation said in March 2014:

“The government's newly-announced welfare cap will disproportionately target benefits claimed by the least well off”.

The IFS green budget, from February 2016, said that

“in practice, the welfare cap has proved much less binding. Spending is already forecast to exceed the cap that was set in July 2015 for each of the next three fiscal years. In other words,

[*Ian Blackford*]

even though the welfare cap has only been in operation for less than two years (since the March 2014 Budget), it has already been broken by the Chancellor. It is therefore not clear whether it remains a real constraint on the government's actions."

The IFS was right then and is right today. What is the point of the welfare cap as a principle if it is breached time and again? It is, in effect, no constraint on what the Government are doing, or at least on what they should be doing. It is unworkable and meaningless. It was simply a sop to show that the Government were talking tough, and pays no regard to changing circumstances. It is intellectually, morally and ethically daft.

The £1 billion allocation to benefits in the autumn statement is a drop in the ocean, with billions of savings still to come from cuts to social security benefits over the next few years. Changing the taper rates will not, on its own, mitigate the impact of those cuts on low-income families. Instead, the Government should reverse cuts to the work allowance in full, so that working parents in low-paid jobs—people whom we, as a House, should want to support—do not lose out. Changing that taper rate—the rate at which support is withdrawn from low-income working households under universal credit—will be less effective at targeting support towards low earners with children than simply reversing the cuts to the work allowance would be.

The Scottish National party has consistently argued against the reductions in the work allowance and helped to force a Tory U-turn on tax credit cuts last year. Although the UK Government kicked the cut to the work allowance down the line, it will come back to bite next April, hitting "just about managing" families on low and middle incomes. The maximum gain from the 2% reduction in the taper is only around £500, which will fall short of what low and middle-income families need to manage when the maximum losses from the work allowance cuts are around £2,800. That is the reality of what is happening under this Government.

Torsten Bell, director of the Resolution Foundation, has said:

"When it comes to boosting 'just managing' family budgets, all roads lead to universal credit. The most effective way to support families would be by reversing the £3bn cut to work allowances announced by the last chancellor".

He added that a modest reduction in the taper rate would

"leave a bittersweet taste among just about managing families."

Analysis by the Institute for Public Policy Research suggested the partial U-turn would cost £700 million a year by 2020-21, compared with the £3 billion a year taken out of work allowances previously announced. Now that the welfare cap has gone, why do the Government not reassess these challenges, and make sure that they support the families that so desperately need that support?

With losses for families on universal credit, the repugnant rape clause—let us not forget that—and cuts for the sick and the disabled still to come down the line, it is clear the Tories have not abandoned their obsession with austerity. For all their rhetoric on the JAMs, they are still unwilling to deliver. Although it is welcome that there are to be no more welfare spending cuts, the sheer

fact that the Tories are ploughing ahead with the pre-planned cuts next year, hitting low and middle-income families, shows that there are real-time cuts for families across the UK in this Parliament.

In a report to the Scottish Parliament's Social Security Committee, researchers from Sheffield Hallam University showed that by 2020-21 Scotland can expect to lose just over £1 billion a year as a result of the latest welfare reforms introduced by the UK Government. That is £1 billion of cuts that have yet to hit ordinary working people in Scotland, delivered by this Westminster Government—happy Christmas. Sheffield Hallam University also estimates that the pre-2015 reforms are already costing claimants in Scotland just over £1.1 billion a year. That brings the cumulative loss expected from all the post-2010 welfare reforms up to more than £2 billion a year. We will not grow the economy by taking cash out of the pockets of the poorest. We will fix the economy, the debt and the deficit by putting in place measures that will grow the economy. This obsession with punishing the poor must stop.

The UK Government are saving a whopping £30 million in 2017-18, rising to £450 million in 2020-21, from the cuts to the employment and support allowance work-related activity group and the component in universal credit, according to figures published by the Treasury in the summer Budget 2015 and updated in March 2016. Already we have seen Tory Back Benchers rise again and again to vote with us on the Opposition Benches against those regressive policies. Even if the Government will not listen to those of us on the Opposition Benches, it is high time they listened to their own Members. Analysis by the Institute for Public Policy Research suggested the partial U-turn on the universal credit taper rate would cost £700 million. Why will the Government not do the right thing by the people affected?

Any move to increase the national living wage, as the Government call it, is to be welcomed, but the UK Government are still dragging their feet; they lack the ambition to really tackle low pay. The UK Government's national living wage is not a living wage; it is simply a further tier of the national minimum wage. The real living wage is calculated according to the basic cost of living and therefore takes account of the adequacy of household incomes for achieving an acceptable minimum living standard.

Why will the Government not accept that definition and recognise that that should be the bare minimum for those who are working hard in our society? The UK Government's decision to set an arbitrary rate for their national living wage fundamentally challenges the value of having an organisation providing independent advice on wage levels across the UK. I therefore ask the Minister: will the Government start to accept that impartially provided advice?

The Scottish National party supports the payment and promotion of the real living wage and, in Scotland, continues to set the bar on fair work. Leading the way, on Monday 31 October, the First Minister welcomed the new living wage rate of £8.45 per hour, which will benefit thousands of staff in Scotland, and urged more Scottish organisations to sign up as accredited living wage employers. That rise of 20p will benefit thousands of employees at living wage accredited organisations in Scotland.

The best way to reduce and manage welfare spending is to restore the economy to a healthy state, not to hit the most disadvantaged with the bill. Austerity is a choice, not a necessity—an obsession that has been proved, time and again, to fail. It is time for an economic strategy that focuses on inclusive and fair growth. The SNP is delivering for Scotland; Westminster is delivering ongoing austerity. We are all paying the price for that.

Question put and agreed to.

Resolved,

That pursuant to the Charter for Budget Responsibility: Autumn 2015 update, which was approved by this House on 14 October 2015, under Section 1 of the Budget Responsibility and National Audit Act 2011, this House agrees that the breach of the Welfare Cap in 2019-20 and 2020-21, due to higher forecast inflation and spend on disability benefits, is justified and that no further debate will be required in relation to this specific breach.

Business without Debate

DELEGATED LEGISLATION

Madam Deputy Speaker (Mrs Eleanor Laing): With the leave of the House, I will put motions 3 to 6 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

ACQUISITION OF LAND

That the draft Housing and Planning Act 2016 (Compulsory Purchase) (Corresponding Amendments) Regulations 2016, which were laid before this House on 7 November, be approved.

BANK LEVY

That the draft Bank Levy (Double Taxation Relief) (Single Resolution Fund Levy) Regulations 2016, which were laid before this House on 16 November, be approved.

COMPANIES

That the draft Companies, Partnerships and Groups (Accounts and Non-Financial Reporting) Regulations 2016, which were laid before this House on 7 November, be approved.

SPEAKER'S COMMITTEE FOR THE INDEPENDENT PARLIAMENTARY STANDARDS AUTHORITY

That, in pursuance of paragraph 2A of Schedule 3 of the Parliamentary Standards Act 2009, Mr Shrinivas Honap be appointed as a lay member of the Speaker's Committee for the Independent Parliamentary Standards Authority for a period of five years from 27 January 2017 to 26 January 2022.—(*Guy Opperman.*)

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

EDUCATION

That the draft Coasting Schools (England) Regulations 2016, which were laid before this House on 20 October, be approved.—(*Guy Opperman.*)

The House divided: Ayes 252, Noes 103.

Votes cast by Members for constituencies in England:
Ayes 239, Noes 86.

Division No. 107]

[8.08 pm

AYES

Afriyie, Adam	Ellison, Jane
Aldous, Peter	Ellwood, Mr Tobias
Allan, Lucy	Elphicke, Charlie
Allen, Heidi	Evans, Graham
Amess, Sir David	Evans, Mr Nigel
Andrew, Stuart	Evennett, rh David
Ansell, Caroline	Fabricant, Michael
Argar, Edward	Fernandes, Suella
Atkins, Victoria	Field, rh Mark
Bacon, Mr Richard	Foster, Kevin
Baker, Mr Steve	Frazer, Lucy
Baldwin, Harriett	Freeman, George
Barclay, Stephen	Freer, Mike
Barwell, Gavin	Fuller, Richard
Bebb, Guto	Fysh, Marcus
Bellingham, Sir Henry	Garnier, rh Sir Edward
Beresford, Sir Paul	Garnier, Mark
Berry, Jake	Ghani, Nusrat
Berry, James	Gibb, Mr Nick
Blackman, Bob	Glen, John
Bone, Mr Peter	Goodwill, Mr Robert
Borwick, Victoria	Graham, Richard
Bottomley, Sir Peter	Grant, Mrs Helen
Brazier, Mr Julian	Grayling, rh Chris
Bridgen, Andrew	Green, Chris
Brine, Steve	Green, rh Damian
Brokenshire, rh James	Grieve, rh Mr Dominic
Bruce, Fiona	Gummer, rh Ben
Burns, Conor	Gyimah, Mr Sam
Burrowes, Mr David	Halfon, rh Robert
Burt, rh Alistair	Hall, Luke
Cairns, rh Alun	Hammond, Stephen
Carmichael, Neil	Hancock, rh Matt
Carlidge, James	Hands, rh Greg
Cash, Sir William	Harper, rh Mr Mark
Caulfield, Maria	Harris, Rebecca
Chalk, Alex	Hart, Simon
Chishti, Rehman	Haselhurst, rh Sir Alan
Churchill, Jo	Heald, rh Sir Oliver
Clarke, rh Mr Kenneth	Heapey, James
Cleverly, James	Heaton-Harris, Chris
Clifton-Brown, Geoffrey	Heaton-Jones, Peter
Collins, Damian	Henderson, Gordon
Colville, Oliver	Herbert, rh Nick
Costa, Alberto	Hinds, Damian
Courts, Robert	Hoare, Simon
Crabb, rh Stephen	Hollobone, Mr Philip
Crouch, Tracey	Holloway, Mr Adam
Davies, Byron	Hopkins, Kris
Davies, Chris	Howarth, Sir Gerald
Davies, David T. C.	Howlett, Ben
Davies, Glyn	Huddleston, Nigel
Davies, Dr James	Hurd, Mr Nick
Davies, Mims	James, Margot
Davies, Philip	Jayawardena, Mr Ranil
Djanogly, Mr Jonathan	Jenkin, Mr Bernard
Donelan, Michelle	Jenkyns, Andrea
Double, Steve	Jenrick, Robert
Downden, Oliver	Johnson, Dr Caroline
Doyle-Price, Jackie	Jones, Andrew
Drax, Richard	Jones, Mr Marcus
Drummond, Mrs Flick	Kawczynski, Daniel
Duncan Smith, rh Mr Iain	Kennedy, Seema
Dunne, Mr Philip	Kinahan, Danny
Elliott, Tom	Kirby, Simon
Ellis, Michael	Knight, rh Sir Greg

Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Leslie, Charlotte
 Letwin, rh Sir Oliver
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lilley, rh Mr Peter
 Lopresti, Jack
 Lord, Jonathan
 Loughton, Tim
 Mackintosh, David
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Mowat, David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John

Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Rosindell, Andrew
 Sandbach, Antoinette
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wood, Mike
 Wragg, William
 Zahawi, Nadhim

Tellers for the Ayes:
 Andrew Griffiths and
 Mark Spencer

NOES

Abrahams, Debbie
 Ashworth, Jonathan
 Bailey, Mr Adrian
 Barron, rh Sir Kevin
 Benn, rh Hilary
 Blenkinsop, Tom
 Blomfield, Paul

Brown, Lyn
 Brown, rh Mr Nicholas
 Bryant, Chris
 Burnham, rh Andy
 Butler, Dawn
 Cadbury, Ruth
 Campbell, rh Mr Alan

Champion, Sarah
 Chapman, Jenny
 Coaker, Vernon
 Coyle, Neil
 Creasy, Stella
 Cummins, Judith
 Cunningham, Mr Jim
 Danczuk, Simon
 David, Wayne
 De Piero, Gloria
 Debonnaire, Thangam
 Doughty, Stephen
 Dowd, Jim
 Dowd, Peter
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Fitzpatrick, Jim
 Fovargue, Yvonne
 Glendon, Mary
 Goodman, Helen
 Greenwood, Lillian
 Greenwood, Margaret
 Griffith, Nia
 Haigh, Louise
 Hanson, rh Mr David
 Harris, Carolyn
 Healey, rh John
 Hepburn, Mr Stephen
 Howarth, rh Mr George
 Jarvis, Dan
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Kane, Mike
 Kinnock, Stephen
 Kyle, Peter
 Lewell-Buck, Mrs Emma
 Long Bailey, Rebecca
 Lynch, Holly
 Mactaggart, rh Fiona
 Madders, Justin
 Maskell, Rachael
 Matheson, Christian

McCabe, Steve
 McGinn, Conor
 McInnes, Liz
 McKinnell, Catherine
 McMahon, Jim
 Moon, Mrs Madeleine
 Morden, Jessica
 Mulholland, Greg
 Osamor, Kate
 Owen, Albert
 Perkins, Toby
 Phillipson, Bridget
 Pound, Stephen
 Powell, Lucy
 Pugh, John
 Rayner, Angela
 Reynolds, Jonathan
 Sheerman, Mr Barry
 Sherriff, Paula
 Shuker, Mr Gavin
 Skinner, Mr Dennis
 Slaughter, Andy
 Smith, Cat
 Smith, Jeff
 Smith, Nick
 Smith, Owen
 Smyth, Karin
 Spellar, rh Mr John
 Starmer, Keir
 Stevens, Jo
 Streeting, Wes
 Tami, Mark
 Thornberry, Emily
 Timms, rh Stephen
 Twigg, Derek
 Twigg, Stephen
 Umunna, Mr Chuka
 Vaz, rh Keith
 Watson, Mr Tom
 Wilson, Phil
 Winnick, Mr David
 Zeichner, Daniel

Tellers for the Noes:
 Vicky Foxcroft and
 Nic Dakin

Question accordingly agreed to.

