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19 December 2017

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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES**

**(HANSARD)**

Tuesday 19 December 2017

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# House of Commons

Tuesday 19 December 2017

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

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### HEALTH

*The Secretary of State was asked—*

#### Organ Donation

1. **Glyn Davies** (Montgomeryshire) (Con): What the evidential basis is for his Department's proposals on presumed consent for organ donation. [903013]

**The Parliamentary Under-Secretary of State for Health (Jackie Doyle-Price):** An impact assessment has been published as part of the Government's public consultation, and it suggests that moving towards an opt-out system for organ donation, as part of a wider communication and logistical package, can be associated with higher donation rates. The Government have invited submissions of further evidence, which we will consider carefully before responding. We have already received in excess of 2,000 responses since the consultation started last week.

**Glyn Davies:** As someone with a long-standing passion to increase the number of organs available for donation, I am encouraged by the Minister's response. Does she think that the shift from the current voluntary system to one where the state makes decisions based on presumed consent had an impact on the reduction in the number of live donors over the past three years?

**Jackie Doyle-Price:** I part with my hon. Friend on his point about the state taking control through presumed consent. We are talking about a register from which people could physically opt out, rather than opt in. The issues about end-of-life consent will continue to be the same, and the next of kin will be a full consultee. As for live donation, the issues are complex, but one reason why we are seeing a decline is that the waiting lists for receiving an organ are coming down, which is reducing the need for live donors. We should keep a watching brief on that.

**Dan Jarvis** (Barnsley Central) (Lab): Part of the evidence base relates to the fact that hundreds of people die each year because we do not have enough organ donors, so I thank the Minister for her work in bringing forward this consultation. What more can be done to widen public participation?

**Jackie Doyle-Price:** I thank the hon. Gentleman for his support and for his hard work in this space. Through him, I can perhaps thank the *Daily Mirror* for its public displays of education through the Max's law campaign, but we all need to make an effort. There is no doubt that the public are hugely in favour of donation and want to be able to support it as best they can, but the matter has

rather fallen from public consciousness. Everyone in the House has an opportunity to raise public awareness, get involved in the consultation and have a real debate, because we need to ensure that people are willing to donate their organs so that we can save more lives.

**James Gray** (North Wiltshire) (Con): There are already 24 million people on the voluntary organ donation register, which is a significant proportion of Great Britain's population. None the less, three people a day die because appropriate organs are not available for transplant, and it is vital to do something about that. Is my hon. Friend aware of a particular difficulty with members of black and minority ethnic populations being more reluctant to join the register than others? Is there a way to encourage them to take part in the voluntary scheme?

**Jackie Doyle-Price:** My hon. Friend highlights one of the biggest challenges we face. There is no doubt that the rate of organ donation is much lower among black and minority ethnic populations, and yet they are more likely to suffer from diseases that require a donated organ, so we are keen to work on that. Only this week, I met organisations connected with the black and Asian community to discuss how we can communicate, getting the right messages through the right messengers, to encourage people to join the register.

**Jim Shannon** (Strangford) (DUP): I fully support the organ donation opt-out, because it will increase the pool of organ donors. Will the Minister comment on whether the recent statistics from the Welsh Health Department show an increase in the provision of organs due to presumed consent? In other words, has it been a success so far?

**Jackie Doyle-Price:** I thank the hon. Gentleman for his support. The figures from Wales come at an early stage, but the system that we are looking to introduce has much in common with that in Spain. The issue is not so much about the register moving towards an opt-out system, but the wraparound care that goes with it, such as the specialist nurses who speak with relatives when they are going through the trauma of losing a loved one, and the public debate that raises awareness. Taken together, they are what will lead to more organs becoming available.

#### Group B Streptococcus

2. **Melanie Onn** (Great Grimsby) (Lab): What steps he is taking to ensure that information on group B streptococcus is available to NHS patients. [903014]

**The Parliamentary Under-Secretary of State for Health (Steve Brine):** As the Secretary of State has set out, our ambition is for the NHS to be the safest place in the world to give birth. Information on prevention and the implications of a group B streptococcus infection is available on the NHS Choices website. Just today, the Royal College of Obstetricians and Gynaecologists published a new patient information leaflet that, from the new year, will be given to all pregnant women for the first time. Because it is Christmas, I have a copy here for the hon. Lady. [*Interruption.*] I see she has one, too.

**Melanie Onn:** I thank the Minister—he has anticipated my question. I reassert that, on average, two babies die each month from complications relating to group B strep. Awareness of the effects of that infection is incredibly low. Will the Minister meet me and Group B Strep Support to discuss how we can get this leaflet to mums-to-be at the earliest possible stage?

**Steve Brine:** I know this is a subject about which the hon. Lady cares greatly. I would be very happy to meet her and to bring together the people I work with from Public Health England to see how we can make the best of this new leaflet and ensure it is the best and most important Christmas present.

**Mims Davies (Eastleigh) (Con):** I welcome the Government's focus on reducing stillbirths, and I welcome the maternity safety strategy. I particularly welcome this focus on group B strep. Will the Minister outline how he is working locally with hospitals such as Southampton to make sure they are aware of this new focus?

**Steve Brine:** I thank my parliamentary neighbour for that question. Public Health England is one of the most effective arm's length bodies with which we work in government, and it will be working with commissioners and trusts across our country to make sure that this new information is out there with pregnant mums and the most at-risk groups. Members of Parliament have an important role to play with local commissioners and trusts, and I know my hon. Friend will play her part in that.

### GP Services

3. **Sir Greg Knight (East Yorkshire) (Con):** What steps he is taking to increase the capacity and availability of GP services. [903015]

**The Secretary of State for Health (Mr Jeremy Hunt):** General practice remains under sustained pressure, which is why we remain committed to increasing the number of doctors working in general practice by 5,000, however challenging that might be.

**Sir Greg Knight:** Does my right hon. Friend not think it is unfortunate that, at a time when GP services are being sustained, local hospital services in some areas are being reduced? Does he share my concern that some NHS trust managers and clinical commissioning groups seem hellbent on removing valued local services from our smaller hospitals, such as at Driffield and at Bridlington in my constituency?

**Mr Hunt:** My right hon. Friend has talked to me extensively about this in private, and I fully understand his concerns. The Government are increasing funding to the NHS, which involves extra money going both to out-of-hospital services, such as general practice, and to hospital services. We expect all areas of the country to find sensible ways for those two sectors to work together.

**Dr Paul Williams (Stockton South) (Lab):** I refer Members to my entry in the Register of Members' Financial Interests.

Has the Secretary of State seen the recent report of the Royal College of General Practitioners, "Destination GP," on how to inspire medical students to pursue a career in general practice? Will he consider the report's recommendations to help to better support medical student placements in general practice?

**Mr Hunt:** I will absolutely consider the sensible recommendations of that report. People on both sides of the House, such as the hon. Gentleman, who were GPs before being elected do a fantastic job of flying the flag for general practice. We are making some progress. Some 3,157 medical school students have gone into general practice as a specialty—the most ever—but there is lots more work to do.

**Mrs Maria Miller (Basingstoke) (Con):** I very much welcome the additional funding this Government have put into the NHS, but constituents tell me that they can better manage chronic conditions and illnesses if they have consistent care from general practitioners, which is something they find difficult to access in some surgeries in my constituency because of problems with recruitment and retention. What is the Secretary of State doing with his team to make sure we can lessen that problem in future?

**Mr Hunt:** I totally agree with my right hon. Friend. One of the best things about the NHS is that people have a GP who knows them and their family. There is a lot of evidence that that is the best way to manage people with long-term conditions, as she rightly says. The truth is that, for a very long time, successive Governments have not invested as much as they should in general practice. We are trying to put that right, and part of that is flying the flag for what an exciting career general practice is. It is the one part of medicine where doctors have an ongoing relationship with patients and their families over their whole lives, which is very motivating.

**Thangam Debbonaire (Bristol West) (Lab):** The capacity and availability of at least one GP surgery in my constituency are both profoundly affected by the relationship with NHS Property Services—incomplete maintenance jobs and vastly increased rent are problems. Will the Secretary of State meet me and the practice manager of that GP surgery to discuss this?

**Mr Hunt:** I understand the concerns that the hon. Lady raises; they have been raised by a number of Members. There are historical issues on the levels of rent charged by NHS Property Services, which frankly are not fair given the variation in charges to different GP practices across the country. I will be happy to look carefully into the issues she raises.

**Julie Cooper (Burnley) (Lab):** The NHS has lost 1,300 full-time GP equivalents in the past two years and 200 GP partners during the same period. Given that 20% of the GP workforce is aged over 60, there is clearly a retirement time-bomb looming. What steps does the Secretary of State intend to take to address the growing workforce crisis in general practice? His efforts so far have failed and patients are waiting longer than ever for a surgery appointment.

**Mr Hunt:** I would respectfully say that the figures the hon. Lady has pointed out do not take account of locum doctors. None the less, there is a big problem and she is right to draw it to the attention of the House.

What are we doing? I think there are two things. First, we need to encourage more medical school graduates to go into general practice as a specialty, and our objective is that half of all medical school graduates should choose general practice as their specialty. We are making good progress on that. *[Interruption.]* As she is saying to me, rightly, retention is also extremely important. That is why we are putting in place a number of programmes that will make it easier for GPs who want to work for a limited period of time to work flexibly, and potentially for people who have family responsibilities to work from home. We hope that those programmes will also make a difference.

### NHS Funding Trends

4. **Peter Grant** (Glenrothes) (SNP): What recent discussions he has had with the Chancellor of the Exchequer on trends in the level of funding for the NHS. [903016]

**The Secretary of State for Health (Mr Jeremy Hunt):** We had productive discussions with the Chancellor of the Exchequer ahead of the Budget, which led to a £2.8 billion increase in NHS revenue funding and a £3.5 billion increase in NHS capital funding.

**Peter Grant:** Given that NHS trusts in England are facing a cumulative budget shortfall of more than £1 billion and yet one in six patients who attend accident and emergency in England will still wait for more than four hours to be treated, what will the Secretary of State be telling health service managers to prioritise this winter? Have they to concentrate on cutting the deficit or cutting the waiting times?

**Mr Hunt:** I am slightly bemused to hear that question from the hon. Gentleman, given that over the past four years NHS funding in England has increased by 10%, whereas in Scotland it has increased by only 5%. Indeed, Scotland now has the longest waiting times on record for elective surgery. What are we saying to NHS managers? We are saying, “We understand how tough it is. You and your teams are doing a brilliant job, and we want to do everything we can to support you through what will be a challenging winter.”

**Sir Oliver Heald** (North East Hertfordshire) (Con): As it is Christmas time, may I congratulate my right hon. Friend on securing the extra funding and making sure that it is spent effectively in his Department? Does he agree that one important thing to think about at this time of year is winter pressures? In an area such as mine, it is important that there should be some extra funding at the hospital at this time of year. Is he able to say anything about that today in respect of the Lister Hospital in Hertfordshire?

**Mr Hunt:** In the spirit of Christmas, I am happy to tell my right hon. and learned Friend that Lister Hospital received an extra £2.5 million to help it with winter pressures as a result of the Chancellor’s Budget announcement, and it was told that on Friday.

**Mr Ben Bradshaw** (Exeter) (Lab): With patients in Exeter now waiting more than a year, in pain, for vital surgery—well beyond the 18-week maximum guaranteed

in the NHS constitution—can the Secretary of State explain the contradictory statements of the Chancellor, who said at the time of the Budget that he expected significant “inroads” to be made into growing waiting time lists, and the NHS England board, which met the following week and said that NHS waiting time standards “will not be fully funded and met next year”?

**Mr Hunt:** I have been waiting for the right hon. Gentleman to issue the press release welcoming the £1.4 million of extra funding that the Royal Devon and Exeter got in the Chancellor’s Budget, but for some extraordinary reason it has not been forthcoming. Let me tell him that, as many people have commented, the NHS got a lot more money than it was expecting in the winter announcement—

**Mr Bradshaw:** Answer the question.

**Mr Hunt:** This is money that will, to answer the right hon. Gentleman’s question, make a big difference in helping the NHS get back to meeting its constitutional waiting time targets.

**John Stevenson** (Carlisle) (Con): I very much welcome the £2 million winter allocation for the hospitals in my area. Funding is clearly important, but given the improvements in the hospitals in my area that are down to the leadership of the chief executives, the leadership team and the staff, does the Secretary of State agree that leadership is as important as funding?

**Mr Hunt:** My hon. Friend is absolutely right. Of course, both things matter, and hospitals do need the right level of funding, but one of the highlights of the year for me was visiting my hon. Friend’s local trust in Carlisle and seeing the total transformation in leadership there. It was one of the most troubled trusts in the NHS but, thanks to the incredible dedication of the doctors, nurses and everyone working in the trust, it has really turned things around.

**Martyn Day** (Linlithgow and East Falkirk) (SNP): The Scottish Government already pay nurses and care assistants the highest rate in the UK, have maintained the nursing bursary, and have now committed to a 3% pay rise for those earning £30,000 or less. Does the Secretary of State recognise that his failure similarly to value NHS staff in England is one reason why England’s nursing vacancy rate is more than double that of Scotland?

**Mr Hunt:** What I recognise is that life expectancy continues to rise in England but has ground to a halt in Scotland. One reason why is that the Scottish National party has consistently not taken the extra resources it could take and put them into the NHS, but has instead chosen other priorities.

**Martyn Day:** At the previous Health questions, the Secretary of State said that funding from the Chancellor to remove the pay cap would be based on productivity improvements. Will he elaborate on what productivity improvements are expected and when NHS England staff will get the pay rise that they deserve?

**Mr Hunt:** We are having fruitful and productive discussions about productivity with the “Agenda for Change” unions, including the Royal College of Nursing.

We are looking at all sorts of things, including how the increments system works. I am hopeful that we will have a win-win: a modern contract that is fit for the future for “Agenda for Change” staff and that also allows us to go beyond the 1% cap, as the Chancellor has authorised me to do.

**Huw Merriman** (Bexhill and Battle) (Con): Of course, this is not just about funding. The Secretary of State recently wrote to East Sussex Healthcare NHS Trust to recognise the fact that its A&E department was the most improved in the past six months. When I spoke to the chief executive, he said that the management focus on targets and delivery against them was the reason why that turnaround has occurred.

**Mr Hunt:** I met the chief executive in person last week and was able to congratulate him on several important changes that are happening. He will be pleased that we were able to find £1.9 million more for East Sussex in the Budget. My hon. Friend is absolutely right that it is not just about money. The difference between the Government and the Opposition is that they say it is all about money whereas we know that quality of leadership makes a critical difference in turning around our hospitals to make them the best in the world.

**Justin Madders** (Ellesmere Port and Neston) (Lab): In the past few weeks, Simon Stevens, Sir Bob Kerslake, Sir Bruce Keogh, Jim Mackey, Chris Hopson and a number of other senior public servants have all told the Government that the NHS does not have the funding that it needs. It is patently obvious that, with most performance targets being missed, treatments being rationed and hard-working staff completely demoralised after seven years of pay restraint, funding levels are not sufficient. Arguing with celebrities on Twitter is not going to change that. Even though the Secretary of State has a new-found enthusiasm for 280-character statements, all I ask from him today is one word. Is the NHS getting the funding it says it needs—yes or no?

**Mr Hunt:** What I want to ask the hon. Gentleman requires a one-word answer. Is he happy—

**Mr Speaker:** Order. We must observe the terms of debate. It is not for the Secretary of State to ask questions. He has been in the House long enough to know that. Please do not play games with the traditional and established procedures of the House, Secretary of State. You can do better than that.

**Mr Hunt:** Yes, I am delighted that the local hospital of the hon. Member for Ellesmere Port and Neston (Justin Madders) got £2.8 million in the Budget, but I am disappointed that he did not feel able to issue a press release to his local press. I have much enjoyed debating with the hon. Gentleman over the years, but the difference between me and him is that although we both want to find extra money for the NHS, he would do so by hiking corporation tax, which would destroy jobs, whereas Government Members want to get money into the NHS by creating jobs, which is what we are doing.

#### Social Care

5. **Dan Carden** (Liverpool, Walton) (Lab): What recent assessment he has made of the adequacy of funding for social care. [903017]

7. **Nick Smith** (Blaenau Gwent) (Lab): What recent assessment he has made of the adequacy of funding for social care. [903019]

**The Parliamentary Under-Secretary of State for Health (Jackie Doyle-Price):** Councils in England will receive an additional £2 billion for social care over the next three years, as announced in March 2017. The Government have given councils access to up to £9.25 billion more dedicated funding for social care over the next three years as a result of measures introduced since 2015. This means that, overall, councils are able to increase spending on adult social care in real terms in each of the next three years.

**Dan Carden:** Last week’s Health Survey for England revealed that older people in more deprived areas, such as my own constituency of Liverpool, Walton, are twice as likely to have unmet social care needs and our NHS is left picking up the pieces. When will this Government stop passing the buck and bring forward concrete plans on proper investment and reform to end the national scandal that is our care system?

**Jackie Doyle-Price:** The entitlement to care is completely enshrined in the Care Act 2014, so if needs are not being met, there is a statutory obligation that can be enforced. On the long-term solutions, obviously, we have put in additional money to sort out the short-term funding pressures, but we need to have a long-term and more sustainable deal with which to meet our obligations for social care, which is why we are bringing forward a Green Paper next year. I hope that the hon. Gentleman will participate in that debate.

**Nick Smith:** Following Four Seasons’ temporary reprieve from administration, what plans are in place to help councils to deliver their statutory care duties in the event of the failure of this major provider?

**Jackie Doyle-Price:** I am grateful to the hon. Gentleman for raising this with me today, because I hope to reassure the House, and anxious people with loved ones in care with Four Seasons, that there is no immediate threat to continuity of care. I and my officials are keeping a very close eye on the situation, so that, with the Care Quality Commission, we ensure that there is a stable transition and that the commercial issues are dealt with in an appropriate way. That is leading to some very challenging conversations, but I can assure him that I and my officials are on it.

**Maggie Throup** (Erewash) (Con): Given that health and social care are intrinsically linked, even more so now as sustainability and transformation plans are rolled out, does the Minister agree that now is the time to put health and social care under one roof in a combined department?

**Jackie Doyle-Price:** I have always thought that a silo culture was the enemy of good public policy, which means that integrating policy making across Government will tend to lead to better outcomes. I can assure my hon. Friend that I have regular conversations with the Department for Communities and Local Government and, as we approach the long-term funding pressures, we will be very much working in tandem.

**Barbara Keeley** (Worsley and Eccles South) (Lab): The recent Health Survey showed not only that unmet needs were most concentrated among people who are the most deprived, as we have just heard, but that 2.3 million older people, aged 65 and over, now have unmet care needs—2.3 million. Neither the care Minister in her recent statement nor the Chancellor in his Budget said anything about closing the funding gap for social care. Given that the Green Paper is only scheduled for next summer, what is the Health Secretary doing about the crisis in funding social care and meeting staggering levels of unmet needs?