CULTURE, MEDIA AND SPORT

Ordered,

That Julian Knight be a member of the Culture, Media and Sport Committee.—(*Bill Wiggin, on behalf of the Committee of Selection.*)

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(1)),

MULTIANNUAL FINANCIAL FRAMEWORK 2014-2020: MID-TERM REVIEW AND REVISION

That this House takes note of European Union Documents No. 12183/16 and Addendum 1, a Communication from the Commission to the European Parliament and the Council on the Mid-Term Review/Revision of the Multiannual Financial Framework 2014-2020: An EU budget focused on results (and Commission Staff Working Document); No. 12184/16, a Proposal for a Council Regulation amending Regulation (EU, Euratom) No. 1311/2013

laying down the Multiannual Financial Framework for the years 2014–2020; No. 12185/16, a Proposal for an amendment of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management; No. 12186/16, a Proposal for a Decision of the European Parliament and of the Council amending Decision (EU) 2015/435 on the mobilisation of the Contingency Margin; No. 12187/16 and Addenda 1 to 2, a Proposal for a Regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and amending Regulation (EC) No. 2012/2002, Regulations (EU) No. 1296/2013, (EU) No.1301/2013, (EU) No. 1303/2013, EU No. 1304/2013, (EU) No. 1305/2013, (EU) No.1306/2013, (EU) No. 1307/2013, (EU) No. 1308/2013, (EU) No. 1309/2013, (EU) No.1316/2013, (EU) No. 223/2014, (EU) No. 283/2014, (EU) No. 652/2014 of the European Parliament and of the Council and Decision No. 541/2014/EU of the European Parliament and of the Council; No. 13147/16, Amending Letter No. 1 to the Draft General Budget 2017; No. 13377/16, a Proposed Decision on the mobilisation of the Contingency Margin in 2017; supports the Government's efforts to work with other Member States to ensure budget discipline on proposals; welcomes the fact that the Mid-Term Review proposals respect the core commitments and payments ceilings agreed in 2013; further welcomes the additional flexibility proposed within the budget to increase the agility of the budget to respond to unforeseen events.—(*Guy Opperman.*)

Question agreed to.

PETITION

A509 Development Ashton Grove

8.23 pm

Mr Peter Bone (Wellingborough) (Con): This is a grassroots petition, showing that in this day of multimedia it is still possible to campaign at a local level. This petition has been organised by Ken Chapman, Dennis Randall and Julia Murphy. It is about an alteration to a road, which I am sure the highways authority thinks is a very good idea, but it dramatically affects the people of Ashton Grove. The petition was signed by virtually everyone in the area, because people are very concerned about the effect that this alteration to the road will have on their neighbourhood.

The petition states:

The Humble Petition of Ashton Grove, Northamptonshire and the surrounding area,

Sheweth,

That the petitioners believe that the development of the A509 as currently proposed should not go ahead due to reduction in safety, the increase to noise and air pollution, and the privacy concerns that raising the road and removing the trees would cause to residents of Ashton Grove.

Wherefore your Petitioners pray that your Honourable House urges the Department for Transport to encourage Northamptonshire County Council to reassess their plans for the A509 and amend them in consultation with local residents.

And your Petitioners, as in duty bound, will ever pray, &c.

[P001992]

EU Data Protection Rules

Motion made, and Question proposed, That this House do now adjourn.—(Guy Opperman.)

8.24 pm

Daniel Zeichner (Cambridge) (Lab): I am grateful for tonight's opportunity to consider the implementation of the European Union data protection rules, and I look forward to a robust and constructive response from the Minister.

Let me start by stating the obvious: the way we send, receive, collect, analyse and use data has been transformed in the last few decades, and that transformation is only going to become more marked as time goes on. It is truly amazing that around 90% of global data that exists today was created in just the last two years, and that amount is predicted to grow year on year for the next decade. I was staggered to learn recently that Transport for London record 4.5 million pieces of information about bus movements every single day—a very far cry from the old days of clipboards and manual counters.

Of course, significant opportunities are presented by the growth of big data, a term which refers to the growth of large, complex data that can be analysed to provide valuable new insights and personalised services. Yet as our lives become increasingly digitised, the growth of big data has equally big implications for privacy and consequently very big questions for policy makers regarding how we should most appropriately regulate this digital revolution to protect the rights of the individual without stifling the flexibility to innovate.

Of course, the vote to leave the European Union has created a much more uncertain context within which we are approaching this complex issue, with the UK's data protection rules closely intertwined with EU law. As I will argue in a moment, it is vital for the UK to have a strong data protection system that is in line with EU standards. We need to be part of a strong, open digital economy across Europe, which will be critical if we are to remain globally competitive. As Tech UK has pointed out, and I thank it for its assistance in preparing for this debate:

“As the leading digital economy in Europe, the UK has the most to gain, and conversely the most to lose, from the European data protection landscape.”

Whatever our future relationship with Europe, information will have to flow freely if we want to remain part of the growing global digital economy. I should declare, in passing, that I chair the recently established all-party group on data analytics, which is looking at the issues surrounding the growth of big data.

Let us move on to some history. The basis of EU data protection law is the 1995 data protection directive, which was implemented into UK law by the Data Protection Act 1998. Member states across the EU, however, have implemented the 1995 rules differently, resulting in divergences in enforcement—and, of course, the world has changed dramatically over that time. So in January 2012, the European Commission proposed a comprehensive reform of data protection rules in the EU. After more than four years of deliberations, the general data protection regulation was agreed by the European Parliament in April 2016. The GDPR aims to strengthen consumer protection and enhance trust and confidence in how personal data is used and managed, giving

citizens more control over their own private information. It will replace existing legislation that has been in place since the mid-1990s, which in the UK means superseding the Data Protection Act.

The new regulation entered into force on 24 May 2016. As a regulation, it will directly apply to all European Union member states from 25 May 2018; there will be no need for new national legislation. The new data protection directive also entered into force in May, with EU member states required to transpose it into their national law by May 2018. European Commissioners called the GDPR an

“essential step to strengthen citizens' fundamental rights in the digital age and facilitate business by simplifying rules for companies in the Digital Single Market...The Directive for the police and criminal justice sector protects citizens' fundamental right to data protection whenever personal data is used by criminal law enforcement authorities”

and will especially protect the personal data of victims, witnesses and suspects of crime.

Data protection is ultimately underpinned by the European Union's charter of fundamental rights. The right to the protection of personal data is explicitly recognised by article 8, which guarantees the right to respect for private and family life, home and correspondence. Data protection is a highly developed area of European Union law—indeed, some describe the free movement of data as a fifth freedom. Given all that, what could Brexit mean for data protection in the United Kingdom?

It is encouraging that the Government have confirmed that the GDPR will still apply to the UK from May 2018. Ministers have stated this on a number of occasions, and I am confident that the Minister for Digital and Culture will do so again today. The Secretary of State for Culture, Media and Sport has said:

“We will be members of the EU in 2018 and therefore it would be expected and quite normal for us to opt into the GDPR and then look later at how best we might be able to help British business with data protection while maintaining high levels of protection for members of the public.”

The Minister for Digital and Culture has said:

“the Data Protection Act 1998...provides for very strong safeguards that are set to get stronger. The Government have said that we will opt in to the forthcoming general data protection regulation, which includes stronger enforcement measures than the current Data Protection Act.”—[*Official Report*, 28 November 2016; Vol. 617, c. 1277.]

It is clear that the Government plan that the GDPR will apply in the UK from May 2018, presumably because, as the Secretary of State said, in 2018 the UK will still be a member of the EU. But what about after we leave?

Very little has been said about what data protection law in the UK will look like after that point. In fact, the Minister for Digital and Culture has said that there may be

“changes to data protection regulatory landscape after the UK exits the European Union.”—[*Official Report*, 7 November 2016; Vol. 616, c. 36WS.]

That point is particularly significant because the GDPR will apply directly, without needing to be transposed into national legislation, so when the UK leaves the EU our main data protection law will still be the Data Protection Act 1998, which is now not fit for purpose.

The Digital Economy Bill and the Investigatory Powers Act 2016 were introduced with little mention of how they would adhere to the GDPR. Unless the GDPR is

transposed into national legislation, our country's main data protection law post-Brexit will be the outdated Data Protection Act. This matters, because without the new protections, UK citizens are vulnerable. Government research shows that nine out of 10 organisations have suffered data breaches, but the vast majority are under no obligation to report incidents. Falling back on the old system will not be good enough; we need to be moving forward into the 21st century in data protection, not backward into the last century. A further very real question mark hangs over the future implementation of the GDPR because of the Digital Economy Bill. Big Brother Watch has suggested that part 5 of that Bill fails to show how the legislation will adhere to the GDPR—indeed, the Bill refers to adhering to the Data Protection Act 1998 and the Regulation of Investigatory Powers Act 2000, but both pieces of legislation are now out of date.

The Information Commissioner pointed out that when the GDPR takes effect in the UK,

“The government will have to introduce national level derogations as part of implementation”,

so there will have to be

“a thorough consideration of the impact of the new legal framework on all aspects of the Bill affecting data sharing”.

The Open Rights group says that the GDPR

“should be looked in more detail”

adding that:

“Since the vote to leave the European Union we simply do not know what data protection regime will be in place when the Digital Economy Bill becomes law, and we fail to see how in this context Parliament can satisfy itself that the Bill will balance the needs of government with the privacy of citizens.”

It certainly seems illogical that this Bill should have been introduced with no reference to the GDPR when it will have to adhere to the GDPR in less than two years.

It is vital that the UK maintains data protection rules in line with EU rules after Brexit if we want to remain a major player on the digital stage. Many businesses and services operate across borders, and international data flows are essential to UK business operations across multiple sectors. In fact, half of all global trade in services already depends on access to cross-border data flows. There is a risk that after Brexit the UK may be treated as a “third country” on data protection issues. That is because the recently adopted Investigatory Powers Act is currently a UK competence, but that will not be the case once we are out of the EU. In a perhaps exquisite irony, we would find our legislation being judged against the standards of the GDPR. We would be a third country and could be required to come to what is termed an “adequacy decision” with the EU to allow data to flow freely between the United Kingdom and EU member states and to enable trade with the single market on equal terms.

In order to adopt an adequacy decision, the European Commission must be satisfied that a third country offers an equivalent level of data protection. A number of commentators fear that the recent Investigatory Powers Act means that the Commission may take some convincing. The risk is that such negotiations could take years to resolve, leaving protections for UK citizens in the meantime weak, as well as hugely disadvantaging the crucial tech sector, one of our great success stories. How easy it

would be for our competitors in mainland Europe then to say to people, “Move here, where you can be inside the system. Don't stay outside in the cold.”

Ministers should be working to ensure that our data protection rules are strong enough to secure an EU-UK adequacy decision, which will be vital to underpin trade rights across the digital economy. That is what we need, but as with the rest of the Brexit negotiations, we are in the dark, unless the Minister can shed some light this evening. Will he tonight confirm that the Government will prioritise guaranteeing international data flows post-Brexit during negotiations?

The Information Commissioner has also stated that, with so many businesses and services operating across borders,

“international consistency around data protection laws and rights is crucial both to businesses and organisations and to consumers and citizens.”

Will the Minister also confirm that the Government are seeking to secure an EU-UK adequacy decision? It is worth noting in passing that the last adequacy decision, with New Zealand, took more than three years to negotiate.

Data are the currency of the digital economy and we must not shy away from the broader challenges and opportunities this presents. The data landscape is shifting and legislation must keep pace if we want to protect citizens' rights while simultaneously tapping into the potential offered by the internet of things. If we want the UK to remain at the forefront of the digital revolution, our data protection legislation must remain at least equivalent to European Union rules. As the Information Commissioner has succinctly said:

“I don't think Brexit should mean Brexit when it comes to standards of data protection.”

The danger is that, to paraphrase, when it comes to data, Brexit could mean exit for tech.

The Government should champion the GDPR as a starting point for a comprehensive examination of how we can make better policy on big data. I hope the Minister will tonight provide further reassurance that the Government recognise the strategic and economic value of data for our country, as well as the importance of facilitating public confidence in how data are being used, and are consequently putting data, and data protection, at the heart of their negotiations.

8.37 pm

The Minister for Digital and Culture (Matt Hancock):

It normally says at the start of a Minister's speech in response to an Adjournment debate, “Let me start by thanking the hon. Member for securing this important debate,” and this time I really mean it, because this is an important subject. Although the hon. Member for Cambridge (Daniel Zeichner) and I sit on opposite sides of the House, we have a similar interest in the subject and want to go in a similar direction in terms of the data protection regime that applies in the UK. We also share a common understanding of the value of data in a digital economy.

That does not surprise me, because the hon. Gentleman is not only an expert in his own right, but as MP for Cambridge he represents one of the most data-rich constituencies in the country. It is very good to see continuing investment in tech companies in Cambridge,

[*Matt Hancock*]

including after 23 June. In fact, one of the biggest foreign investments in any British company ever was the investment in ARM Holdings based in Cambridge in July this year. That was a vote of confidence in British tech post-referendum, and since then we have seen investment decisions intrinsically based on the strength of our data systems, by companies such as Google, Facebook, Apple, Microsoft, IBM and others, all of whom have made significant investment decisions into the UK post-Brexit. We have been clear that the general data protection regulation will apply in the UK from May 2018. We fully expect still to be in the EU at that point. That is why we have announced that we will ensure that the GDPR will apply in the UK from then.

The information rights landscape has evolved rapidly in the past decade, as the hon. Gentleman set out. The ability to collect, share and process data is critical to success in today's digital global society. It is right to update our data protection regime not only because we will still be in the EU, but because it is time to update it, given the enormous changes that have taken place.

We were clear in the negotiations on the GDPR that any new data protection legislation needs to meet the need for high standards of protection for individuals' personal data while not placing disproportionate burdens on businesses and organisations. The UK was successful in negotiating a more risk-based approach to the GDPR, allowing for greater flexibility in relation to the regulation's mandatory requirements, such as on data protection impact assessments and data protection officers. We want a scheme that works effectively, protects data and is flexible to ensure that our data economy thrives. Therefore, we were successful in negotiating a reduction in some of the red tape and bureaucracy for ordinary businesses whose primary activities are not data processing but who have data that need to be protected. We succeeded in the negotiations to give greater discretion to the UK's Information Commissioner in the way it enforces breaches of the regulation.

The new rules will strengthen rights and empower individuals to have more control over their personal data, for example, by providing individuals with greater access to their personal data and information on how their data are being used, and a new right to data portability, making it easier to transfer personal data between service providers. In addition, the GDPR provides important new safeguards, including new fines of up to 4% of an organisation's annual global turnover, or €20 million, in the most serious cases of breaches of the regulation. Therefore, this is an important call to action for businesses to offer individuals assurances that their data are protected.

The hon. Gentleman asked a series of questions about the implementation of the GDPR. We now need to press ahead with implementation. It will become directly applicable in UK law on 25 May 2018, but a lot of preparatory work needs to be done in the meantime, both in government and by businesses throughout the country. We are now working on the overall approach and the details of that implementation. Details of any new legislation in this area will be made in due course and announced in the normal way, but I can tell him that we are considering these matters in great detail as we speak.

It is important for businesses and organisations to prepare now for the new standards of data processing. A lot of work has already taken place, but there is much for businesses to do to ensure that their processes and practices are aligned with the GDPR. The Information Commissioner is providing regular updates on the steps that organisations and individuals should take to prepare for the new legal framework and will continue to provide guidance over the next few months. We plan to consult with stakeholders on key measures where we have the opportunity to apply flexibilities, which the hon. Gentleman mentioned, in the regulation to maximise and to protect our domestic interests and to get the balance right between delivering the protection that people need and ensuring that the regulation operates in a way that ensures that the UK's data economy can be highly successful. For example, one measure will be on what the age of consent should be for children who wish to access information services. We want a data protection framework that works best for the UK and meets our needs. Those consultations will be forthcoming.

The hon. Gentleman also asked about the issue of adequacy and the need for our data protection regime to be interoperable with data regimes around the world. It is a question of our data relationship not only with the European Union, but with other countries, too, because the data economy is truly global. We have made progress in our argument within the EU that data localisation rules are not appropriate. That is a live issue in the EU at the moment. There is also work to be done between now and 2018 to make sure that we achieve a coherent data protection regime and that data flows with the EU are not interrupted after we leave. The Government are considering all options for the most beneficial way of ensuring that the UK's data protection regime continues to build a culture of data confidence and trust that safeguards citizens and supports businesses in a global data economy.

Without having been able to prejudge the publication of consultations and of legislative plans, I hope that I can reassure the hon. Gentleman and the tech industry in the UK that we are doing all we can to ensure that our future data standards are of the very highest quality, including their international links, and that we get the balance right between ensuring the high levels of protection that individuals and companies need and ought to expect with the appropriate levels of flexibility to make sure that our data economy can be one of the strongest in the world.

Daniel Zeichner: The Minister is making a deft response and I am listening closely to him. Could he say more about the impact of the Investigatory Powers Act 2016, which has been raised, and the difficulty that it might present to achieving an adequacy agreement?

Matt Hancock: I was about to come on to that issue, which was raised in the Digital Economy Bill Committee. The Bill includes important data-sharing arrangements, supported by the Labour Government in Wales, to improve public services and other things by ensuring that data are appropriately shared. Those sharing arrangements will still be protected by the data protection regime. The Bill is drafted according to the current law, which is the Data Protection Act. It is not possible to draft legislation in anticipation of future legislation; that is not how the body of legislation works. If and

when legislation is proposed to amend an existing system such as the Data Protection Act, one would expect it to include an amendment to the Digital Economy Bill, should this Parliament enact it, in order to make it consistent. That is how legislation is made in the UK. It is neither possible nor logically sensible to legislate in anticipation of future legislation, even if we fully expect it to come into force. All of the existing statute and the Digital Economy Bill, which is currently before the other place, are drafted with reference to the existing regime because the Bill will come into force before the expected future regime comes into existence in 2018.

That explanation may have been more convoluted than it needed to be, but I hope it shows why the

Bill—and, indeed, other recent legislation—is drafted in that way. I have heard the complaints, but they simply miss the point of how legislation is made and framed. I hope that that answers the hon. Gentleman's question and that he is reassured that we are working to implement a modern and effective data protection framework, fit for purpose for the digital age. I welcome his input.

Question put and agreed to.

8.49 pm

House adjourned.

Westminster Hall

Monday 12 December 2016

[MRS MADELEINE MOON *in the Chair*]

Retail Store Closure: Boxing Day

[Relevant documents: written evidence to the Petitions Committee, on the closure of retail stores on Boxing day, reported to the House on 6 December, and comments submitted to the Petitions Committee online forum on Boxing day shopping.]

4.30 pm

Helen Jones (Warrington North) (Lab): I beg to move,

That this House has considered e-petition 168524 relating to the closure of retail stores on Boxing Day.

It is a pleasure to be here under your chairmanship, Mrs Moon. I confess that, being a bit long in the tooth, I can remember when Boxing day closure was the norm; it was a bank holiday, and nobody thought of doing anything other than closing. Certainly all big stores were closed, and people stayed at home with their family. In fact, I am old enough to remember when the new year sales actually began in the new year, after 1 January. People stayed at home, and if they wanted to go to the sales, they went later on—and here's the thing: nobody starved to death. The world did not run out of cheap televisions. Nor did the country run out of supplies of winter coats and boots at reduced prices.

When I first realised that people were shopping on Boxing day, I would look at people going to the supermarket, and the queues, and would think, "For heaven's sake, get a life." However, I have moved from indifference to anger, because all the evidence shows that poorly paid retail workers are being exploited to fuel a national obsession—a debt-fuelled shopping binge that, in the end, does no one any real good. As my family will tell you, Mrs Moon, I can shop with the best of them, but if my shopping on Boxing day is done at the expense of some of the lowest paid workers in the community, something has to give way.

I should declare an interest, because I am a member of the Union of Shop, Distributive and Allied Workers, although it is quite a long time since I worked in a shop. When I did, I learned two important things. First, the job is physically exhausting, because workers are on their feet most of the day—and in my day, we worked only 9 till 5. Secondly, shop workers need inexhaustible reserves of patience and self-restraint to deal with the rude, demanding and frequently abusive customers that they have to put up with. Of course, that gets worse in the run-up to Christmas, which is why my union runs its "Keep your cool at Christmas" campaign before the Christmas rush, but for shop workers and those who work in warehouses and distribution—it is not only those on the shop floor who are affected—there is no respite.

The responses to our online consultation were interesting and overwhelming. We had nearly 6,000 responses. Many told us that they were not allowed to take holiday in December. One person working in distribution said that

they could not take holiday in November or December. Indeed, in one case, people were not allowed to take holiday from October onwards. That means that people in the sector arrive at Christmas very tired. They now often work late on Christmas eve to prepare for Boxing day. In fact, we heard of one person working until midnight on Christmas eve. They arrive home to their families exhausted, long after the rest of us have begun our celebrations, and are then expected to be in work again on Boxing day.

As we know, Christmas day can be a very nice day, but it is not necessarily very relaxing. It is not relaxing for people with young children who are up as early as possible, or for people who have to cook the Christmas dinner, so many of us—including me—say that Boxing day is our day of rest. That choice is not available to many people in retail—if, indeed, they get Christmas day off. There are constant suggestions that some people are called in on Christmas day to keep preparing for the sales. The British Retail Consortium has said that large retailers are not allowed to open on Christmas day. We know that; it is a prime example of answering a question that was not asked. It also says that most preparation for Boxing day is done by Christmas eve, and that people working on Christmas day is not a problem. I am afraid that it is a problem; it keeps being reported as a problem, and I do not believe that the people who report it are lying to us.

If people get Christmas day off, they often find that they are unable to enjoy it fully, because they must be in work again on Boxing day; many people are expected to be in work by 7 o'clock. There is little public transport, so there are stories of people having to get up at 5 o'clock in the morning to get to work. The Minister shakes her head, but those testimonies were given to us online in our consultation.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): My hon. Friend makes a powerful speech that rings true in the light of the many testimonies that I have seen and heard. Christmas is special because people who might not normally be able to spend time with family can do so. Is it not another issue that many people who work in retail do not have the option of travelling to see their family, because now they must travel so early on Boxing day to make it back in time for the sales?

Helen Jones: My hon. Friend is right. We have heard from people who work from 7 am to 6 pm on Boxing day. We heard from one lady who has to stay in work until 10 o'clock. People are at work not just when the shops are open; they do the restocking afterwards as well. So that lady has to get her partner to come and get her late at night, bringing with him their two small children—there is no one else to mind them—because she cannot afford taxis. Retail wages do not stretch to taxis at the best of times, and certainly not at Boxing day premium rates.

Yvonne Fovargue (Makerfield) (Lab): My hon. Friend is indeed making a powerful speech. She has talked about families, and I know of families where both partners work in retail and have young children; they have extreme difficulty in getting childcare on Boxing day, because, obviously, childminders also want a break at that time.

Helen Jones: My hon. Friend is right. We heard from a number of people whose relatives have to look after their children on Boxing day because no childcare is available.

We heard from one lady who described her “nightmare” journey to work. She works in London, but there are no trains from where she lives on Boxing day. She has to get three different buses to work. It takes her a long time. However, she told us that some of her colleagues cannot get home to see their families outside London over Christmas, because they finish too late on Christmas eve and have to get back too early on Boxing day. She described herself as one of the lucky ones. Some luck, I would say.

For all that, many people in the sector now receive no extra pay. It is true, to be fair, that a few people in an online consultation with MoneySavingExpert.com said that they rely on their extra pay on Boxing day to pay for Christmas. I understand that. My answer would be that they should be paid a proper rate of pay throughout the year. Those people are unusual; most companies no longer pay premium rates. They have disappeared, just as the premium rates for Sundays did. The House may remember that we were promised, when Sunday trading was introduced, that people would not have to work on Sundays if they did not want to, and would be paid extra for doing so, but that arrangement disappeared as new people came in, and there were new contracts requiring them to work Sundays and holidays. If they did not sign up for that, they did not get the job. That is how it is for Boxing day as well. It is clear from talking to people in the sector that they can be required to work; an employer has a right to require people to work if it is in their contract, or if it is the usual practice in the industry—and working on Boxing day is increasingly becoming the usual practice. One person said to us, “I don’t get the choice of whether I want to work or not.”

We have been told over and over that people who are sick on Boxing day face disciplinary action, and that a refusal to work means instant dismissal. The worst case we heard of was of a woman who had her drink spiked on Christmas. She was ill and unable to work on Boxing day, and was therefore dismissed. The Government might want to reflect on how difficult it is for those who have the right not to work on Boxing day to enforce that right, given that the Government have extended the time that people have to be employed for before they can claim for unfair dismissal, and have hugely increased employment tribunal fees. Low-paid workers, many of whom are not in unionised workplaces, have very little chance of enforcing their right not to work.

Mr Philip Hollobone (Kettering) (Con): I am hugely enjoying the hon. Lady’s speech; she is making a powerful case. Some 181 people in Kettering signed the petition. The Library briefing for the debate says:

“Under the relevant legislation...workers do not have a statutory entitlement to time off on Bank Holidays”, which includes Boxing day. I am not saying whether that is right or wrong, but is it the hon. Lady’s wish that employees be statutorily entitled to have Boxing day off?

Helen Jones: I think the hon. Gentleman is right about the law as it stands; if he will forgive me, I will come to that in a moment.

Retailers say that Boxing day trading is important to them. The British Retail Consortium declined to give written evidence to my Committee before the debate, but in the past it has said that last year’s sales were up 0.7% on the year before. However, it is important to remember that those sales did not reach the December peak, which last year was on 23 December, or the November peak, which last year was on the day after that appalling American import, Black Friday.

The director of retail intelligence at Ipsos Retail Performance said:

“Boxing Day has grown in significance as a shopping day over the last 5 years, as increasingly more retailers have started their Sales immediately after Christmas.”

I say two things to that: first, sales are on now, as anybody who has looked around knows; secondly, I have not seen any evidence that Boxing day opening generates more trade, rather than moving it about between days. If retailers were closed on Boxing day, there might well be more trade on 27 December—or, more likely, the Saturday following Christmas, when most people are off work.

However, we have had evidence that some stores may not even be that busy; I accept that some are, but some are certainly not. One store manager told us that his store was less busy than on a usual Sunday. Other people working in retail have told me that they are not busy, and that they do not accept returns on Boxing day because that would make the sales figures look worse. There are differences across the sector, and it seems that many shops open simply because others do; staff and store managers in my constituency say that that is often the case. As someone said in our consultation, retailers are great followers. Many in the sector would like Boxing day to be treated like Christmas day and Easter Sunday, when large stores cannot open. In fact, 92% of respondents to an USDAW consultation did not want to work on Boxing day, but 78% felt that they were pressured to.

The opening of the stores has a price for our communities, for families and for individuals; nothing in life is for free. If more shops open on Boxing day, there needs to be more of other services, such as waste collection; emergency services must be on duty; and there is more pressure on transport to run as normal. There is a spiral effect when more and more people are made to work the bank holiday. As I said, there is a price for families. People lose the time with their children or their parents, and other members of the family are very often pressed into service looking after children, meaning that they cannot make plans for the day. The real impact is on the poorly paid retail workers and their families, and from the comments that we have received, it is clear that most people would rather have that day off.

Catherine McKinnell: I very much agree with my hon. Friend. I will put on the record another thing that, like childcare, is not generally available on Boxing day: the usual support for those whose family members require care. There is testimony from retail workers who are in the difficult position of both having to care for their family and being forced to go to work or ultimately risk not being able to bring the bread home.

Helen Jones: My hon. Friend is right. That is an example of the pressures that those retail workers come under, many of whom are women and have caring or

childcare responsibilities. I doubt that much would change if store openings began on 27 December. As one of the contributors to the consultation said about stores, “They will make their money back, but we will never get our time back.”

What is the purpose of all this? Does anyone actually gain? As another person said to us in the consultation, “I should like to think that the keen shoppers of the UK could wait one more day to grab a juicy bargain”—or, as staff call it, stock that has been gathering dust in the stockroom since 1993. Another person said, “Isn’t seven-day trading and numerous late nights enough?” I think it is.

Mr Hollobone: I am even more impressed by the hon. Lady’s speech as it goes on; she is making an extremely powerful case. However supportive I might be of her argument, one of the difficulties is that if people cannot physically go to a high street or out-of-town shop, they will shop online on Christmas day or Boxing day. That will ultimately take business away from the very shop workers whose livelihoods we are seeking to protect.

Helen Jones: The hon. Gentleman makes a very reasonable point. My view is that, if people are going to shop online rather than go to the shops, they are going to do that anyway. For instance, it was put to me that many people receive vouchers for Christmas, particularly children, and that they enjoy spending them. Yes, they do, and I suspect they would enjoy spending them just as much on 27 December.