**Jackie Doyle-Price:** The hon. Lady will be aware that, immediately following these questions, we will be having a statement on funding from the Secretary of State for Communities and Local Government. I remind her again that we have made an additional £9.25 billion available for social care over three years, but she is right that the long-term sustainability will be addressed by reform, which is why we are bringing forward the Green Paper. As to the figures on unmet needs, I simply do not recognise them. The entitlement to care is enshrined in the Care Act, and those rights are protected.

#### NHS Funding (Autumn Budget)

6. **David Morris** (Morecambe and Lunesdale) (Con): What his priorities are for the additional funding allocated to the NHS in autumn Budget 2017. [903018]

14. **Sir David Amess** (Southend West) (Con): What his priorities are for the additional funding allocated to the NHS in autumn Budget 2017. [903027]

**The Minister of State, Department of Health (Mr Philip Dunne):** The autumn Budget committed to backing the NHS, so that by 2019-20, it will have received an additional £2.8 billion of revenue funding for frontline services, including £337 million for winter allocated last Friday and £3.5 billion of new capital investment by 2022-23 to transform the estate.

**David Morris:** I welcome the recent Budget announcement of billions more funding for the NHS, particularly the extra support to prepare for the winter. Will the Minister tell me what share of funding my local hospital will attain this winter?

**Mr Dunne:** My hon. Friend needs to be congratulated in this House on being a champion of the University Hospitals of Morecambe Bay NHS Foundation Trust. The trust has been through some difficulty, and he has stuck with it and supported it. I can confirm that the trust was allocated up to £2 million of funding last Friday; I congratulate it on that. I am sure that he would also join me in congratulating the trust on recently being awarded the title of the eighth most inclusive employer in the UK.

**Sir David Amess:** Does my hon. Friend share my delight at the £41 million capital allocation that was announced in the recent Budget? Does he agree that that huge sum will enable us not only to maintain the present excellent services at Southend hospital, but to enhance and develop them further for the benefit of all local residents?

**Mr Dunne:** My hon. Friend has worked tirelessly with his neighbouring colleagues in Essex to secure not only the £41 million to which he refers. In fact, that figure is a component of the £118 million capital allocation made to the Mid and South Essex Sustainability and Transformation Partnership area in the Budget. This will provide significant investment not only in his local hospital in Southend, as he as mentioned, but in Basildon and in Broomfield Hospital in Chelmsford. I am sure that he and his colleagues in Essex welcome that.

**Ruth George** (High Peak) (Lab): My local clinical commissioning group in north Derbyshire has been placed in special measures by NHS England. It has been forced to cut £16 million over just six months and to bring forward the closure of the Spencer ward in Buxton before any proper alternative is in place due to a lack of funding. Does the Minister not agree that the Budget funding is too little, too late?

**Mr Dunne:** The hon. Lady will be aware that the special measures regime was introduced to help trusts that are having difficulty in meeting quality performance standards to improve their quality. They receive support from NHS Improvement in order to do that. If she would like to write to me with the specific details of her trust's situation, I would be happy to take up the case. But as far as I am concerned, her trust is on an improvement journey.

**Sir Vince Cable** (Twickenham) (LD): Given that about a quarter of the additional funding goes to patients with neurological conditions—from strokes to Parkinson's—what steps is the Minister taking to reduce the often appalling delays between the onset of disease and access to occupational and physical therapy? Will he agree to meet a charity from my constituency of Twickenham called Integrated Neurological Services, which is saving lives and money by drastically reducing that timeline?

**Mr Dunne:** The right hon. Gentleman will be aware that centralising cardiac services in particular into acute cardiac hospitals is having a significant impact on improving access to treatment by reducing the time it takes to get diagnostic tests and initial treatment, and is therefore saving lives. Specialisation is working in London and in other parts of the country where it is being applied. I am sure that he would welcome the recent allocation to Kingston Hospital of up to £1.3 million to help with winter pressures.

**Mr Philip Hollobone** (Kettering) (Con): The Minister visited Kettering General Hospital earlier this year and saw for himself that a record number of patients are being treated with increasingly world-class treatments. Will he confirm that the hospital will get £2.6 million to cope with winter pressures this year?

**Mr Dunne:** My hon. Friend never fails to highlight the success of Kettering General Hospital. I am delighted to confirm that £2.6 million will be available for that hospital this winter. We are working hard with the hospital management, through the special measures regime, to improve performance in that trust.

**John Cryer** (Leyton and Wanstead) (Lab): Bed occupancy rates across London last winter were running very near to 100%, including at Whipps Cross University Hospital

in my constituency. With the much-vaunted extra funding, what will the bed occupancy rate have been by the end of this winter?

**Mr Dunne:** Bed occupancy rates are high at this time, not least following the recent cold snap, which has put additional pressure on hospital trusts. We have used some of the funding provided in the March Budget to increase the rates of delayed transfers of care to improve patient flow throughout all hospitals, and that has led to a slight reduction in bed occupancy in the run-up to winter.

#### Mental Health Workforce

8. **Iain Stewart** (Milton Keynes South) (Con): What steps he is taking to increase the size of the mental health workforce. [903020]

**The Secretary of State for Health (Mr Jeremy Hunt):** In order to increase the number of mental health patients we treat by 1 million every year by 2020-21, we are increasing the number of mental health posts in the NHS by 21,000.

**Iain Stewart:** I certainly welcome that increase, but does my right hon. Friend agree that there is a particular need to address mental health issues in schools? Could he set out what plans he has to give extra support there?

**Mr Hunt:** My hon. Friend is absolutely right, for the simple reason that prevention is better than cure, and about half of all mental health conditions become established before the age of 14. That is why it was so significant that, following the Budget, we announced the allocation of an extra £300 million through the mental health Green Paper, precisely to improve the service we offer students in schools.

**Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): The Secretary of State has, on numerous occasions, to both the media and this House, referred to an increase of 4,300 staff working in mental health trusts since 2010. In response to my written parliamentary question, he was unable to clarify whether this 4,300 figure includes the 1,478 people who were rebadged as mental health trust staff following a trust merger in Manchester last year. Nor would he confirm whether this figure includes the 858 people NHS Digital says were already working in the sector, who transferred from primary care trusts to mental health trusts when primary care trusts closed back in 2013. Would the Secretary of State offer the House some festive cheer and take this opportunity to set the record straight?

**Mr Hunt:** I am very happy to offer the hon. Lady festive cheer and to explain to her that, even if her suspicion is right—and I do not believe it is—there has still been a significant increase in the number of staff employed in mental health trusts. The other suspicion she has constantly raised in the media and in this House is that mental health funding is being cut. She will know that the best news of this year is that, last year, funding actually went up by £575 million.

**Mr Richard Bacon** (South Norfolk) (Con): Given that the NHS owns a great deal of land and buildings, and that mental health workers and other health workers face high accommodation costs, will the Secretary of State meet me so that I can explain how the benefits of

the Self-build and Custom Housebuilding Act 2015 could be used as a powerful retention and recruitment tool for mental health workers?

**Mr Hunt:** I commend my hon. Friend for his work and thinking on this through the Public Accounts Committee, and he is absolutely right. I am more than happy to talk to him about this, but we actually have it as a priority to make sure that when NHS land is disposed of, NHS workers get the first opportunity to buy or rent the houses that are built.

**Dr Lisa Cameron** (East Kilbride, Strathaven and Lesmahagow) (SNP): There are still not enough staff trained in autism diagnosis across the NHS. Would the Secretary of State consider training a specialist in each community child and adolescent mental health service right across the country to ensure that there is no longer a postcode lottery?

**Mr Hunt:** I would always listen to the hon. Lady on those matters, because she has huge professional experience. I do not think we do well enough for families with autism, and we are looking at what we can do better, but I have a lot of sympathy for the case the hon. Lady is making.

#### Malnutrition: Hospital Admissions

9. **Ms Marie Rimmer** (St Helens South and Whiston) (Lab): What steps his Department is taking to reduce the number of hospital admissions for malnutrition. [903021]

**The Parliamentary Under-Secretary of State for Health (Steve Brine):** Ensuring all our constituents—particularly the vulnerable and the elderly—are getting an adequate diet is critically important. That is why, for instance, we have given half a million pounds in funding to a special Age UK taskforce to reduce malnutrition among older people, and we will continue to train NHS staff so that early action can be taken.

**Ms Rimmer:** A merry Christmas to you, Mr Speaker, and to the Ministers on the Front Bench—maybe they will answer my letter soon.

In the world's sixth largest economy, it is damning that, under this Government, we have seen a 122% increase in the overall numbers admitted to hospital with malnutrition. It is clear that more action is needed to ensure that we eradicate malnutrition in our society. The Department for Work and Pensions and the Health Department must work together so that, rather than introducing measures such as universal credit eligibility criteria, which will see at least 1 million children lose free school meals, we commit as a country to tackling this issue head on. Will the Minister use his power and influence to ensure that this issue is addressed immediately and that we see an end to this failure to axe malnutrition in the 21st century?

**Steve Brine:** Happy Christmas to St Helens as well. I agree that we need to work together. The Healthy Start programme, for which I am responsible, provides a nutritional safety net to hundreds of thousands of pregnant women and families with children under four. There is a slight increase in cases being reported in



recent years. In part, that is due to much better diagnosis and detection. Some 1.1 million children get free school meals in England, and the Government are investing £26 million in breakfast clubs. Only last week, Kellogg's was here with its breakfast club awards—an excellent innovation.

**Mrs Sharon Hodgson** (Washington and Sunderland West) (Lab): That being said, it is disgraceful that under this Government's watch we have seen a 54% increase in children admitted to hospital with malnutrition. Instead of seeing malnutrition rising, we really should be eradicating it. As the festive period is upon us and it is the season for good will and giving, will the Minister give this House an assurance that he will seriously address this matter to ensure that no child in this country ever experiences malnutrition?