We need to find a balance. If my right to shop is being exercised at the expense of some of the poorest-paid people in our community, their time with their family should take precedence. It is a question of what kind of society we want. Do we want a society in which people are able to spend time with their family—their children or parents—or maybe even invite in an elderly neighbour who is on their own, or do we want a society that is a free-for-all, and in which the weakest go to the wall?

Andrea Jenkyns (Morley and Outwood) (Con): Will the hon. Lady give way?

Helen Jones: No I will not, because the hon. Lady has just walked in; she was not here from the beginning of the debate.

Yvonne Fovargue: Does my hon. Friend agree that some of the responses to the consultations have been heartbreaking? For most of us, Christmas is about the memories that we have had over the years with our family and friends. I will read a response to the USDAW consultation from a man who says he has to work the nights between 23 and 24 December, 24 and 25 December, and 26 and 27 December. He has limited time with his wife and 10-month-old son, and is majorly fatigued due to the hours he spends working. He said:

“I’m unable to enjoy our festive time together. I will never forget losing my son’s first Xmas.”

Helen Jones: My hon. Friend is right. A lot of the testimony is heartbreaking. I come at this from this direction: if I deserve time with my family over Christmas, other people do, too.

Of course, there are exceptions. A number of workers in the emergency services—nurses, paramedics and police—have responded to our consultation, and they all accept

that they may have to work on Boxing day because it is a matter of life and death. Shopping is not. Politicians are often quick to jump in if they think Christmas is being downgraded. People respond to spurious stories about Christmas being renamed; they say, quite rightly, that they do not want to see a Christian festival downgraded. Here is the news: it has been already. Contrary to what we might think, Christmas does not begin the day after bonfire night, or whenever the commercial frenzy sets off. It begins on the 25th. The 26th is the second day of Christmas—St. Stephen’s day. Boxing day is originally when servants were given their presents and time off. It is coming to something when in 21st-century Britain, we cannot give people the rights that indentured servants had hundreds of years ago. The situation could be vastly improved by a simple amendment to legislation to put Boxing day on the same footing as Christmas day and Easter Sunday, when large stores cannot open. We could do that.

The Prime Minister says that she wants a country that works for everyone. I have to say that it is not working for the retail trade at the moment. She also said quite recently:

“our Christian heritage is something we can all be proud of.”—[*Official Report*, 30 November 2016; Vol. 617, c. 1515.]

I agree. That heritage has shaped our country and how it works. That is why I get Christmas cards from my Jewish colleagues, my Muslim colleagues and people of no faith at all. They recognise the importance of Christmas. If, as I have heard many people say, we want to preserve this country’s Christian heritage, we should preserve it and give people some time off at Christmas. Good King Wenceslas did not look out and see the queue for the next sale. As someone said in response to our consultation—forgive me for the language—“Christmas is about spending time with your family, not sodding shops!” I could not agree more.

It is about time we did something about this. In the end, a civilised society is judged by how it treats not the most powerful people in it, but those without power. Boxing day and bank holidays were introduced to ensure that workers got time off. We have moved away from that. We could at least move back a little bit by ensuring that large retail stores had to close on Boxing day.

Catherine McKinnell: I hesitate to interrupt my hon. Friend, because she is making a brilliant speech. Who has less power in this world than children? It means everything to them to spend Christmas with their family. One retail worker said in testimony:

“I’ve got a little girl and these early years are such a magical time for her. I feel that I miss out on her enthusiasm and wonder by having to work over Christmas.”

That says it all.

Helen Jones: It does. We hear much from the Government about supporting families and the family being very important. We show how important it is by our deeds, not just by words. It is time we gave these lowest paid workers the right that we all take for granted—the right to have a day off on Boxing day.

Mrs Madeleine Moon (in the Chair): May I ask Members who wish to speak to stand, as I have not received notifications from any speakers?

Several hon. Members rose—

Mrs Madeleine Moon (in the Chair): Thank you, Mr Philip Hollobone.

4.54 pm

Mr Philip Hollobone (Kettering) (Con): Thank you for calling me, Mrs Moon. In truth, I had not intended to speak, but I was so moved by the powerful speech made by the hon. Member for Warrington North (Helen Jones) that I felt inclined to do so on behalf of my 181 constituents who signed the petition.

I find myself in the awkward position of seeing both sides of the argument. My instinctive sympathy is for retail workers who are forced to work on Boxing day, when they feel they should not have to do so. I feel for them, as I would anyone who was forced to work on Christmas day, which of course has statutory protection. My solution to this dilemma is for the Government to enact the relevant legislation, such that it would not be compulsory for retail workers to work on Boxing day if they did not wish to do so. I do not see why that would be difficult for the Government to do. There would be retail workers who were prepared to work on Boxing day if they had, to their mind, the requisite recompense to do so.

The reason I come to that compromise is that we now live, rightly or wrongly, in the age of the internet. Whether physical shops are open or closed on whatever day of the week, internet shopping will always be available. The bald, bold truth is that many retail workers will have signed this petition who will themselves go online on Boxing day to shop for items they want. While that is a digital choice, at the end of the day that digital request goes through to a warehouse—perhaps one of the warehouses in Kettering—where an employee is given an instruction to get that item from a shelf and put it on a pallet to go into a lorry for delivery to that consumer.

We are talking today—I recognise that it is with the best of intentions—about retail workers in physical shops on the high street or in our retail parks. However, they are in competition with real human beings who are employed in warehouses to respond to digital requests for consumer goods. Those digital requests are being posted online 24/7. People are shopping on the internet at times when you and I, Mrs Moon, may not think about shopping. Those retail requests go through to employees in warehouses who physically have to get those items off shelves and put them on pallets to go into lorries. The difficulty that I have—I am sure other Members have the same difficulty, if they are really honest about it—in responding to this petition is that we have to make a choice between retail workers on our local high street and employees in our local warehouses. It is a difficult choice that we, as parliamentarians, have to be honest about.

A fair compromise would be for the Government to say that no one should be required to work on Boxing day. That would give an element of statutory protection, recognising that Boxing day is the day after Christmas and has special meaning in our country. As the hon. Lady said, it goes back to giving servants boxes to thank them for their service over the previous year. We would then recognise the contribution that retail employees make and say to them that they do not have to work on

Boxing day if they do not want to. There would be no downside for them—no loss of pay, pension or holiday entitlement—if they decided they did not want to work on Boxing day, but someone who wanted to would have every right to do so.

Helen Jones: I see where the hon. Gentleman is coming from, but does he not recognise that, even with the right he suggests, many low-paid workers in this sector are and would be pressured into giving up their Boxing day? There is little to prevent that because, with low-paid workers often in non-unionised workplaces, there is not an equal balance of power here.

Mr Hollobone: The hon. Lady, following on from her good-natured speech, makes a characteristically powerful point. I recognise that, but the brutal, honest, bald, bold truth is that if we said that shops were not allowed to open on Boxing day, millions of our fellow citizens would shop online. Instead of talking about human beings in high street shops, we would be talking about more of our fellow human beings in our local warehouses responding to people shopping online. That is the reality.

Helen Jones: The hon. Gentleman is being very generous in giving way. Surely his argument is one for 24-hour shop opening. People can shop online at any time. Is there not some place where we just have to draw a line?

Mr Hollobone: I am very sympathetic indeed to the hon. Lady's cause. I voted against extending shop opening hours during the Olympics, and I voted against liberalising Sunday trading, but I recognise that I am probably on the wrong side of history in this debate because of the influence of internet shopping. I am trying to be honest with the hon. Lady and the Chamber. Ultimately, we are here to represent the citizens in our communities. Some of those citizens will work very hard in our local high street shops and some will work very hard in a local warehouse, especially in Kettering, just down road responding to digital requests. If I supported the thrust of the debate and said we should ban retail sales on Boxing day, I would be saying that that local high street employees were not allowed to work on Boxing day, but employees in the warehouse down the road could work and would be working harder, because they would be responding to online digital requests from our fellow citizens who decided to shop on Christmas day and Boxing day.

Do I think there should be 24/7 shopping? No, I do not. Do I think we should recognise what is left of our Christian heritage? Yes, I do. Do I think this request for a special exemption for Boxing day is religiously driven? No, I do not. I think that whatever Christian meaning there was in Boxing day has probably long departed us, unfortunately. Do I recognise there is still a religious and cultural significance to Christmas in our country? Absolutely, I do.

That is why I suggest what I hope is a reasonable compromise: employees should not be required to work on Boxing day and there would be no redress against them if they decided not to do so. I recognise absolutely what the hon. Lady is saying about hidden pressures, or sometimes overt pressures, on employees who do not wish to work on Boxing day, but I hope Her Majesty's

Government could establish a system that was fair enough and understood by enough people for it to be accepted in this country that if people did not want to work on Boxing day, that would be fine.

That would probably mean that employees who wanted to work on Boxing day would have to be paid more. In many ways that is not a bad thing, but it would have to be accepted by employees who chose not to work on Boxing day that they would not be entitled to that double or triple pay. They would have to make a choice. If we are honest, many employees who do not want to work on Boxing day now might want to if they were offered double or triple time. I am not saying that is a satisfactory choice. I am just saying it is probably a realistic one that would result from such a system.

With that compromise, I think we would end up with a smaller number of people who were dissatisfied and a larger number who were happy to accept the end result. I cannot see any other way of solving the problem and cracking the nut. That is difficult because we now live in an online world. If we were having this debate 20 years ago, I would have agreed absolutely with the hon. Lady that retail shopping on Boxing day should be banned, but in 2016-17 it is almost impossible to do that because of the internet. I do not like it; I am not advocating it. I am just saying that is the way it is.

My solution and my humble petition to the Chamber in response to this excellent petition signed by so many people is that Her Majesty's Government should make a sensible compromise and tell retail workers they do not have to work on Boxing day if they do not want to, but if they do, they have every right to do so.

5.5 pm

Gavin Robinson (Belfast East) (DUP): I apologise for not submitting my name to the list of speakers, Mrs Moon. Like the hon. Member for Kettering (Mr Hollobone), I felt compelled to speak because of the way the hon. Member for Warrington North (Helen Jones) spoke and introduced the petition. Having listened to the hon. Gentleman, I do not believe I can sum up what he said more succinctly or eloquently, although I will try.

I agree with the overall outcome of the hon. Gentleman's synopsis. I say that with great respect to the hon. Lady, who led on the petition. I agree with almost every word she spoke, save in two respects. I have no view either for or against Black Friday, which is not something that exercises me to any great degree. However, in politics, we want to achieve the art of the possible: the hon. Lady's speech was strongly couched in terms of providing safeguards and protections for workers who need them most, and the solution suggested by the hon. Gentleman is, to my mind, the most pragmatically workable outcome.

I am not old enough, regrettably, to remember the new year sales when they were new year sales, but I remember that stores in Belfast such as Gilmore's Electrical and Sam's Yer Man on Holywood Road had people camping out on Boxing day for opening day on the 27th. They did so because the first television was half price and the second had 30% off, and so on. The person at the front of the queue got the best deal.

The thing about Boxing day opening was that folk were not preparing to purchase on Boxing day; they were leaving their homes and their Christmas meal to make sure they were at the front of the queue on Boxing day.

We should forget about Christmastide and the religiosity we attach to Boxing day, or the feast of St Stephen, as people disrupted Christmas day to secure the best deal. For me, that quest for a saving was a tragedy for family and community life. Whatever motivates someone to secure that saving, whether it is because they really need it or cannot afford the normal cost, leaving what should be and remains a special day in this country—Christmas day—disrupting it and not spending time with family, friends and close loved ones simply for a retail experience is a great shame.

With that in mind, it would be useful if the Government considered how best to protect those who feel compelled to work, perhaps because they are on zero-hours contracts and feel that if they do not work on Boxing day they will be shut out of employment opportunities, and how best to send a message that if people worked on a Sunday or on what is considered and provided for legislatively as a special day, there would be an economic inducement and double or triple time would be available.

I remember the change in Northern Ireland when large stores opened from 1 to 6 on Sundays and staff who chose to work greatly appreciated the additional recompense. They factored it into their overall household income and knew they would be able to provide more for their family. That opportunity is not currently afforded to them on Boxing day. I would like choice to be injected into the retail sector, and if folk have to work there should be financial benefit for doing so.

Another restriction of the petition is that it focuses solely on retail. The hon. Member for Warrington North referred to emergency services, and I believe that there is a sub-category, not only through vocation but because of the risk of death and injury and the unbelievable work that those workers in the emergency services do.

Another key sector that we should consider is hospitality. Those in the sector will not just be thinking about going to work on Boxing day; they will be working on Christmas day, because many people set aside doing the nitty-gritty, hard work of cooking a Christmas meal themselves. They go to a hotel, their local pub or a bar and restaurant and they expect staff to be there to serve them on Christmas day. Many people in the hospitality sector work incredibly hard, but at this time of year, with Christmas parties happening right the way through December, they work even harder. As a group of staff, they will not get the chance to celebrate together until February or March; on Christmas day they will be expected to work. Whether people are generous with tips is one thing, but the issue for us is whether the Government are prepared to ensure that workers in that situation are given protection, and given choice and options. I think that that would be the greatest outcome of this petition debate. I hope that the Minister will take the opportunity to provide, if not comfort today, then a pathway to how we, as representatives of our people, can ensure that those workers who request, need and deserve rights and protections are afforded that.

5.11 pm

Andrea Jenkyns (Morley and Outwood) (Con): I apologise for coming in late, Mrs Moon; my meeting overran. I did want to be here at the beginning of the debate and I appreciate your giving me the chance to speak.

[*Andrea Jenkyns*]

Retail is in my blood. I was in it for nearly 20 years. I started off at Greggs bakery at the age of 16, worked my way up, and worked for many major and small retailers, so I was one of the low-paid workers that hon. Members have been talking about, and I have to say that I disagree with what the petition is about. I have worked Boxing days and new year's days. I have worked over the Easter period and on Good Friday. When you go into retail, that is expected. Times have changed. I agree with what some hon. Members have said: what about the other industries? I was also a performer and singer and used to work Christmas eves and Christmas days with my pianist, singing and entertaining people in restaurants. I did that because I wanted to make ends meet. To me, it was part of the lifestyle that I had chosen and it was my choice. When I worked on those Boxing days and new year's days—

Catherine McKinnell: Will the hon. Lady give way?

Andrea Jenkyns: Sorry, not at the moment; I will come back to you. So many times when I was working on those Boxing days, new year's days and so on, colleagues who had the day off would come in and see us because they were out shopping with their families. You are talking about giving people time off, but I saw that a lot of my colleagues were out shopping anyway. Times have changed.

The retail sector has Christmas day and Easter Sunday off, but it is not just about the Christian side of things. We live in a multicultural society, so this is not about any particular religion, really. I would like to put forward the other view, which is that of retailers. Retail is in my blood, as I said. High street retailers have found things so hard over the last decade, because of the internet. I have seen so many businesses close down. I used to work for Comet. It had been around for more than 100 years. Look at what happened to Comet; look at what happened to Woolworths. I also used to work for Allsports. All of those went bust after decades.

Boxing day was the busiest day of the whole year for us in retail. I remember that in one Comet store, we took more than £100,000 in one day. Normally, on the busiest Saturday, we would be lucky if we took £15,000, so to me, we are biting the hand that feeds us. Retail is struggling. The high street is dwindling; the internet is killing the high street. More and more people are shopping online, and that is just an inevitable aspect of the internet; I am not saying anything against it. However, if Boxing day is the busiest day of the year and we stop the ability to trade on that day, what will happen to the job security of these low-paid workers?

Helen Jones: Will the hon. Lady give way?

Andrea Jenkyns: I will give way to you even though you did not to me.

Helen Jones: That is because the hon. Lady did not come in for the beginning of the speech. It is rude for someone to try to intervene when they were not here for the beginning of the speech. The hon. Lady is wrong: Boxing day is not the busiest day of the year overall. It may well have been where she worked, but it simply is not—

Andrea Jenkyns: In retail, it is.

Helen Jones: That is not the case. Figures from the Library show that, overall, Boxing day sales are not as high as those for the peak day in December or the peak day in November.

Andrea Jenkyns: With respect, in all the years that I worked in retail—you have not worked in retail like I have—it was the busiest day.

Mrs Madeleine Moon (in the Chair): Order. I have worked in retail. I assume that you are referring to me.

Andrea Jenkyns: No, sorry, I was talking to the hon. Member for Warrington North (Helen Jones), but thank you, Mrs Moon.

My point is that we need to provide this opportunity. I know so many students who would welcome the opportunity to work on Boxing day and new year's day to earn extra money and, as has been said, what about hospitality workers or those who work in the NHS? Are we just going to ban anyone from working so that life completely stops on Boxing day? That is not realistic. To those who say that we should stop people working on Boxing day, I say that I do not want any more retailers to go out of business. I worked in retail for more than 20 years, and a large number of the workers whom I worked with in my 20-year career were happy to work on Boxing day. Not everyone is signing this petition, and look at how many people work in the retail industry.

5.16 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): It is a pleasure to serve under your chairmanship for the first time, Mrs Moon. I congratulate the petitioners and the hon. Member for Warrington North (Helen Jones) on initiating the debate. It is a pleasure to be in the company of so many former retailers—and I was a retailer, too. I was thinking that my time in retail was such a long time ago until I started listening to the hon. Lady; all the memories came flooding back of those times and of the stresses at peak season, as we called it.

I should point out that I have been in not only physical, bricks-and-mortar retail, but internet retail. I draw the House's attention to my entry in the Register of Members' Financial Interests: I have a shareholding in teclan ltd.

Being in retail is incredibly tough. If my memories are as fresh as the experiences that we have heard about today, it is an extraordinarily demanding job, not just at Christmas, but all year round. I know that from people who are still experiencing the kinds of pressures that I did when I was in retail. I started off on the shop floor, part time, and worked my way up through the trainee management programme. The worst kind of job must be doing trainee management in retail, because people really have to do quite a lot as part of that.

We have heard stories about people being pressured to work all the time—not just at those times when people should be able to have time off legitimately, but throughout the working day. I am talking about people having meal breaks standing up because they do not

have time to sit down to enjoy their breaks. There is also pressure in terms of pay versus hours. In many cases, the rates of pay are quite low, which is challenging. Where they are better, that is often negated by the fact that the hours that people are working for those fixed rates are longer than they would be required to work normally. Retail staff have to put up with a lot.

We are talking now about people working on Boxing day and Christmas eve. Often, when the shop is closing on Christmas eve, it is a hive of activity, getting things ready for Boxing day, and people work late into the night. From personal experience, I know that that could go on until the morning of Christmas day in some cases. I very much hope that that has changed for most people, but I know that it did happen in those days and am concerned that there are still those pressures out there today.

The hon. Member for Warrington North gave some clear examples of gross unfairness in the system and the pressures that people are put under, and particularly cases where people feel that their job is at risk because they have not complied with retailers' requests to work. That is clearly unacceptable and should be considered unacceptable by everybody. The hon. Member for Kettering (Mr Hollobone) was keen, and absolutely correct, to demonstrate that he has great empathy and sympathy with the people working under those conditions. He was also keen to show both sides; he brought in the issue of internet shopping and the pressures on the retailers and businesses to cope with that. He mentioned there being something of a conundrum with that issue.

Has the boat been missed? I contend that it has not, and that there is still a lot that can be done. I hope that we will hear more from the UK Government. I want to talk a bit about what is happening in Scotland, in order to challenge some perceptions about that. While I am talking about Scotland, may I pass on the apologies of my hon. Friend the Member for Glasgow South West (Chris Stephens), who was keen to take part in this debate but was unfortunately the victim of delayed travel arrangements? He apologises for not being here to those people who expected him to be.

The hon. Member for Morley and Outwood (Andrea Jenkyns) perhaps missed the point about people going shopping if they are not working. It is about choice. It is about what someone chooses to do with their family on the day; it is up to them whether they decide to go shopping to spend time with their family, or to stay home. She talked about her experience with Woolworths, Comet and Allsports; I bet that many retailers are glad that she did not work for them, given that they all went bust.

Andrea Jenkyns: I actually did not work for Woolworths, just for the record. I was just saying how they—

Mrs Madeleine Moon (in the Chair): Order. The hon. Lady needs to be called before making an intervention.

Drew Hendry: I am, of course, introducing a bit of levity. I did not intend to—

Mrs Madeleine Moon (in the Chair): Order. Can we not have conversations across the Chamber?

Drew Hendry: Thank you, Mrs Moon, I will bear that in mind. May I say, for the record, that I did not intend to cast any aspersions? That was merely a bit of humour that I hoped to bring in. One thing that I do agree with the hon. Member for Morley and Outwood about is that Boxing day is part of the key trading season. I remember being involved in retail and know, from speaking to retailers, that it has not changed, and is still an important part of the mix. Although it may not be the most important day of the year, it is still part of the important season for them.

The hon. Member for Belfast East (Gavin Robinson) brought up the spectre of Black Friday. I am so delighted that I never had to endure Black Friday. It looks like an absolute nightmare. He was right to talk about the quest for savings, because that brings us back to an earlier point: people have this desperation to go out and make a saving at that time of year, because they have been conditioned to do so by the sales process over many years. He was also correct to bring up the hospitality sector, in which a great many people have to work over the festive season, and they face quite challenging circumstances. Even though their arrangements can be changed, we should still think of them at this time of year.

I said that I want to talk about what is happening in Scotland. We should take into account that there is an opportunity here to look at different behaviours; the boat has not been missed if we can encourage retailers to act in a different way. It is not easy to ask them to change the drive for sales; I understand that, and as I said, I have been in that market. However, when organising Christmas rotas, employers should take account of the needs of employees with caring responsibilities—that should be a fundamental part of the job that they do—and of those with family far away, as well as other relevant personal circumstances, where possible, to ensure compassionate working practices.

If an entitlement to leave on Boxing day is agreed between an employer and an employee in a contract, that contract must be upheld. Employer flexibility should be part of ensuring that workers achieve the right work-life balance, which in the long run benefits the employer, the employee and the economy as a whole. Compassionate and fair employment practices, in which employers take reasonable steps to support the wellbeing of their employees, should be part of the foundation of any sustainable and inclusive economy. When employers are engaging on holiday rotas, especially over the Christmas period, all those personal requirements should be taken into account, and it should not cause someone disproportionate detriment to work on Boxing day.

The Scottish Government will shortly take forward a commission on a flexible job index for Scotland, to determine the availability of genuinely flexible jobs that meet the needs of people who want to work flexibly. The index will analyse the ratio of jobs advertised as being open to flexibility, breaking that down by city and region, by role type, by sector and by salary band. It will also seek to identify the demand for flexibility in Scotland and the proportion of people who need that flexibility. The index will be used as a key step to promoting flexi-recruitment and other working practices in the private sector. In 2017, the Scottish Government will pilot mentoring on flexi-recruitment issues for small and medium sized businesses, building on existing support services.

[*Drew Hendry*]

Employer investment in the wellbeing of the workforce will improve economic outcomes. This is proved time and again: when businesses look after the welfare of the employees who work for them, they become more productive, do better and often make more profit. We share the idea of the fair work convention that by 2025 people in Scotland will have a world-leading work life, with fair work driving success, wellbeing and prosperity for individuals, businesses, organisations and society. This vision challenges not only business but employers, unions and the third sector, and there are clear actions for Government. In Scotland, we fully endorse the convention's framework and will work with it to embed its principles in workplaces across Scotland. We will continue to raise awareness among employers in the public, private and third sectors of the benefits of fair work, to promote the fair work framework and to champion fairer, better workplaces.

Mr Hollobone: I have listened to the hon. Gentleman's speech with great interest. Things are always slightly different in Scotland—often for good reasons, but sometimes for not so good reasons. My understanding is that the Christmas Day (Trading) Act 2004 prohibits large shops from opening on Christmas day. The petitioners say:

“If only everywhere could be closed boxing day!”

I think they would like to see a Boxing day trading Act prohibiting large shops from opening on Boxing day. Would the Scottish Government support that?

Drew Hendry: The petitioners are quite right to look to protect the rights of workers. We heard compelling words from the hon. Member for Warrington North about the pressures that the petitioners feel need to be addressed. I am of the opinion that holidays should be respected; for example, in Scotland, traditionally, on new year's day, shops are closed. I am unsure how we could make that work across the business sector, for small businesses and large retailers, through legislation. I have described the moves by the Scottish Government to improve the working lives of workers across Scotland through a different approach to working with businesses and organisations. In Scotland, the proper living wage, which is higher than the living wage that the UK Government have stipulated, has been adopted by a great many businesses. Encouraging good behaviour by businesses, including retailers, can and does work when we can get the message of positive change across.

Mr Andrew Smith (Oxford East) (Lab): I am interested in the hon. Gentleman's answer to the question asked by the hon. Member for Kettering (Mr Hollobone). Am I right in thinking the Scottish Government do not favour stopping large stores from opening on Boxing day?

Drew Hendry: I have clearly given my own view: I see this as challenging. I do not think there has been a proposition from the Scottish Government on this issue, and I would not presume to speak for them, so I gave my own answer to the question.

The way forward needs to be innovative and to include a different approach from the Government. We should adopt a model whereby retailers in particular—but

other businesses as well—are encouraged to act. I gave the example of the living wage being adopted at a much higher level in Scotland. The Scottish business pledge has been signed up to, and employers have been encouraged to provide much better working conditions for their employees. There is measurable evidence that when businesses adopt those practices—when they are more considerate towards their employees and introduce measures to improve the situation for employees—they see increased productivity, increased profit and better sustainability. Staff are more likely to be retained and to stick with those jobs, and to be able to achieve a more effective work-life balance. We are discussing Boxing day, but the core of the issue is surely not just one day in the year, no matter how important that day is, or how stressful people might find it to miss out on it. This must be about making working conditions better for people across the entire year, so that they can all benefit from a better work-life balance from the beginning of January through to the end of December.

5.32 pm

Bill Esterson (Sefton Central) (Lab): This has been an excellent debate, Mrs Moon. I congratulate my hon. Friend the Member for Warrington North (Helen Jones) on making a comprehensive, passionate plea to support working people in the retail sector. That was supported by nearly everybody who spoke, and the contributions made by hon. Members around the Chamber were entirely consistent with what she said. The hon. Members for Belfast East (Gavin Robinson) and for Kettering (Mr Hollobone) were entirely sympathetic, as were my hon. Friends the Members for Makerfield (Yvonne Fovargue) and for Newcastle upon Tyne North (Catherine McKinnell) in their interventions. The one discordant note came from the hon. Member for Morley and Outwood (Andrea Jenkyns), who frankly gave a description of retail that many workers in the retail sector would not recognise.

On Christmas day, my children will wake my wife and me early—we are still in that stage of family life. We will go and visit other family members, and we are lucky to be able to do so, but such a happy family scenario is not available to everybody in this country. As other hon. Members have mentioned, many workers in sectors beyond retail have to work over the festive period, for very good reasons. My hon. Friend the Member for Warrington North said that shopping is not a matter of life and death, but for key workers in the NHS, the care sector and in our police and fire services, working is a matter of protecting life and sometimes dealing with death. Sadly, that includes on Christmas day and Boxing day. We can take this opportunity to thank everybody who works in the emergency services and the care sector for the contribution that they make every day of the year, and especially at the festive time, when most of us are able to take time to be with family and friends.

Many people have to work in the hospitality sector over Christmas, as has been mentioned, and it is right to recognise the realities for such people. There are also some in retail, in small shops, who work on Christmas day and sometimes Boxing day—typically shop owners. The Association of Convenience Stores has said that smaller shops tend not to want what it describes as “paid staff” working—staff who are not owners or family members—because of the costs. However, it

recognises as part of that equation the desirability of paid staff—again, the ACS’s term, not time—being able to have time off to spend with their families.

That leaves us with the large stores. The successful USDAW campaign saw the private Member’s Bill introduced by my hon. Friend the Member for North Durham (Mr Jones) become law in the Christmas Day (Trading) Act 2004. At the time, the internet was not as advanced as it is now—I will come to some points made about online trading later. What happens to staff on Boxing day is increasingly a concern, and it has led to this petition, which has been signed by a very large number of people. The petition was the result of an increasing number of large retailers opening on Boxing day—and opening earlier and for longer.