**Steve Brine:** Of course we want no child in our country to experience malnutrition. I mentioned the Healthy Start scheme and the breakfast clubs. Healthy Start is an excellent programme run by Public Health England that encourages a healthy diet among hundreds of thousands of families with children under four. It is exactly that which is helping us to tackle this issue.

#### Life Sciences

10. **Andrew Bowie** (West Aberdeenshire and Kincardine) (Con): What steps he is taking to support investment in life sciences for the development of new medical treatments. [903022]

**The Parliamentary Under-Secretary of State for Health (Steve Brine):** The recently announced life sciences sector deal draws significant investment into the sector from across the world, ensuring that the next wave of breakthrough treatments, innovative medical research and technologies—and highly skilled jobs, of course—are created right here in Great Britain.

**Andrew Bowie:** In Scotland today there are over 600 life sciences organisations employing more than 30,000 people, making Scotland one of the largest life sciences clusters in Europe, so they too will welcome the announcement the Minister mentions. Will he give the House some more detail on the sector deal and industry investments that could give even more strength to this world-leading industry across the United Kingdom?

**Steve Brine:** The sector's commercial activity is very broadly spread across the whole of the UK—my hon. Friend's concern. There are a number of strong emerging life sciences clusters. The deal highlights successes around the UK in Manchester, Leeds, Sheffield, Glasgow, south Wales, and the south-east, so it is a very broad spread.

**Daniel Zeichner** (Cambridge) (Lab): Medical research charities play a key role in developing new medical treatments, yet the Charity Research Support Fund, which enables universities to unlock investment from the sector, has been frozen since 2010. Will the Minister heed the call from the Association of Medical Research Charities to enhance CRSF in real terms, in line with inflation and with charity investment?

**Steve Brine:** I can come back to the hon. Gentleman in more detail on that. As part of the life sciences sector deal, there is just over £210 million of industrial strategy challenge funding for early diagnosis. This includes funding to build on the UK's leadership in genomics, where we are very strong, and to establish programmes in digital diagnostics and artificial intelligence in healthcare.

#### Mental Health Workforce

11. **Jeff Smith** (Manchester, Withington) (Lab): How many mental health staff the NHS employed in (a) 2010 and (b) 2017. [903023]

**The Parliamentary Under-Secretary of State for Health (Jackie Doyle-Price):** Although we cannot meaningfully compare between 2010 and today, I can advise that the number of NHS staff working in mental health and learning disability trusts was 162,611 in July 2013 and 166,905 in July 2017—an increase of 4,334.

**Jeff Smith:** That did not actually answer my question. Earlier, my hon. Friend the Member for Ellesmere Port and Neston (Justin Madders) read out a long list of concerned professionals, so let me add one more—Professor Wendy Burn, the president of the Royal College of Psychiatry, who said after the Budget:

“There is a real and imminent danger that the promises made to improve mental health services for the millions of people who need them are about to be betrayed.”

Is she wrong? Is it not true that without proper funding for more staff, the Prime Minister's pledge to transform mental health services will not be met?

**Jackie Doyle-Price:** As the hon. Gentleman knows, we have published a workforce strategy to deliver exactly on the commitments that the Prime Minister has made. I can report that we have had a significant increase in the workforce. For example, in IAPT—improving access to psychological therapies—the number is up by 2,728 since 2012, a 47% increase. The number of psychiatry consultants is up from 4,026 in 2010 to 4,292. The number of community psychiatry nurses is up from 15,500 in 2010 to 16,658 in August 2017. We are delivering the workforce to implement the Prime Minister's commitments. The most important thing is that rather than trade numbers, we should look at outcomes for patients and improving patient care.

**Sir Desmond Swayne** (New Forest West) (Con): Only a quarter of GPs have training in mental health, and it is usually in psychiatric conditions that they are unlikely to encounter routinely. How can we make better use of GPs in mental health?

**Jackie Doyle-Price:** As my right hon. Friend identifies, training is key, and another central point is GPs' ability to signpost people to appropriate treatments and therapies, which is exactly why we are investing in specialist care.

23. [903037] **Stella Creasy** (Walthamstow) (Lab/Co-op): If we are talking about concerned professionals and outcomes, can we add headteachers and teachers into the mix? One from my area has written to me about a child whom she referred to CAMHS last summer term only to be told that they were 63rd on the list and faced a 14-month wait for help. That is much longer than the

month-long waiting time target that the Government have set. With a shortage of child psychologists, just how are the Government going to keep kids in my constituency safe?

**Jackie Doyle-Price:** The hon. Lady raises exactly the point that we are trying to address through the Green Paper. We are committed to delivering on the four-week waiting time by 2020, which will make sure that we treat over 70,000 more children with mental health issues that need to be addressed. I will be quite honest: this is not where I want us to be, but that is exactly why the Government have made it a priority and we will deliver by 2020.

### A&E Departments

12. **Tom Pursglove** (Corby) (Con): What steps his Department is taking to relieve pressure on A&E departments. [903025]

**The Secretary of State for Health (Mr Jeremy Hunt):** The Budget announced an extra £337 million to help NHS trusts to deal with the pressures of winter.

**Tom Pursglove:** I am grateful to the Secretary of State for that answer, and I welcome the additional £2.6 million for Kettering General Hospital. As he knows, the Corby urgent care centre is a vital service that helps to relieve pressure on Kettering General's A&E all year round. What role does he see such facilities playing in relieving pressures, particularly during the winter period?

**Mr Hunt:** I thank my hon. Friend for his campaigning, and I am delighted that the Budget allocated an extra £2.4 million to help Kettering General Hospital. He is absolutely right that urgent care centres play a vital role in keeping people away from busy A&E departments. We need to be better at signposting the public so that they know when to go to a GP surgery, when to go to an urgent care centre and when to go to a hospital.

**Mike Gapes** (Ilford South) (Lab/Co-op): One of the causes of pressure in my part of London is the continuing threat of impending closure to King George Hospital's A&E. Will the Secretary of State today confirm that the consultation that is now being engaged in will result in the A&E at King George Hospital being saved?

**Mr Hunt:** I am afraid that the hon. Gentleman will have to wait until the result of that consultation is published. I visited the trust last week, although I went to the Romford end of it, and I think that it is making great strides in improving the quality of care. I congratulate all the staff at the trust on what they are achieving.

### Suicide Rates

13. **Maria Caulfield** (Lewes) (Con): What steps his Department is taking to reduce suicide rates. [903026]

**The Parliamentary Under-Secretary of State for Health (Jackie Doyle-Price):** We remain committed to reducing the national suicide rate by 10% by 2020, and our record investment in mental health will ensure that we can achieve that ambition. Local suicide prevention plans now cover 98% of the country, and we updated

the cross-government suicide prevention strategy in January to strengthen key areas for action, including by focusing on self-harm as an area in its own right.

**Maria Caulfield:** My constituent Justin Bartholomew, a young man of just 25, recently committed suicide by hanging himself. His family are convinced that the high-energy drinks that he was taking—more than 15 cans a day—increased his anxiety and contributed to his suicide. As there is growing concern about the safety of such energy drinks, may I ask the Minister what assessment of that the Department is undertaking?

**Jackie Doyle-Price:** I thank my hon. Friend for sharing that very moving case. We have no evidence at this stage that those drinks cause such outcomes, but we know that all stimulants, whether alcohol or caffeine, have consequences that can affect people's mental health. That is something that bears examination.

**Mr Gregory Campbell** (East Londonderry) (DUP): What discussions is the Minister having across the United Kingdom to ensure that best practice in dealing with suicide rates, and in particular the escalating rates in the regions of the UK, can be replicated across the United Kingdom as a whole?

**Jackie Doyle-Price:** I am always keen to learn from areas of the United Kingdom where things are going well. As the hon. Gentleman will be aware, our suicide prevention strategy is very much rooted in local prevention plans. Although 98% of the country is covered by those plans, we really want to do a proper audit of how good they are. That will enable us to share best practice across the nations.

**Several hon. Members** *rose*—

**Mr Speaker:** Order. I want to take one last grouping. We are out of time, but I want to accommodate the Questions on mental health services—brief questions, brief answers.

### Mental Health Services: Children and Young People

15. **Mr Steve Reed** (Croydon North) (Lab/Co-op): What assessment he has made of the adequacy of access to mental health services for children and young people. [903028]

17. **Trudy Harrison** (Copeland) (Con): What steps he is taking to improve the provision of mental health services for children and young people. [903030]

21. **Christopher Pincher** (Tamworth) (Con): What steps he is taking to improve mental health provision for children and young people. [903035]

**The Parliamentary Under-Secretary of State for Health (Jackie Doyle-Price):** We have assessed children and young people's mental health as part of our ongoing work to improve services, and the results of our assessments have led to £1.4 billion of extra funding to support locally led transformation plans. The recent Green Paper aims to improve the provision of services in schools, bolster links between schools and the NHS, and pilot a four-week waiting time target.

**Mr Reed:** Many young people with mental ill health report that crisis care is not good enough. Of course, the pressures on them can get even worse over Christmas, so will the Government back the call by the charity YoungMinds to set up a crisis hotline for children and young people that would be available through the existing 111 service?

**Jackie Doyle-Price:** We are approaching Christmas, and the hon. Gentleman is quite right to highlight the fact that it can often be the moment of greatest crisis for people with mental health issues. I was with the Samaritans yesterday to commend it for all its work—it is obviously a good pathway to help—but, absolutely, we will speak with YoungMinds.