As we have heard—I have heard this from constituents of mine—people are finishing later and later on Christmas eve. They still have to prepare for Boxing day, sometimes on Christmas eve, and sometimes on Christmas day itself. I heard a story about a major high street retail name that opens at 5 am on Boxing day, and staff have to be there at 3 am or 3.30 am. They have to travel—what time do they get up? Are some of them even starting on Christmas day? What kind of a Christmas is it for someone who knows they have to be at work at 3 am or 3.30 am on Boxing day? I cannot even begin to think what that must be like. However, that is where some large retailers are headed—that is the reality—and why there has been this petition. When we look at the consequences for family life, I think we can all understand and share people’s concerns—as everybody in the Chamber did, with one sad exception so far, although we have yet to hear from the Minister.

Like my hon. Friend the Member for Warrington North, I am a very proud member of USDAW. Its survey said that 16% of workers say that they face working longer hours this year, 7% say the hours will be shorter and 77% say the number of hours will be much the same. The number of hours that staff are being asked to work is therefore increasing. We have heard about the impact of long hours in the run-up to Christmas and about the inability of most staff to take time off for a considerable time—time off that would enable them to recuperate—and about the impact on families, especially those with children. Parents who finish late on Christmas eve then have to come back and put the stockings together.

Helen Jones: Put the toys together.

Bill Esterson: Yes, and the toys—I thank my hon. Friend. They also have to prepare the food for Christmas day with very little time to enjoy themselves.

Mr Hollobone: I am enjoying the hon. Gentleman’s speech hugely. We are all sympathetic to the plight of retail workers at Christmas time. I am not a member of USDAW, but my grandparents were small shopkeepers. To my mind—and in answer the petitioners who have gone to such efforts to draw this plight to our attention—the point is that the Christmas Day (Trading) Act 2004 prohibits large shops from opening on Christmas day. Are Her Majesty’s Opposition in favour of a Boxing day trading Act, which would prohibit large shops from opening on Boxing day?

Bill Esterson: I had not realised just how much I had in common with the hon. Gentleman. Like him, I had grandparents who ran a cornershop—I am assuming his grandparents ran a cornershop?

Mr Hollobone *indicated assent.*

Bill Esterson: The hon. Gentleman is nodding; so we both had grandparents who ran cornershops.

Mr Andrew Smith: You’re not cousins, are you?

Bill Esterson: I am struggling to make progress, Mrs Moon, because I am being given all sorts of interesting suggestions.

My grandad told me that if people cannot afford to pay decent wages, they should not open a shop. That is a good piece of advice about being a responsible employer. He might have amended that, in the context of this debate, to say that if employers cannot give decent time off over Christmas, they should not be opening a shop, especially on Christmas day and Boxing day. The hon. Member for Kettering is suggesting one option. Only 1.5% of the thousands of staff surveyed by USDAW said they wanted to work on Boxing day, so something needs to be done and it needs to be addressed. One option, undoubtedly, would be to amend the Christmas Day (Trading) Act 2004; another would be to have a Boxing day trading Act. I wait to see what the Minister has to say on that score. I suggest to the hon. Gentleman that if nothing is done through that piece of legislation, there should be action to ensure—this goes back to his earlier comments—that staff who do not want to work on Boxing day will not be under pressure to do so.

The hon. Gentleman reminded us that he voted against the Government’s attempt to include relaxation of Sunday trading in the Enterprise Bill in Committee and on Report. He will remember from that debate that points were put forward very forcefully and that extremely strong evidence was presented to us that many staff are simply unable to take time off on Sundays because of concerns and pressure, and the same applies to Boxing day, even though the legislation is different unless Boxing day is on a Sunday. We have to find some way of addressing the issue. I do not think the answer is necessarily for the Opposition to be prescriptive, but we need to get to a point where no one has to work in a large store on Boxing day unless they want to. Like the rest of us, they want to enjoy Christmas. They want to travel, see family and enjoy Christmas eve, not to feel under pressure through to Boxing day.

USDAW’s view is that the only staff who should be available to those large retailers at that time are volunteers. I suppose the point it is making is that if a store could manage purely with volunteers, there would be no objection in principle to that store opening. However, if stores are relying on only the 1.5% of staff who are prepared to work and the 5.5% of staff—I think that was the figure—who are non-committal, most stores would struggle to open without forcing staff to work.

Let me turn to the points about online trading. Things have changed since 2004. The nature and scale of online trading is very different. A number of hon. Members have made points about the impact of online trading on high street and, indeed, out-of-town stores.

[*Bill Esterson*]

Perhaps the time has come to look at the needs of staff working in the warehouses such as those that the hon. Member for Kettering described in his constituency. Perhaps it is time to look at what the Government's responsibility is towards staff who work in warehouses or for internet retailers, and the way in which they are treated. Those staff have a right to a Christmas day and at the moment they are not covered by the Christmas Day (Trading) Act, let alone by what we are talking about for Boxing day. The time has come to consider how that might be addressed and how we might get the kind of fairness that we would all expect for our own families.

Points have been made about the level of trading over Christmas. One estimate is that more than £77 billion will be spent in the Christmas period in the retail sector. Most of the people who work in retail, of course, are very low paid. As we have heard, premium pay is now a thing of the past in most businesses. In that context, is it too much to ask of the major retailers to do more to support their staff by not trading on Boxing day? Remember that those major retailers all have their own internet retail presences, so it is not as if they cannot trade online. By the way, plenty of people go online on Christmas day. It is not just Boxing day, is it?

Some online retailers do not necessarily fulfil orders. The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) made the point from his own experience in the internet retail sector—he may want to intervene to set me straight on this—that there are plenty of opportunities to delay fulfilment of orders. There are plenty of retailers that do just that, so they are not open 24/7.

Drew Hendry: I am grateful for the opportunity to underline that point. There is room for retailers to be innovative by using the new technology—what would in other circumstances be the challenge of internet retailing—to help to create a much more equitable situation with in-store retail. The big benefit of having in-store staff is that they can give advice. Boxing day is a day when people are picking up units. They do not need advice; it is just about picking up the goods at a discount.

Bill Esterson: I am grateful for the hon. Gentleman's intervention because it really adds to everybody's understanding of the challenges, opportunities and some of the realities. Perhaps the Minister can take some of these points away and, as well as responding to them, look at how online and offline retail operate and at what might be appropriate in supporting staff in both parts of the industry.

I want to talk a bit about some of the retailers who have so far resisted the pressure to open on Boxing day, because not every major retailer does. The initial consultation for the Christmas Day (Trading) Act, which was carried out in 2002, suggested that competitive pressure was one reason the Act was needed. Although at the time not every retailer by any means was opening on Christmas day—indeed, it was only a few—the sense was that in the end everybody would have to do so to keep up or they would lose ground.

A similar pressure now applies with Boxing day. So far, retailers including Lidl, Aldi and John Lewis have resisted the pressure, and have done so successfully,

which suggests a public appetite for delaying shopping to a degree. In the last year, those retailers have seen their trading figures go up at the expense of some of their competitors, but we do not know for how long that will continue. Earlier evidence suggests a concern across the sector that businesses will ultimately all have to work and trade on Boxing day unless there is Government intervention—nobody else can make such an intervention.

The Conservatives say that this is nothing to do with them—that it is a free market and that it is up to businesses to decide what to do. The problem, if we follow that argument, is who will prevent abuse. The problems with Sunday trading, and now with Boxing day, mean that workers are unable to take time off. Who will intervene to look after workers and ensure fairness between employers on the one hand and staff members on the other?

We have seen far too many abuses recently. We have seen the behaviour of Sports Direct, and some of Amazon's behaviour in Scotland was highlighted over the weekend. A number of us will have constituents who have been affected by the cuts in pay and conditions at Marks and Spencer. It is all our responsibility, and particularly the Government's responsibility, to intervene on the side of working people, whether on fair pay or hours of work.

Who looks after responsible businesses? The businesses I mentioned, Lidl, Aldi and John Lewis—and there are many more like them—want to do the right thing and act responsibly. How will they be encouraged and supported unless the Government introduce the necessary conditions so that they can do that without succumbing to competitive pressures? As we discussed when we were considering a statutory instrument last week, the Prime Minister is consulting on boards having a representative with responsibility for staff. It is regrettable that the Government appear to be walking away from having elected worker representation on boards, but will such board representatives be strong enough? Will they have the interest to ensure that staff are treated fairly? The concern is that the measure just will not go far enough. This is an example of where Government intervention cannot just be left to the market. It cannot just be voluntary.

Perhaps the time has come to consider a cautionary tale. We can either go down the route of supporting responsible businesses and treating workers fairly, or we can consider what has happened historically. I have mentioned some of the more recent cases, but we saw all sorts of horrors before there was Government support. I am not suggesting that the Minister is in any way interested in repeating what happened hundreds of years ago, but my mind goes back to "A Christmas Carol". I wonder who Ebenezer Scrooge might be in this scenario. Surely not the Prime Minister.

Where is the line if the Government say they will not intervene? We used to send children up chimneys in Victorian Britain, and I know the Minister is not suggesting that, but let us remember the ghost of Christmas past and make sure that the ghosts of Christmas present and Christmas future show fair treatment for workers and responsible businesses. That is the way forward, and the right solution will ensure that workers are looked after on Boxing day, that family life is protected, that responsible businesses are encouraged and that there is the right balance between online, high street and out-of-town shopping. I challenge the Minister to deliver on that.

5.55 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Margot James): It is a pleasure to serve under your chairmanship, Mrs Moon. I congratulate the hon. Member for Warrington North (Helen Jones) on introducing the debate on the closure of retail stores on Boxing day. I must be of a similar vintage, because I can recall when there was no shopping whatever on Boxing day. I have great sympathy with some of her comments on the many changes that our society has undergone since those days.

Even in those days, however, people still worked on Boxing day. People in retail might not have worked, but I remember going to my first football match, Chelsea versus Ipswich, on Boxing day. That match employed a lot of people, as do horse racing and many other sporting events that used to take place on Boxing day, and still do.

Also like the hon. Lady, I can attest to the exhausting nature of work in the retail sector. I would hardly call my time in retail a career, but I worked in a shop for about six months—obviously a great deal less than my hon. Friend the Member for Morley and Outwood (Andrea Jenkyns), who colourfully described her extensive career and experience in the retail sector. Retail is an exhausting occupation on any day of the year. I completely agree that it is particularly exhausting in the run-up to Christmas, and I have great sympathy with workers who, as the hon. Member for Sefton Central (Bill Esterson) said, work until late on Christmas eve and have to be back at work on Boxing day, sometimes as early as 3 o'clock in the morning. When he asks what sort of Christmas that is, I agree with his sentiment.

Christmas is a time for family, which is why one of my constituents, community worker Julie Lees, signed this petition. She is fed up of losing some younger adults in her family to the world of work on Boxing day. There is no doubt that there is considerable feeling about the issue, as expressed in the debate. That feeling prompted the e-petition, which has now reached more than 140,000 signatures. I understand those who feel it unnecessary for shops to be open so soon after Christmas. Many points have been made about other sectors that are busy working straight after Christmas and about online trade, which I will address in a little more depth.

For a number of reasons, the Government do not support an outright ban on shops opening on Boxing day. Boxing day is a bank holiday, and the Banking and Financial Dealings Act 1971 specifies which days are to be bank holidays and contains provisions for appointing additional or substitute days. Additional bank holidays, including those created after 1971, are appointed by royal proclamation in early summer each year for the coming year. Bank holidays are so called because the Act makes provision for banks to close for business by deferring the placement of bills of exchange until the next appropriate day. However, there are no other statutory restrictions on trading associated with bank holidays; in fact, we have few legislative constraints on trading hours at all. There are no constraints on online retail trading, and few constraints apply to small shops.

Mr Hollobone: The Minister's remarks are of great interest. I think that the general public do not fully appreciate that point; I certainly did not. A bank holiday is not a public holiday. Lots of employees have bank

holidays off not because the Government say they should but because their contract of employment says that they should. She would serve the public well if she put what she just said into plainer English, so that everyone could understand it.

Margot James: I thank my hon. Friend for doing what he asked me to do by making that point simply. It would be good if more people were aware of it.

The Sunday Trading Act 1994 restricts the opening of large shops to a maximum of six consecutive hours between 10 and 6 on a Sunday. The Act also recognises the religious significance to Christians of Easter Sunday by obliging large retailers to close. By comparison, Boxing day has little if any religious significance. Neither the Christmas Day (Trading) Act 2004 nor the Sunday Trading Act contain provisions for varying their terms, so any additional constraints on retailers would require new primary legislation.

Although the House has considered changes to the Sunday Trading Act numerous times since 1994, it has always considered that the Act strikes a good balance between the rights of workers and those of retailers and consumers. My hon. Friend the Member for Kettering (Mr Hollobone) mentioned that he voted against the watering down of the Act; he will be pleased to hear that the Government have no plans to make changes to it in the coming years.

On statutory leave entitlement, although there is no statutory entitlement to time off on Boxing day, almost all retail workers, like those in other sectors, are entitled to a generous statutory paid leave entitlement of 5.6 weeks per year, which equates to 28 days a year for someone working five days a week. That is more than the 20 paid days of annual holiday a year mandated under EU law and ensures that workers in the UK get at least four weeks' paid leave on top of bank holidays, assuming that they have leave on those bank holidays.

An employer has the right, whether or not it is explicitly reflected in the employment contract, to require a worker to work on a public holiday. It is common in industries such as retail or emergency services. We have also heard from hon. Members about other sectors such as hospitality, sport and leisure. Employers can determine when workers take their leave—for example, to cover an annual shutdown at work—and can refuse to give leave at a certain time, but they must give workers the opportunity to take their leave at some point during the leave year. The entitlement should give all workers sufficient time to see their families over the year, although I accept that Christmas and various other times of the year are absolutely associated with spending time with family.

In addition, there are special provisions for shop workers who do not wish to work on Sundays, at least. All shop and betting shop workers can opt out of Sunday working, unless Sunday is the only day they have been employed to work. A shop worker can opt out of Sunday working, even if they agreed in their contract to work on Sundays, by giving three months' notice.

In putting the legal case before hon. Members, I am sympathetic to the fact that, in practice, many workers, fearing for their jobs, might find it more challenging to give effect to their legal rights than I find it to read

[Margot James]

them out. I regret that, but staff who opt out of Sunday working are protected from being treated unfairly. If an employer needs shop workers to work on Sundays, they must tell the employees in writing that they can opt out within two months of starting work.

In terms of the potential impact on retailers, the Government recognise the huge importance of the retail sector to both national and local economies, and the pressures under which it labours. The sector generated £91.7 billion in gross value added in 2015, and accounts for 5.6% of the UK economy and more than 3 million jobs. Boxing day sales are extremely popular; we have debated whether it is the busiest day of the year. House of Commons Library figures indicate that although it is not the busiest day, it is certainly very busy with consumers. Last year, an estimated £3.7 billion was spent with retailers, around 22% of it online. If we were to ban high street outlets from opening on Boxing day, that would result in a significant loss of business for them to online retailers, which would particularly disadvantage retailers without a strong online presence. We must bear that in mind, as my hon. Friend the Member for Kettering and a number of other hon. Members pointed out.

Mr Hollobone: The Minister is making an interesting speech. She has basically said that she is not in favour of a Boxing day trading Act to ban retail shops from opening on Boxing day, but she has also said that the Government have existing provisions to allow retail employees to opt out of working on a Sunday. There are 52 Sundays in a year. Why would the Government object to allowing retail employees to opt out of working on Boxing day, which is just one day a year?

Margot James: It would be interesting to look at the picture when Boxing day falls on a Sunday. Presumably that would give people greater rights, at least on those rare occasions. Any changes to the legislation that I have mentioned would require primary legislation. I would hope that there were other ways to afford shop workers some protection without recourse to primary legislation. The law is a balance that Parliament has accepted, and the Government are reluctant to disturb that balance. To change the law would risk opening new disagreements; new primary legislation would create new demands and new risks.

Bill Esterson: The Minister is making some reasonable points, but she said that she hoped that there was some recourse for the Government other than primary legislation. I thought that she was going to tell us what it was, but she seems to have moved on to another point. If I can bring her back, what does she see as the recourse, other than primary legislation, to ensure that staff who want time off get it?

Margot James: I have no suggestions at the moment to put to the hon. Gentleman, and I would not like to give the impression that the Government are exploring that. We are opposed to a ban on retail trading on Sundays. More generally, Boxing day is a day on which some people like to get out of the house. It has long been a major day for shopping and other events, and I have covered the point that an increasing number of workers in other sectors are busy at work.

Another argument against banning offline retail—that is what it is now—from opening on Boxing day is that many other workers would want to know why we were making an exception for the offline retail trade when employees in other sectors work on Boxing day. There are many aspects to the issue other than the threat posed to retailers by an outright ban, particularly, as I have mentioned, to retailers without a strong online presence.

May I respond to a few of the points made by the hon. Member for Warrington North in her interesting and well researched speech? Workers have many protections under the working time regulations, including entitlements to rest breaks, daily and weekly rest periods, and a maximum working week of 48 hours, normally averaged over 17 weeks. However, workers can choose to opt out of the 48-hour limit, and I accept that some jobs are more or less conditional on their exercising that opt-out. The qualifying period for unfair dismissal, which the hon. Lady also mentioned, is intended to strike the right balance between fairness for employees and flexibility for employers.

Helen Jones: The Minister mentioned the working time directive, but the problem in retail is that many workers work flexible hours, so it is difficult for them to enforce that provision.

Also, the Government often miss the point about unfair dismissal and the balance between employers and employees. The law does not say that employers cannot dismiss people; it says that they cannot dismiss them unfairly. That is the key point. Because the time has been extended, those who are forced to work on bank holidays find it difficult to enforce their rights without being dismissed, so they simply cannot make a claim.

Margot James: I take the hon. Lady's point. It is true that employers can dismiss people, as long as they are not unfair about it and they go through proper consultation and so forth. The flexibility cuts both ways. People increasingly want to work flexibly, especially if they have caring responsibilities and suchlike; likewise, employers, certainly in the fast-changing world of retail, require some groups of workers to work flexibly.

I will finish by reaffirming that we do not believe that it is for the Government to tell businesses how to run their shops or how best to serve their customers. Notwithstanding the many very good arguments that I have heard this afternoon in favour of giving employees greater freedoms on bank holiday periods, particularly around the family-associated festive season, we believe that the current legislation provides the right balance between the interests of employers and workers, and at least provides workers with a generous leave entitlement. The Government therefore do not propose to ban shops from opening on Boxing day.

6.12 pm

Helen Jones: I shall be brief. This has been a very interesting debate, with thoughtful contributions from the hon. Members for Kettering (Mr Hollobone), for Belfast East (Gavin Robinson), and for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry). The last named, whose constituency is in a beautiful part of the world but has a very long name, has at least tried to

propose some ways to solve this dilemma, but I must pick up on something he said. No doubt he was a compassionate manager, but we do not legislate for the good; we legislate for the worst.

As the Minister and my hon. Friend the Member for Sefton Central (Bill Esterson) both acknowledged, there is a problem with workers being forced to work on Boxing day when they do not want to. The Government really have to take on board the opinions of most Members who contributed today and look seriously at the issue, because it is the Government's responsibility to regulate. I know many members of the Government do not like doing that, but if they did not we would still be sending children up chimneys and people would still be working long days in factories, as my hon. Friend said.

We need to find a way out of this dilemma. It is clear from the debate that the current situation is not fair to workers in retail or to their families. It is not even terribly fair to employers, because workers who are treated well are more productive. There is an issue with

people working in warehouses, as the hon. Member for Kettering said, but there are ways to deal with that and with internet shopping without doing so on the backs of retail workers. Of course some people have always worked on bank holidays—hospitality workers have to do so, and so do people who work at sporting fixtures—but those in retail are in a particularly difficult position: having had an exhausting time in the run-up to Christmas, they then do not get a proper Christmas break.

I hope that the Minister will go back to the Department, think very seriously and discuss with her colleagues what can be done to resolve the situation. It is clear that at the moment it is really unfair on those in retail.

Question put and agreed to.

Resolved,

That this House has considered e-petition 168524 relating to the closure of retail stores on Boxing Day.

6.15 pm

Sitting adjourned.

Written Statements

Monday 12 December 2016

COMMUNITIES AND LOCAL GOVERNMENT

Neighbourhood Planning

The Minister for Housing and Planning (Gavin Barwell): Neighbourhood planning was introduced by the Localism Act 2011, and is an important part of the Government's manifesto commitment to let local people have more say on local planning. With over 230 neighbourhood plans in force and many more in preparation, they are already a well-established part of the English planning system. Recent analysis suggests that giving people more control over development in their area is helping to boost housing supply—those plans in force that plan for a housing number have on average planned for approximately 10% more homes than the number for that area set out by the relevant local planning authority.

The Government confirm that where a planning application conflicts with a neighbourhood plan that has been brought into force, planning permission should not normally be granted. However, communities who have been proactive and worked hard to bring forward neighbourhood plans are often frustrated that their plan is being undermined because their local planning authority cannot demonstrate a five-year land supply of deliverable housing sites.

This is because Paragraph 49 of the National Planning Policy Framework states that if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites relevant policies for the supply of housing should not be considered up-to-date, and housing applications should be considered in the context of the presumption in favour of sustainable development.

As more communities take up the opportunity to shape their area we need to make sure planning policy is suitable for a system with growing neighbourhood plan coverage. Building on proposals to further strengthen neighbourhood planning through the Neighbourhood Planning Bill, I am today making clear that where communities plan for housing in their area in a neighbourhood plan, those plans should not be deemed to be out-of-date unless there is a significant lack of land supply for housing in the wider local authority area. We are also offering those communities who brought forward their plans in advance of this statement time to review their plans.

This means that relevant policies for the supply of housing in a neighbourhood plan that is part of the development plan should not be deemed to be "out-of-date" under paragraph 49 of the National Planning Policy Framework where all of the following circumstances arise at the time the decision is made:

- This written ministerial statement is less than 2 years old, or the neighbourhood plan has been part of the development plan for 2 years or less;
- the neighbourhood plan allocates sites for housing; and
- the local planning authority can demonstrate a three-year supply of deliverable housing sites.

This statement applies to decisions made on planning applications and appeals from today. This statement should be read in conjunction with the National Planning Policy Framework and is a material consideration in relevant planning decisions.

My Department will be bringing forward a White Paper on Housing in due course. Following consultation, we anticipate the policy for neighbourhood planning set out in this statement will be revised to reflect policy brought forward to ensure new neighbourhood plans meet their fair share of local housing need and housing is being delivered across the wider local authority area. It is, however, right to take action now to protect communities who have worked hard to produce their neighbourhood plan and find the housing supply policies are deemed to be out-of-date through no fault of their own.

On 7 July 2016, my right hon. Friend, the Member for Great Yarmouth (Brandon Lewis), extended for a period of six months the criteria for consideration of the recovery of planning appeals to include proposals for residential development over 25 dwellings in areas where a qualifying body has submitted a neighbourhood plan proposal to the local planning authority but the relevant plan has not been made (Hansard HCWS74). In order to allow time for the Neighbourhood Planning Bill to complete its passage through Parliament, and in the light of other potential policy changes currently under consideration, I am now extending that period for a further six months from today.

[HCWS346]

Race and Faith Policy

The Secretary of State for Communities and Local Government (Sajid Javid): Today, I am pleased to inform the House that the UK Government are the first European Union country to formally adopt the International Holocaust Remembrance Alliance working definition of anti-Semitism. The Government believe that the definition, although legally non-binding, is an important tool for criminal justice agencies, and other public bodies to understand how anti-Semitism manifests itself in the 21st century, as it gives examples of the kind of behaviours which depending on the circumstances could constitute anti-Semitism. It will be for public bodies and agencies to implement the definition and embed it within operational guidance as relevant.

In addition, the Government have published its response to the Home Affairs Select Committee's report on anti-Semitism, and provided a progress update to the All-Party Parliamentary Group against Anti-Semitism Inquiry into the rise in the number of anti-Semitic incidents following the Gaza conflict in 2014.

Our response to both reports demonstrates the significant progress we have made in combating anti-Semitism which has been acknowledged by the Home Affairs Select Committee and the All-Party Parliamentary Group against Anti-Semitism. Our approach has also been cited as best practice across Europe and the Americas.

However, we cannot be complacent. Anti-Semitism continues to be a problem in this country and it is right that, as a Government, we are able to demonstrate the seriousness with which we take it, as we do for other forms of hate crime. Anti-Semitism must be understood

for what it is—an attack on the identity of people who live, contribute and are valued in our society. Our relationship with the Jewish community has been built on the solid work of the cross-Government working group on tackling anti-Semitism, which ensures that we are alive to any issues and concerns of the Jewish community and can respond quickly.

The adoption of the definition and our positive response to both reports underlines how the Government have done much to establish Britain as a safer place for Jewish people.

[HCWS345]

EXITING THE EUROPEAN UNION

General Affairs Council December 2016

The Minister of State, Department for Exiting the European Union (Mr David Jones): The General Affairs Council (GAC) on Tuesday 13 December is expected to focus on:

Multiannual financial framework review/revision; enlargement and stabilisation and association process; preparation of the December European Council 15-16 December; inter-institutional agreement and legislative programming; and the European semester 2017.

Mid-term review of the EU's Multiannual Financial Framework (MFF)

The presidency will present an update on the mid-term review of the multiannual financial framework.

Preparation for the December European Council

There will be a discussion on the draft annotated agenda of the upcoming December European Council (DEC), which covers: migration, security (internal and external/defence) economic and social development (youth) and external relations, which will cover the EU/Ukraine association agreement.

Inter-institutional agreement on "Better Law-Making"

The presidency will provide information on the implementation of the inter-institutional agreement and seek approval of the draft joint declaration on inter-institutional priorities.

European semester 2017

The European semester is the EU's annual cycle of economic policy co-ordination with member states. The presidency will present the autumn package of this year's EU semester.

Enlargement package

The Foreign Office Minister of State will take part in the discussion on enlargement. The Council will agree a package of conclusions in response to the 9 November Commission communication on EU enlargement policy and country reports.

[HCWS343]

FOREIGN AND COMMONWEALTH OFFICE

Action Plan on Women, Peace and Security

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alok Sharma): My right hon. Friend, the Minister of State, Foreign and Commonwealth Office (Baroness Anelay of St Johns), has made the following written ministerial statement:

I wish to inform the House that the Foreign and Commonwealth Office, together with the Department for International Development and the Ministry of Defence, are today publishing the annual report 2016 on progress on the UK's third national action plan on women, peace and security, which was published on 12 June 2014 (HC Deb, 16 June 2014, cc72-4WS).

The national action plan sets out our priorities on women, peace and security from 2014-17. It provides direction and vision to the Government and their partners as we work to ensure that women and girls are at the centre of our efforts to prevent, respond to and resolve conflict.

The report published today outlines our overall progress on the national action plan. It highlights our overseas work in the six focus countries: Afghanistan, Burma, Democratic Republic of Congo, Libya, Somalia and Syria. It gives details of our activities under the four main pillars of women, peace and security: participation, prevention, protection and relief and recovery.

It also reports on our progress towards implementing the commitments we made in October 2015 at UN Security Council high level review of resolution 1325 on women, peace and security.

We will continue to report to Parliament annually on progress, with our final report due in December 2017. We are already planning our fourth national action plan which follow directly afterwards.

I will deposit copies of the report in Library of the House. The progress report has been published online: <https://www.gov.uk/government/publications/uk-national-action-plan-on-women-peace-and-security>.

[HCWS344]

Foreign Affairs Council December 2016

The Minister for Europe and the Americas (Sir Alan Duncan): I will attend the Foreign Affairs Council on 12 December. The Foreign Affairs Council will be chaired by the High Representative of the European Union for Foreign Affairs and Security Policy, Federica Mogherini. The meeting will be held in Brussels.

Foreign Affairs Council

The agenda for the Foreign Affairs Council (FAC) is expected to include EU-Africa relations, the Democratic Republic of the Congo and external migration. Ministers will discuss Syria and Iraq over lunch.

EU-Africa relations

EU Foreign Ministers will discuss EU-Africa relations ahead of the EU-Africa summit (which is likely to take place in November 2017). The UK remains committed to working with African nations in partnership and for mutual benefit on shared interests of security, migration and prosperity, strengthening the continent's own ability to respond to threats and maximise opportunities. European partners play a key role in Africa and we expect discussion to range across politics, security and economics. Migration will be covered substantively later in the day. The UK will look to ensure EU-Africa relations are positively focused on mutual growth, trade and investment.