**Trudy Harrison:** “Jesse Evans—Autism Adventures” highlights the daily challenges faced by families living with autism, who are supported by self-sustaining groups such as Autism around the Combe. Will the Minister explain how the recent announcement of a multimillion pound development at West Cumberland Hospital will help those families?

**Jackie Doyle-Price:** My hon. Friend highlights the great synergy between those health services that the Government can provide, on which people obviously rely, and self-help, which is very important, as well as the help that people can give each other when they share their experiences. I commend the work of Jesse Evans and his “Autism Adventures” blog, which is extremely positive and educational.

**Christopher Pincher:** My clinical commissioning group delivers better-than-average waiting times for mental health talking therapies and follows up 99% of all vulnerable people within a week of their first appointment. It does all that and more on significantly less than the average budget nationally, so will my hon. Friend look at south-east Staffordshire as a case study for delivering a good service with value for money?

**Jackie Doyle-Price:** How can I say no to such a proposition? My hon. Friend illustrates the importance of good leadership in all local communities. Where good leaders make something a priority, they will deliver good outcomes at reasonable value for money.

### Topical Questions

T1. [903038] **Mr John Whittingdale** (Maldon) (Con): If he will make a statement on his departmental responsibilities.

**The Secretary of State for Health (Mr Jeremy Hunt):** Next week, many NHS and social care staff will give up their family Christmas to keep NHS patients safe. I know that the whole House would like to thank them for their dedication and commitment over the festive period.

**Mr Whittingdale:** Is my right hon. Friend aware that, due to the difficulties in recruiting general practitioners, neither of the two GP surgeries in Maldon are taking on any new patients, despite the significant development taking place in the town? May I therefore welcome the 1,500 extra medical training places that the Government

have funded, and ask for his support for some of those to go to the excellent Anglia Ruskin medical school in Chelmsford?

**Mr Hunt:** I have a great deal of sympathy with what my right hon. Friend says, and he is right that the recruitment and retention of GPs is a big issue. I have a constituency interest, in that I have a university that is also very keen to host more medical school places, so I am recusing myself from the decision. However, I wish all universities good luck, because this is a historic expansion of medical school places for the NHS.

**Jonathan Ashworth** (Leicester South) (Lab/Co-op) *rose—*

**Mr Speaker:** Order. I am sure that the shadow Secretary of State will be brief, in recognition of the enormous demand from Members wishing to contribute in this session.

**Jonathan Ashworth:** May I join the Secretary of State in wishing all our NHS and social care staff a very merry Christmas, and in thanking them for their commitment this winter?

Virgin Care recently won a £100 million contract for children’s health services in Lancashire, but in the Secretary of State’s own backyard of Surrey, Virgin Care recently took legal action against the NHS, forcing it to settle out of court. This money should be going to patient care, not the coffers of Virgin Care, so why will he not step in and fix this scandal so that his Surrey constituents and the NHS do not lose out?

**Mr Hunt:** I, too, am very disappointed about the action taken by Virgin Care, but I gently point out to the hon. Gentleman that, contrary to the narrative that he and his colleagues put out, the reason why it took action was that the NHS stripped it of its contract and gave that back to the traditional NHS sector—hardly the mass privatisation that he is always talking about.

**Jonathan Ashworth:** The Secretary of State’s Surrey constituents will have heard that he will not be taking action against Virgin Care.

Our research has revealed that there are vacancies for 100,000 staff across the NHS, and there is a “national crisis in workforce”—not my words, but those of the Royal Surrey County Hospital NHS Foundation Trust in the Secretary of State’s constituency. With bed occupancy at the Royal Surrey hitting a peak of 98.7% this winter already, and 94.5% across the NHS on average, can he tell us how he expects the NHS to cope this winter when it is understaffed, overstretched and underfunded?

**Mr Hunt:** If we decide that we want more nurses following Mid Staffs, that creates vacancies. If we want to transform mental health provision, that creates vacancies. That is why we announced a workforce plan, which I notice the Welsh Government have not had time to do yet. But I will finish by wishing the hon. Gentleman a merry Christmas. If he wants to take a bit longer off and stay away for January, we are happy to hold the fort.

T2. [903039] **Craig Tracey** (North Warwickshire) (Con): Research shows that breast density is a strong predictor of developing breast cancer, yet many women remain

unaware of the risk. Will the Minister confirm what steps are being taken to educate women with this potentially life-saving information?

**The Parliamentary Under-Secretary of State for Health (Steve Brine):** My hon. Friend asks an important question. We have just commissioned Warwick University to investigate the links between breast density and breast cancer. If the findings suggest that there should be any changes to the national breast screening programme, the UK national screening committee will of course consider that, as it does with any new evidence that helps it to target screening appropriately and make women aware of any increased risk of breast cancer. I will be watching this like a hawk.

T3. [903040] **Mr Jim Cunningham** (Coventry South) (Lab): What assessment has the Secretary of State made of NHS funding for the 2018-19 financial year? Will it be sufficient to deliver the standards set out in the NHS constitution?

**Mr Hunt:** The NHS mandate is very clear that we expect the NHS to move towards hitting those constitution standards which we consider to be vital for patients.

T5. [903042] **Mrs Anne-Marie Trevelyan** (Berwick-upon-Tweed) (Con): The Secretary of State will be aware of the decision by my Northumberland CCG to close in-patient beds at Rothbury Community Hospital last year. It was done on the premise of underuse, but local sources continue to indicate that it was due to a shortage of nurses at our excellent Northumbria A&E hospital. Following a passionate campaign led by Katie Scott and the Save Rothbury Community Hospital supporters, Northumberland County Council has referred the decision to the Secretary of State for review. I would be grateful if he could update the House on the timescale for a decision.

**The Minister of State, Department of Health (Mr Philip Dunne):** I can confirm that the health and wellbeing overview and scrutiny committee has submitted a request for a review by the Independent Reconfiguration Panel. I understand that officials have reverted to the committee to clarify the terms of the referral. Once that has come through to the Department, I am sure that the review will take place.

T4. [903041] **Neil Gray** (Airdrie and Shotts) (SNP): Last week the Brexit Secretary stated that UK membership of EU agencies is unlikely to continue beyond March 2019, so what provision has the Secretary of State for Health made to replace the European Chemicals Agency, which regulates the raw chemicals required by the pharmaceutical industry to produce drugs in the UK?

**Mr Hunt:** That area will obviously be very important in the negotiations, but we have made our preference clear: a deep and special partnership with the EU in which the benefits of co-operation that we currently have can continue.

T6. [903043] **Mark Pawsey** (Rugby) (Con): Public Health England has stated that e-cigarettes are at least 95% safer than tobacco products and are now the most popular way to stop smoking. What is being done to encourage smokers to quit using this method, and what

steps are being taken to ensure that e-cigarette users are not forced to share their space with people who continue to smoke?

**Steve Brine:** The truth is that we do not yet know enough about e-cigarettes. I welcome the Science and Technology Committee's investigation into them. We have asked Public Health England to include messages about the relative safety of e-cigarettes in its Quit Smoking campaign next month, but it is for local organisations and businesses to implement their own policies on e-cigarette use in the workplace.

T8. [903045] **Kate Green** (Stretford and Urmston) (Lab): Seriously unwell individuals continue to be placed in immigration detention, despite the "adults at risk" policy, which states that that should not happen. Will the Secretary of State update the House on what discussions are taking place with Home Office colleagues to ensure that assessment, treatment and screening processes, and the application of rule 35, are properly followed so that vulnerable individuals are not held in detention in that way?

**Mr Hunt:** I always listen to what the hon. Lady says on these issues. I have had discussions with the Immigration Minister, but if she would like to write to me in detail I am happy to take the matter up further.

T7. [903044] **Mary Robinson** (Cheadle) (Con): Progress on cancer survival overall is hugely welcome, but what more can be done to improve outcomes for oral cancers? The main causes of oral cancer are smoking, drinking and the human papilloma virus, and men are twice as likely as women to suffer from it. Will the Minister inform the House what steps the Government are taking to address this issue?

**Steve Brine:** As the House knows, cancer is a huge priority for me and for the Government. Survival rates are at a record high, but we know there is much more work to do. Early diagnosis is key, and that is never more true than with oral cancers. We are supporting dentists to play a vital role in spotting mouth cancers early. I was discussing this very point just last week with the British Dental Association, which shares our passion on this issue.

T9. [903046] **Mr Adrian Bailey** (West Bromwich West) (Lab/Co-op): One of my local hospitals, Sandwell, has a problem with the high number of nurses leaving the profession. But this problem is not confined to Sandwell; it goes across the NHS. What analysis has the Minister done of the reasons for nurses leaving and what will he do to address them?

**Mr Hunt:** We have not been very good at making it easy for people to work flexibility in the NHS. Contracts are too rigid and we are looking to change them. We recognise that for many nurses their commitment to the NHS runs very deep, but that they have to juggle that commitment with family responsibilities. We want to do better.

**Mr Marcus Fysh** (Yeovil) (Con): There are many very committed individuals working in health and social care services in Somerset, but one challenge is getting

enough registered nurses into the system to allow them to integrate. What can the Minister do to help to get more registered nurses?

**Mr Dunne:** My hon. Friend will be aware that last week we published the workforce strategy. One major focus was on meeting the Secretary of State's commitment to increase the number of registered nurses by 25% and to broaden the routes into nursing. There is a commitment to expand the nursing associate role, which is helping to provide opportunities, through an alternative route, for healthcare support workers to become registered nurses.

T10. [903047] **Mr Alistair Carmichael** (Orkney and Shetland) (LD): Possibly as many as 20,000 babies have been born with birth defects as a consequence of their mothers having used sodium valproate during pregnancy. When will mandatory warnings be given to pregnant women about the risks associated with valproate, and when will we see independent analysis of how we got to this dreadful situation?

**Steve Brine:** There is huge interest in this subject in the House. Over the past three years, there has been extensive work to communicate advice on the risks of valproate in pregnancy, through a huge number of channels, to help professionals and patients. It is evident from monitoring activities that providing health professionals with information, even when repeated constantly through multiple sources, is not changing prescribing behaviour sufficiently to minimise harm to children exposed to valproate in pregnancy. The expert working group of the Commission on Human Medicines is informing the UK position in European negotiations and advising on the national action required within the UK health system. *[Interruption.]* Sorry, Mr Speaker.

**Mr Speaker:** Forgive me. I did not mean to be unkind to the Minister who was attending closely to his answer. It is just that we want the whole House to get the benefit of it.

**Nigel Huddleston** (Mid Worcestershire) (Con): Will the Minister provide an update on efforts to move Worcestershire Acute Hospitals NHS Trust out of special measures, and on the status of the promised £29 million for much needed capital improvement programmes?

**Mr Dunne:** As my hon. Friend is aware, I visited all three hospitals in the trust. I am pleased to be able to announce to him today that the Department of Health has concluded its analysis of the outline business case for the £29 million allocated in July and that it has been approved.

**Ms Angela Eagle** (Wallasey) (Lab): On admissions to hospital for malnutrition, will the Minister tell me what has been happening at Wirral University Teaching Hospital? Admissions for malnutrition went up from 21 in 2009-10 to 707 in 2014-15. They went up again to 728 and this year currently stand at 586. That seems very, very high. Can anyone tell me what is going on? If not, will Ministers write to me to explain these huge figures?

**Steve Brine:** There is £2.8 million in extra winter funding, but I will write to the hon. Lady with the details she asks for.

**Dame Caroline Spelman** (Meriden) (Con): I would like to thank the Minister for listening very sensitively to the victims of Paterson, the rogue surgeon, many of whom are constituents of mine. Does he agree that the evidence from the Hillsborough inquiry is that a bishop-led inquiry can indeed get justice and closure for victims? Will he join me in wishing the Bishop of Norwich great success in getting a good outcome from this inquiry?

**Mr Dunne:** I pay tribute to my right hon. Friend for her role in helping to support the victims, many of whom, as she said, are constituents of hers. We are pleased that Bishop James has agreed to take on this inquiry. Bishops provide the ability to empathise with victims and their families, which might not always be the case with judge-led inquiries. As she rightly points out, the Hillsborough inquiry was led by a bishop, but so too is the current Gosport inquiry, while the Morecombe Bay inquiry was led by Bill Kirkup, rather than a judge.

**Jessica Morden** (Newport East) (Lab): Those with erythropoietic protoporphyria cannot be exposed to sunlight or even some artificial light without extremely painful and violent skin reactions. Trials of the drug Scenesse have proved life-changing for constituents such as James Rawnsley, who, for the first time, can now take his kids to school and go on holiday. The decision to make it available on the NHS will be taken soon. Please will the Minister look at it?

**Steve Brine:** EPP has a devastating impact on a person's health and quality of life, and is something that the hon. Lady has discussed with me before. We will of course take the matter seriously, and I am very happy to talk to her more about it.

**Dr Matthew Offord** (Hendon) (Con): Given that my own brother's funeral will be held later today, may I ask the Secretary of State what help and support he is giving to the families of drug and alcohol abusers?

**Mr Hunt:** The whole House will want to express its condolences to my hon. Friend on what is happening this afternoon. He, alongside many people on both sides of the House, including the shadow Health Secretary, has raised this issue, and we are looking closely at what more support we can give to children in one of the most vulnerable situations imaginable. I thank him for raising the issue.

**Rachael Maskell** (York Central) (Lab/Co-op): The NHS patient declaration form for free dental care and prescriptions requires patients to determine the difference between contribution and income-related employment and support allowance. Getting it wrong attracts really hefty fines. Will the Minister ensure that patients first get the opportunity to make the right choice before fines are applied?

**Steve Brine:** Yes, of course. The NHS Business Services Authority issues the penalty charge notices for incorrect claims for exemption from NHS dental care and prescription charges. We have recently increased the number of checks, however, because ultimately this is taxpayers' money, and we need to ensure that it is spent properly and legally.

**Andrew Selous** (South West Bedfordshire) (Con): I warmly welcome the extra £1.1 million to help with winter pressures at Luton and Dunstable Hospital, and I can tell the ministerial team that the merger with Bedford Hospital is proceeding well, but it needs £150 million of capital. May I ask that favourable consideration be given to that in the allocation of the £3.5 billion announced in the Budget?

**Mr Dunne:** My hon. Friend will be aware that the Chancellor provided a package of £10 billion in the Budget last month to be invested in the NHS, of which £3.9 billion will come from the Treasury. All bids for capital are being assessed through the STP prism. The proposal that his area will be making will be assessed against others. As far as I am aware, no such proposal has yet been made to NHS England, but it will obviously be looked at in due course.

**Mr Speaker:** The challenge is of single-sentence questions and answers.

**Louise Haigh** (Sheffield, Heeley) (Lab): You may recall, Mr Speaker, that I raised earlier in the year the issue of a private mental health hospital in my constituency where a young woman had MRSA and was infecting staff and patients. Since then, there have been numerous inspections in relation to children having access to ligatures and medicines in order to overdose. Will the Secretary of State commit to a policy to ensure that no child or young person is placed in a mental health facility that is deemed unsafe?

**The Parliamentary Under-Secretary of State for Health (Jackie Doyle-Price):** I commend the hon. Lady for raising this issue, which she and I have met to discuss before. She is right to highlight the ongoing inspections and issues, and I have written to her to offer to discuss the matter with her again. It is absolutely unacceptable that anybody is placed in a facility that is deemed unsafe.

**Paul Masterton** (East Renfrewshire) (Con): May I thank the ministerial team on behalf of my constituent Susan Bradley for finally laying the remedial order for single-parent surrogates, and can they assure me that they will do everything they can to get it through Parliament as quickly as possible?

**Mr Dunne:** An all-party parliamentary group has been established this week, I believe, to take this issue forward, and I look forward to speaking to that group, if invited, next month. The remedial order will follow due parliamentary process, which involves its being laid for 60 days and then, after an interval, for a further 60 days.

**Steve McCabe** (Birmingham, Selly Oak) (Lab): There have been 15,000 violent assaults on mental health workers in the west midlands over the last five years. What is the Government's response to the Care Quality Commission's opposition to routine searches of all mental health service users for weapons on admission or return to acute in-patient units?

**Mr Hunt:** I have a great deal of sympathy with what the hon. Gentleman has said. We are putting a lot of effort into patient safety and staff safety in mental health trusts, and we are discovering that there is a wide

variation between practices. The hon. Gentleman has made an important point, and, if I may, I will write to him to inform him of our progress.

**Martin Vickers** (Cleethorpes) (Con): The patient transport service in northern Lincolnshire is contracted to Thames Ambulance Service Ltd, which is failing miserably to perform to an adequate standard. Will the Minister meet me, along with my hon. Friend the Member for Brigg and Goole (Andrew Percy) and other neighbouring Members, to discuss what influence the Department can bring to bear?

**Mr Dunne:** I should be happy to do so.

**Several hon. Members** *rose*—

**Mr Speaker:** Order. I appreciate the commitment of colleagues. The session has overrun, but I feel that colleagues will go home for Christmas content only if they have asked their questions and they have been answered. I am extremely grateful to the Front-Bench teams on both sides of the House.

**Mr Dennis Skinner** (Bolsover) (Lab): Is the Secretary of State aware that in the course of this hour there have been more questions about hospital closures than about almost anything else, covering East Yorkshire, Berwick on his own side, Warwickshire on our side, and High Peak in Derbyshire, including Bolsover and Bakewell Hospitals? There is a growing suspicion that what this Secretary of State is up to is leaving those hospitals and losing all the beds in them forever so that the private sector can move in and take the lot. That is what is going to happen.

**Mr Hunt:** I thank the hon. Gentleman for his Christmas cheer. Let me just say to him that if that were the Government's intention, we would not have found an extra £2.8 billion for the NHS in the Budget, including £1.95 million for Chesterfield Hospital, which will benefit his own constituents.

**Mims Davies** (Eastleigh) (Con): Some 50% of young people do not use a condom with a new partner and one in 10 young adults never uses one, which means the chance of an unwanted pregnancy or, indeed, a sexually transmitted disease. Please will the Department do something to ensure that people are aware of the benefits of condoms?

**Steve Brine:** Men may not be very good at wrapping at this time of year, but they need to get this one right. I welcome Public Health England's "protect against STIs" campaign, which was launched last week and aims to reduce rates among 16 to 24-year-olds, and I encourage young people having fun this Christmas to do so sensibly.

**Alison Thewliss** (Glasgow Central) (SNP): There is an increasing trend for women to share breast milk over the internet with no recourse to the milk banking guidelines from the National Institute for Health and Care Excellence. Will the Minister meet me, and other members of the all-party parliamentary group on infant feeding and inequalities, to discuss the matter further and to ensure that breast milk can be used safely?

**Jackie Doyle-Price:** As the hon. Lady says, it is important for us to ensure that anything that happens in this space is safe, and I should be very pleased to meet her and other members of the all-party group.

**Several hon. Members** *rose*—

**Mr Speaker:** Order. Members can ask questions consisting of no more than one sentence each.

**Liz McInnes** (Heywood and Middleton) (Lab): What funds are being made available to our mental health services to meet the additional demands placed on them by changes in the Mental Health Act 1983, which came into force on 11 December this year?