Democratic Republic of the Congo (DRC)

Discussions will focus on EU sanctions in response to recent violence in the Democratic Republic of the Congo (DRC) and the ongoing political impasse there. President Kabila is deeply unpopular but is showing no sign of stepping down when his term of office ends on 19 December. Widespread protests are expected. The Council will

agree sanctions against seven individuals identified as having been responsible for human rights abuses and the obstruction of the electoral process. The UK, alongside France and Belgium, has led the EU response to the political crisis. The sanctions aim to apply pressure on the Government to find an inclusive political solution and schedule timely presidential elections, ideally in 2017.

Migration

High Representative Mogherini is expected to provide an update on progress establishing migration partnership frameworks with the five initial priority countries—Ethiopia, Mali, Niger, Nigeria and Senegal. The discussion may also cover potential countries for the next wave of partnerships. We support the comprehensive approach envisaged under the frameworks and will continue to argue that there should be enhanced engagement on migration, even if not full partnership frameworks, with major source and transit countries. The frameworks should not divert attention from other migration initiatives, such as the Khartoum process and implementation of the Valletta Action plan (between EU and African states).

Syria and Iraq

Ministers will discuss the devastating assault on eastern Aleppo and what more the EU can do to achieve a full ceasefire in order to pursue a credible political process in Syria. Ministers are expected to discuss how the EU can support the UN's humanitarian plan for the city and will continue to call on the Syrian regime to allow aid in. Ministers will discuss the ongoing military campaign in Mosul and the continued importance of the global coalition following Daesh's military defeat in Iraq. That includes the challenge of ensuring that Mosul is liberated in a manner that protects civilians, minimises the humanitarian impact, and limits longer-term conflict by supporting political reconciliation. Ministers are also expected to discuss the wider challenge of addressing those underlying political factors which led to the rise of Daesh in Iraq.

[HCWS342]

JUSTICE

Youth Justice

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): This Government are determined to improve standards in youth justice so that we not only punish crime but also intervene earlier to prevent crime and reform offenders to stop further crimes being committed — protecting victims and building better lives.

Youth offending has fallen sharply over the past decade, as has the number of children and young people in custody. However, once those children and young people are in custody, the outcomes are not good enough. Levels of violence and self-harm are too great and reoffending rates are unacceptably high, with 69% of those sentenced to custody going on to commit further offences within a year of their release.

When children and young people commit crime, it is right that they face the consequences of their actions and that the justice system delivers reparation for victims. But we must also do more to reform them. The 900 young offenders now in custody represent some of the most complex and damaged children and young people within society. Broken homes, drug and alcohol misuse,

generational joblessness, abusive relationships, childhoods spent in care, mental illness, gang membership and educational failure are common in the backgrounds of many offenders. Youth custody needs to be more than just containment where children are exposed to yet more violence and given little hope that things may ever change. We must make sure it is a safe and secure environment that can equip young offenders with the skills they need to lead law-abiding lives. The system should provide discipline, purpose, supervision and someone who cares—elements that have all too often been missing from these young lives.

The Prison Safety and Reform White Paper published last month outlined how we will improve adult prisons by giving greater powers to governors and boosting the safety, transparency and accountability of regimes. We will apply the same principles to the way the justice system deals with children and young people who commit crimes.

Last year, the experienced school head and child behaviour expert Charlie Taylor was commissioned by the Government to look at how this country deals overall with children and young people who break the law. Today, I am publishing the report of Charlie Taylor's Review of the Youth Justice System and the Government's response. The Taylor Review makes a compelling case for change and we will be implementing his key recommendations.

The Government's response sets out how, informed by Mr Taylor's findings, we will put in place the right framework for improvement, tackle offending by children and young people and put education at the heart of youth custody to better address the factors that increase the risk of young people committing crimes.

We will start by bringing greater clarity and accountability to the youth justice system so that at each stage we are driving to reduce reoffending and turn lives around. We want to see an effective system — both in the community and in custody with high standards of performance. To tackle violence in custody we will clarify commissioning functions and create a single head of youth custodial operations, who can keep a firm grip on the performance of the estate and ensure that we reduce violence so that the estate becomes a place of safety and reform. We will strengthen inspection arrangements and create a new mechanism for the inspectorate to trigger intervention. Where there are failing institutions the Secretary of State will be obliged to act.

Youth custody must be a safe, secure environment where children and young people can learn and turn their lives around and to ensure this we will boost the number of frontline staff by 20%. We will also introduce a new professional Youth Justice Officer role to ensure that more staff are specifically trained to reform with young people. To ensure the right level of support each young person will now have a dedicated officer responsible for challenging and supporting them to reach agreed goals. Each officer will be responsible for four children or young people, so that each person gets the level of attention they need to turn their life around.

To ensure that more children and young people make progress in maths and English we will give governors the responsibility for education and hold them to account for the progress made in these crucial subjects while young people are in custody. We will also better prepare children and young people for a life after their sentence

with a youth custody apprenticeship scheme being developed, ensuring that all young people are earning or learning on release.

Alongside these improvements to the existing estate, we will go further to more comprehensively transform youth custody by developing two new secure schools in line with the approach recommended by Mr Taylor in his ground-breaking report.

Of course we need to do more and we will. Intervening early is crucial in reducing youth crime, and we will be looking at how to improve services locally and improve the court system for young people. Together with the urgent action required to transform youth custody into places of discipline and purpose, these changes will improve the outcomes for young people who end up in the criminal justice system, helping them take a better path and improving outcomes for society as a whole by reducing crime.

[HCWS341]

TRANSPORT

Transport Council

The Secretary of State for Transport (Chris Grayling):

I attended the only Transport Council under the Slovak presidency (the presidency) in Brussels on Thursday 1 December.

The Council adopted a general approach to update the civil aviation safety regulatory framework of the European Aviation Safety Agency (EASA), the first on an aviation file since 2014. I welcomed the beneficial move away from prescription to proportionate risk and performance based regulation which was also widely supported by other member states. I supported efforts to encourage innovation and growth, particularly for unmanned aircraft, although shared the concerns of other member states on the need to carefully monitor developments in this sector in urban areas.

The Council adopted a general approach on the revised directive for safety rules and standards for passenger ships. I supported this approach and the objective of simplifying and clarifying the existing directive, in particular the proposal that standards for the smallest passenger ships are better suited to regulation at national level. A general approach on the amending directive on the system of inspections for ro-ro ferries and high speed passenger craft was also adopted. I welcomed this revision which clarifies and simplifies the inspection regime, providing clear guidance on carrying out inspections while maintaining the same level of safety. A progress report on the proposal to review the directive on the registration of persons sailing on-board passenger ships was also noted by the Council.

Under any other business, a range of items were discussed. At the request of Germany, the Commission gave its views on the progress of revisions to the real driving emissions regulations and called on member states for support on agreeing EURO V standards and creating a regime for EU supervision and centralised type approval. Commissioners Bulc and King gave an update on the Commission's recent work on transport security, highlighting that aviation security in the EU was well advanced but that the Commission was considering

legislative action for maritime and land transport. I welcomed co-operation and sharing best practice but, along with other member states, expressed the importance of a proportionate approach and the need to maintain accessibility for passengers.

At the request of France and Germany, the Commission provided an update on the forthcoming roads initiatives followed by a discussion of member state priorities. I expressed support for a level playing field on implementation of cabotage rules and the need to balance effective enforcement of regulations with reduced administrative burdens for small and medium sized businesses. During the discussion member states expressed concerns around the need to improve social conditions in the road haulage sector, the problem of fraudulent drivers' hours reporting, and minimum wages for foreign drivers.

In addition, the Commission updated the Council on: global efforts to reduce transport emissions at the 39th Assembly of the International Civil Aviation Organisation (ICAO), at which the UK played a pivotal role and the International Maritime Organisation's Marine Environment Protection Committee; its low emission mobility strategy; the state of play on the Galileo project, its recent work on women in transport aimed at recommending ways of attracting more women into the transport sector; the recent review of the cross-border enforcement directive; and the road safety statistics for 2016. Member states were broadly supportive of the recent work done by the Commission, and set out domestic measures to cut transport emissions and improve the gender balance in transport.

There were also a range of information points from member states under Any Other Business. The Cypriot delegation provided information on the draft EU-Turkey aviation agreement in relation to sovereignty, non-discrimination and aviation safety; the Dutch updated the Council on cooperation in the field of connected and automated driving; and the Maltese delegation set out their transport priorities for their forthcoming presidency.

Over lunch, Commissioner Bulc and the Vice President of the European Investment Bank led a discussion on the European fund for strategic investments.

[HCWS340]

WORK AND PENSIONS

Automatic Enrolment: Review

The Parliamentary Under-Secretary of State for Pensions (Richard Harrington): I am pleased to confirm both the scope of the automatic enrolment review and the proposed automatic enrolment thresholds for the next financial year.

Automatic enrolment has been a great success to date with almost 7 million people enrolled by more than 293,000 employers. It will give around 11 million people the opportunity to save into a workplace pension and we expect this to lead to around 10 million people newly saving or saving more by 2018, generating around £17 billion a year more in workplace pension saving by 2019-20.

Analysis cited in DWP's annual automatic enrolment evaluation report today shows that nearly £82 billion was saved into workplace pensions last year by employees who were eligible for automatic enrolment.

Automatic Enrolment Review

It is important to continue to build on this success, and I am keen to ensure that there is joint consensus from across industry as we move to the next stage of this policy.

The main focus of the review will be to ensure that automatic enrolment continues to meet the needs of individual savers. In doing this we will look at the existing coverage of the policy and consider the needs of those not currently benefiting from automatic enrolment, for example employees with multiple jobs who do not meet the criteria for automatic enrolment in any of their jobs. We will also examine the automatic enrolment thresholds namely, the trigger and the qualifying earning bands required by legislation (section 14 of the Pensions Act 2008) and the age criteria for automatic enrolment. I would also like to use the review to consider how the growing group of self-employed people can be helped to save for their retirement.

The review will be an opportunity to consider whether the technical operation of the policy is working as intended. In doing this we will consider whether there may be any policies which disproportionately affect different categories of employers or could be further simplified.

The review will also include the requirements set in legislation relating to the statutory review of the alternative quality requirements for defined benefits schemes (section 23A of the Pensions Act 2008) and for the certification requirements for money purchase schemes (section 28 of Pensions Act 2008).

An examination of the level of the charge cap, which was intended to take place in 2017, will also be incorporated within this review. This will assess whether the level of

the cap should be changed and whether some or all transactions costs should be covered by the cap.

In the early part of 2017 we will be engaging with stakeholders from across industry on these issues. Towards the end of 2017 we will publish a report setting out policy recommendations.

The review will be an opportunity to strengthen the evidence around appropriate future contributions into workplace pensions. It will also consider how engagement with individuals can be improved so that savers have a stronger sense of personal ownership and are better enabled to maximise savings. We do not expect to make policy decisions on these areas during 2017.

The automatic enrolment review work will be led by a DWP team and supported by an external advisory group. This group, which will be chaired by and made up of experts from within the pensions industry, and those representing member interests and employers, will provide insight and a challenge function to help shape proposals. In early 2017 we will announce membership and the terms of reference for this group.

Annual Thresholds review

The annual review of the automatic enrolment earnings thresholds has also now been completed.

It is intended to lay an order before Parliament in the new year which will include the following, for 2017-18: £45,000 for the upper limit of the qualifying earnings band; £5,876 for the lower limit of the qualifying earnings band.

The automatic enrolment earnings trigger will be frozen at £10,000.

I will place a copy of the analysis (review of the automatic enrolment earnings trigger and qualifying earnings band for 2017-18: supporting analysis) supporting the proposed revised thresholds in the House Library. These papers will be available later today on www.gov.uk website.

[HCWS339]

Petition

Monday 12 December 2016

OBSERVATIONS

COMMUNITIES AND LOCAL GOVERNMENT

Waste transfer station in Scunthorpe

The petition of residents of Scunthorpe County Constituency,

Declares that there is strong opposition on the grounds of smell, noise, vermin and pollution to planning application WD/2016/1556 which has been submitted to North Lincolnshire Council proposing to build a waste transfer station on Sunningdale Road, Scunthorpe.

The petitioners therefore request that the House of Commons urges North Lincolnshire Council to refuse planning application WD/2016/1556, which seeks to build a waste transfer station on Sunningdale Road in Scunthorpe, on the grounds of smell, noise, vermin and pollution.

And the petitioners remain, etc.—[Presented by Nic Dakin, *Official Report*, 22 November 2016; Vol. 617, c. 869.]

[P001981]

Observations from The Minister for Housing and Planning (Gavin Barwell):

North Lincolnshire Council are responsible for minerals and waste planning in their area. The Government's policy is not to interfere with the jurisdiction of a local planning authority unless it is necessary to do so. This is because local authority councillors are elected to represent the views of local people and, in the main, it is these Councillors who are in the best position to decide whether a development should go ahead. In determining a planning application the local planning authority are required to have regard to all material considerations including the development plan, national policies and views expressed by third parties. It is, of course, for local planning authorities to provide whatever justification that may be appropriate to give for their decisions and procedures.

The Government are committed to giving more power to councils and committees to make their own decisions on planning issues, and believes that decisions should be made at the local level wherever possible.

Ministerial Correction

Monday 12 December 2016

HOME DEPARTMENT

Asset Recovery Regime

The following is an extract from Questions to the Secretary of State for the Home Department on 5 December 2016.

Mr David Hanson (Delyn) (Lab): Further to that, the simple question is: will we be a member of Europol post exit from the European Union?

Amber Rudd: The right hon. Gentleman will be aware that we recently opted into the new elements of Europol. In terms of looking forward, we are in discussions on

that matter. I can tell him that we are one of the largest contributors to Europol. We play an important part in it. It will be part of the ongoing negotiations. [*Official Report, 5 December 2016, Vol. 618, c. 10.*]

Letter of correction from Amber Rudd:

An error has been identified in the response I gave to the right hon. Member for Delyn (Mr Hanson) during Questions to the Secretary of State for the Home Department.

The correct response should have been:

Amber Rudd: The right hon. Gentleman will be aware that **we recently announced our intention to opt in to the new elements of Europol**. In terms of looking forward, we are in discussions on that matter. I can tell him that we are one of the largest contributors to Europol. We play an important part in it. It will be part of the ongoing negotiations.

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PETITION

Monday 12 December 2016

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Monday 12 December 2016

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**not later than
Monday 19 December 2016**

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