**Mr Hunt:** I can reassure the hon. Lady that we are putting a lot of extra funding into mental health—£575 million last year alone—to meet those and other obligations.

**Karin Smyth** (Bristol South) (Lab): NHS Property Services exists on a merry-go-round of taxpayers' money. Will the Secretary of State give us all a Christmas

present by closing it down and returning the control of property to local health communities?

**Mr Hunt:** I understand why the hon. Lady has asked that question. I think it fair to say that NHS Property Services has been on a journey and needs to do even better, but we also want to ensure that NHS land is made available for housing for NHS staff.

**James Frith** (Bury North) (Lab): Will the Secretary of State consider the NHS as a funder of last resort for hospices such as Bury hospice, so that they can operate at full capacity and play their part in the delivery of social care?

**Mr Hunt:** We often are a funder of last resort for the hospice movement—and perhaps thanking hospices for the extraordinary work that they will be doing over the festive period and beyond is the right note on which to end today.

## Local Government Finance Settlement

12.44 pm

**The Secretary of State for Communities and Local Government (Sajid Javid):** With permission, Mr Speaker, I would like to make a statement on funding for local authorities in England next year.

From 2015 to 2020, councils in England have access to over £200 billion to deliver the high-quality services their local communities need. They deserve no less; local government is on the frontline of the country's democracy, with councillors and officers working at the heart of the communities that they serve. But to make the most of that local knowledge, councils need greater control of the money they raise: they need greater freedom to tackle challenges in their areas, and they need the certainty and stability that will allow them to plan ahead.

This Government are committed to delivering that, and today I am publishing a draft local government finance settlement that marks an important milestone in the journey to doing so. It comes in the third year of a four-year deal that was accepted by 97% of councils in return for publishing efficiency plans. We will continue to work with the sector to help councils to increase transparency and share best practice, supporting greater progress in delivering increased efficiency over the coming year. I expect this to have a tangible impact on the steps that councils take to promote efficiency from 2019-20.

Local government operates in a society that is constantly changing, and the system of financing local government needs to reflect that. The current formula of budget allocations has served local councils and communities well over the years, but to meet the challenges of the future we need an updated and more responsive distribution methodology that gives councils the confidence to face the challenges and opportunities of the future. So I am today publishing a formal consultation on a review of relative needs and resources. I aim to implement a new system based on its findings in 2020-21.

Alongside the new methodology, in 2020-21 we will also be implementing the latest phase of our business rates retention programme, a scheme that gives local councils the levers and incentives they need to grow their local economies. The aim is for local authorities to retain 75% of business rates from 2020-21. That will be done through incorporating existing grants into business rates retention, including the revenue support grant and the public health grant. Local authorities will be able to keep that same share of growth on their baseline levels from 2020-21, when the system is reset. So from 2020-21 business rates will be redistributed according to the outcome of the new needs assessment, subject to suitable transitional measures.

A number of 100% retention pilots have already been announced and they will continue. A further pilot will begin in London in 2018-19, and we had intended that a further five pilots would begin that same year. However, interest in the scheme was such that we will now be taking forward twice as many as planned. I am pleased to announce today that the new pilots will take place in Berkshire, Derbyshire, Devon, Gloucestershire, Kent and Medway, Leeds, Lincolnshire, Solent, Suffolk, and Surrey.

The first batch of pilots is taking place largely in urban authorities; the second wave will mainly cover counties. This ensures that councils right across the country will benefit, that the scheme can be tested in a wide range of environments, and that the benefits of growth are broadly comparable between London, existing pilots and new pilots. We received so many applications to take part that we will continue the pilot business rates retention programme in 2019-20, and further details will be published in due course.

Over the past year, my Ministers and officials have been listening to councils of all shapes and sizes, understanding their concerns and working together to develop ways of tackling them. The result of those conversations is reflected in this draft settlement. For example, rural councils have expressed concern about the fairness of the current system, with the rural services delivery grant due to be reduced next year. So today I can confirm that I will increase the rural services delivery grant by £15 million in 2018-19, meaning that the total figure will remain at £65 million for the remainder of the current four-year settlement.

We have also heard concerns about the proposed changes to the new homes bonus. To date, we have made almost £7 billion of new homes bonus payments to reward the building of 1.4 million homes. Over £946 million in new homes bonus payments will be allocated in 2018-19, rewarding local authorities for their work on fixing our broken housing market. I have consulted on proposals to link new homes bonus payments to the number of successful planning appeals, and considered raising the NHB baseline. Following conversations with the sector, I have been persuaded of the importance of continuity and certainty in this area. So today I can confirm that in the year ahead no new changes will be made to the way in which the new homes bonus works, and that the NHB baseline will be maintained at 0.4%.

As I set out in the housing White Paper, local authorities will be able to increase planning fees by 20% when they commit to investing the additional income in their planning services. This is a significant step towards addressing widespread concerns about under-resourcing in local planning authorities. Following discussions with the sector, I am also announcing a continuation of the capital receipts flexibility programme for a further three years. This scheme gives local authorities the continued freedom to use capital receipts from the sale of their own assets. This will help to fund the costs of transformation and release savings.

One particular issue causing concern for some councils is so-called negative revenue support grant. This is where changes in revenue support grant have led to a downward adjustment of some local authorities' business rates top-up or tariff for 2019-20. I recognise the strength of feeling in local government on this issue, and I can confirm that my Department will be looking at fair and affordable options for dealing with negative RSG. We will formally consult on proposals in the spring, so that the findings will be in ahead of next year's settlement.

Of course, anyone who has spoken to anyone in local government will be aware of concerns about funding for adult and children's social care. That is why, over the past 12 months, we have put billions of pounds of extra funding into the sector, and why the Department for Education is spending more than £200 million on innovation and improvement in children's social care. In the spring



Budget, an additional £2 billion was announced for adult social care over the next three years. Along with the freedom to raise more money more quickly through the use of the social care precept that I announced this time last year, we have given councils access to £9.25 billion of dedicated funding for adult social care over the next three years. However, we also need to find a long-term solution to challenges that are not going away. That is why we have already announced that a Green Paper on future challenges within adult social care will be published in the summer of 2018.

Finally, I am conscious of calls for further flexibility in the setting of council tax. We all want to ease growing pressure on local government services, but I am sure that none of us wants to see hard-working taxpayers saddled with ever-higher bills. This settlement needs to strike a balance between those two aims, giving councils the ability to increase their core council tax requirement by an additional 1% without a local referendum, bringing the core principle in line with inflation. We have abolished Whitehall capping. Under the Localism Act 2011, local government can increase council tax as it wishes, but excessive rises need to be approved by local residents in a referendum. This provides an important check and balance against the excessive increases that were seen under the last Labour Government, when council taxes more than doubled.

This change, combined with the additional flexibility on the adult social care precept that I confirmed last year, gives local authorities the independence they need to help to relieve pressure on local services such as adults' and children's services, while recognising that many households face their own pressures. In addition, directly elected mayors will decide the required level of precept by agreement with their combined authorities. I am sure that voters will be watching closely, as I will, to ensure that that freedom is not abused.

I can also confirm that the Government intend to defer the setting of referendum principles for town and parish councils for three years. This is subject to the sector taking all available steps to mitigate the need for council tax increases, and the Government seeing clear evidence of restraint in the increases set by the sector as a whole. I have also agreed measures with the Home Secretary to make it easier for police and crime commissioners to meet local demand pressures by allowing a £12 council tax flexibility for police services, raising an additional £139 million next year.

This settlement recognises the need to keep spending under control while also tackling many of the issues that have been raised by local government over the past year. Two years of real-terms increases in resources being made available to local government will give local authorities the funding and freedom they need to make decisions in the best interests of the communities they serve. It is a settlement that offers councils the resources they need, the stability they have requested and the fairness they deserve, and I commend it to the House.

12.56 pm

**Andrew Gwynne** (Denton and Reddish) (Lab): I thank the Secretary of State for giving me a copy of his statement. I have had the briefest possible time in which to adequately consider its contents, but it was nevertheless given to me in advance.

I pay tribute to councillors and officers across the country who are on the frontline of this Government's austerity agenda yet continue to serve our communities as well as they can. Many of them will have been looking to today's settlement for assurances that the Government understand the challenges facing local government. Councils have already experienced unprecedented funding cuts since 2010, and since the general election, they have been left in the dark about the Government's sustainable long-term funding plans.

The Secretary of State says that he is listening to councils "of all shapes and sizes", but why must he exacerbate the rural-urban split? He has listened to Surrey—that much is clear—but in doing so, he has ignored the needs of Stockton, Salford and Sheffield. Before the general election, we had been promised a full legislative package to fund local government beyond the revenue support grant. Now, however, we have been promised not legislation but a consultation. Councils are desperate for additional funding, and they might well appreciate some of the piecemeal solutions offered by the Secretary of State today, but we are still without a sustainable plan or a vision for how the sector will be funded in the future. The Secretary of State notes that the aim is for authorities to retain 75% of business rates by 2020, and I look forward to hearing more details of how that will function, recognising that not every area has the ability to raise the income locally.

Many will have looked to today's announcements to offer solutions to the crisis in children's services, after the Chancellor failed to mention them in his Budget. Demand for children's services is placing unbearable pressures on local authorities. Central Government funding to support children and their families has been cut by 55% over the past seven years—a total cut of £1.7 billion—forcing less money to be invested in intervention to cover the cost of emergency care. The result of these cuts has been appallingly clear—[*Interruption*—if the Secretary of State chooses to listen. Cuts to early years intervention have meant a record number of children—some 72,000 last year—being taken into care. The number of serious child protection cases has doubled in the last seven years, with 500 new cases launched every day. More than 170,000 children were subject to child protection plans last year, which is double the number seven years ago.

The Secretary of State recognises the crisis facing children services, but he just brushes it aside. I suggest that he listens to Lord Gary Porter, who warned recently that both adult social care and children's services were "at the very top" of the Local Government Association's "worry list", saying:

"If we don't look after our older and younger people, it's bad for our residents, bad for our communities and bad for our services more widely."

It was important that today's statement provided much-needed certainty to our communities. Instead, it acts merely as a sticking plaster and pushes the problems down the road for another Secretary of State to fix.

Our key tests for today's announcement are whether it addresses the cuts to everyday services and properly funds councils to deliver those services in future, whether it assists the funding crisis in children's services, and whether it fully pays towards local government staff getting a decent wage. It is interesting that the council-tax-raising flexibilities will not even cover the pay rise, which will itself place further pressure on the cutting

[Andrew Gwynne]

of services. On the day that Labour's shadow Health team announced that 2.3 million older people have been left with unmet needs, which is up from 1.2 million, another test is whether the announcement ensures that our aged and vulnerable people are supported and protected. In addition, does it ensure fair funding in the truest sense of the word "fair"? Does it address the uncertainty around RSG, recognising that areas with greatest social and health inequality are also the least able to fill the funding gap by other means?

The statement fails on all those counts. While today's announcement offers some additional support, it merely pays lip service to many of the problems facing our local councils. The Secretary of State has today presented himself as Santa, but the details of the announcement really show him to be the Grinch.

**Sajid Javid:** I thank the hon. Gentleman for his Christmas spirit. Time and again, he stands at the Dispatch Box and says just one thing: he wants more spending. He wants more spending on police, fire services, children's services, adult social care, sprinklers, pay and pensions—spending, spending, spending. It is the only thing he knows. However, not once has he appeared at the Dispatch Box or anywhere else to tell the country how he intends to pay for all that spending. The truth is that it is the same old Labour, and Labour is all about higher spending, higher taxes, higher debt—all the same policies that will take our economy down to its knees and crash it. It is the only thing that Labour knows.

I want to remind the House about what happened the last time Labour was in office. We had the deepest recession in almost 100 years, which destroyed the lives of so many millions of people in this country. Unemployment was 500,000 higher when the Labour Government left office than when they first came into office, ensuring that they delivered on the one promise of every Labour Government: they will always leave unemployment higher than they found it. Under the 13 years of Labour Government, council tax bills went up by almost 110%, and their measures contributed to the deepest budget deficit of modern times. We will take no lectures at all from the hon. Gentleman.

I of course recognise the pressure on councils, and we have done something about that in the settlement by increasing real-terms spending power for the next two years while ensuring that we maintain a balance between the need for councils to provide services and taxpayers themselves. The hon. Gentleman mentioned negative RSG, but perhaps he was not listening carefully because I said that I will be consulting early in the new year on options to deal with that challenge, which will be welcomed by the sector even if it is not welcomed by him. He referred to the business rates retention pilots, suggesting that there was some political dimension to how they were chosen. He said that Sheffield and Stockton did not get a pilot, but it would have helped if they had actually applied for one. Councils need to apply for something before they can get it. He then mentioned Salford, but perhaps he does not know that Salford is part of a business rates retention pilot as part of the Greater Manchester region, which received a pilot earlier this year. It would really help if the hon. Gentleman did his homework before he appears at the Dispatch Box and starts making things up.

As for social care, the hon. Gentleman does not recognise that we have acknowledged the pressures, particularly the short-term pressures, which was why the spring Budget allocated an additional £2 billion. Together with the extra flexibility through the precept, that will lead to a real-terms spending increase in each of the next three years.

Finally, the hon. Gentleman talked about his tests, which included seeing whether local authorities are properly and fairly funded. The one thing he should know is that, in order to fund any public services fairly, including those provided by our excellent local authorities, we need a successful economy, which Labour will never deliver.

**Several hon. Members** *rose*—

**Mr Speaker:** Order. As per usual on a matter of this kind, there is extensive interest in participating in the exchanges on the statement, so I will just make two points. First, people who arrive late obviously should not stand or expect to be called. Secondly, because of the pressure on time and the fact that there is another statement to follow, there is a premium upon brevity, which must be exhibited—even by a lawyer. I call Robert Neill.

**Robert Neill** (Bromley and Chislehurst) (Con): I welcome the Secretary of State's statement. Will he confirm that it is particularly important for councils with a long history of efficient financing and a low cost base, such as the London Borough of Bromley, that the review of relative costs and needs ensures that financial efficiency is properly incentivised within the local government finance system?

**Sajid Javid:** My hon. Friend speaks with experience as a former Minister in this Department, and I thank him for his comment. I can confirm that. This is all about efficiency and ensuring that local authorities have the right incentives, which is why our business rates retention plan, for example, will help to deliver just that.

**Alison Thewliss** (Glasgow Central) (SNP): I thank the Secretary of State for advance sight of his statement. On the distribution methodology, I am glad to see quite a long lead-in time for that and a consultation in advance of something being done. Will he tell us more about how closely monitored the business rates retention scheme will be to ensure that there is no gap between business rates and the revenue support grant? If a big business goes to the wall, a gap could suddenly appear in a local authority's budget, so how does he intend to cushion the loss of a high-tariff business rates company in a council area?

How does the Secretary of State intend for local authorities that have already disposed of a lot of their assets to gain capital receipts, which are clearly a declining resource for some local authorities? What advice would he give to councils that have essentially sold off everything they can?

The Communities and Local Government Committee, of which I was a member in the previous Parliament, published a fair and reasonable report on adult social care, but the Government unfortunately did not accept all its recommendations. When the Secretary of State brings the Green Paper to Parliament, will he look again at some of those recommendations? Will he provide

some more detail on why summer 2018 has been chosen? It is quite far away, and this Government have broad definitions of what seasons are in this place. Is there really a need to wait for at least another six months?

**Sajid Javid:** The hon. Lady raises several points, but I will try to answer them all quickly. It is important that we take our time to get the fair funding review right, and I think she would agree with that. Part of the process involves ensuring that issues are properly consulted on, which is why we launched the 12-week consultation today. On capital flexibility, it is important to give local authorities more freedom to raise funds, including capital funds. If they want—it is their decision alone—to sell capital assets and to use that funding more efficiently for local people, that option should be open to them, so guaranteeing that flexibility for another three years is important.

On adult social care, I welcomed the Communities and Local Government Committee's report. It made a number of recommendations, including one about more short-term support, which is why the funding that we provided in the Budget, for example, earlier this year is important. As for the Green Paper, it is very important that we take the time to get things right, consult widely, try to work across different parties and listen to people as well as care users. By taking that time, we can come up with a more sustainable long-term system.

**Bob Blackman** (Harrow East) (Con): My right hon. Friend has mentioned that 97% of councils are in the third year of a four-year settlement. Will he therefore confirm the position for the small group of councils that refused to publish an efficiency plan? Will they be rewarded for their failure, or will they be penalised in the funding they receive under this settlement?

**Sajid Javid:** The reward for accepting the four-year settlement is actually for the local people those local councils represent. The councils that did not accept the four-year settlement—it was around 10 councils, so it was a very small number—should reflect on what that means for local people, because local people want to see certainty on the delivery of services. Those councils should certainly take a close look at that.

**Several hon. Members** *rose*—

**Mr Speaker:** Order. I gently reiterate that those who arrived late should not stand. I have already made the point once, and it should not be necessary for me to make it again, but regrettably it has proved to be so.

**Mr Clive Betts** (Sheffield South East) (Lab): I welcome some aspects of the statement, such as the increase in money from planning fees. On the flexibility on council tax increases, will the Secretary of State confirm the figures given to me by the Local Government Association that show that, even if the flexibility were fully used, it would raise just £250 million next year? That compares with the LGA's estimate of the shortfall in funding for social care of more than £2 billion, even after the measures previously announced by the Government are taken into account. Will he also confirm that councils will raise very different amounts of money from such flexibility, depending on the size of their council tax base?

**Sajid Javid:** I always listen carefully to the hon. Gentleman, and I know he looks at these issues carefully. The extra flexibility on council tax means that the total core spending power this financial year of £44.3 billion will rise to £45.6 billion by 2019-20. That is an increase in real terms, so there will be real growth in core spending power in each of the next two years.

**Mary Robinson** (Cheadle) (Con): I welcome the Secretary of State's confirmation of the continuation of the 100% business rates retention pilots in areas such as Greater Manchester. Does he agree that the success of business rates retention is key to continued growth in Greater Manchester and the success of the northern powerhouse?

**Sajid Javid:** Yes, I very much agree with my hon. Friend. We have already seen that the early pilots encouraged local authorities to think much more carefully about how they can attract local business, and we will see much more of that in the new pilots we announced today.

**Mrs Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): Thirty per cent. of Liverpool's children are now in poverty, and the council is set to lose 68% of its budget by 2020. What is the Secretary of State going to do about the looming crisis in children's social care? It did not even get a mention in his statement.

**Sajid Javid:** I gently say to the hon. Lady that I did talk about social care and children's social care in my statement, and I certainly highlighted the additional funding that is being provided over the short term, including the £2 billion in the spring Budget. She mentions Liverpool. Based on what I have shared today, and if Parliament votes through the draft settlement, there will be an £8.7 million increase in her local authority's core spending power, which it can decide to use as it wishes.

**Mr Christopher Chope** (Christchurch) (Con): My right hon. Friend will know that, last Thursday, there was a local referendum in Christchurch in which more than 17,600 people voted against the abolition of Christchurch Borough Council. He has given the council only until 8 January to make an alternative submission. In the light of the financial implications of his announcement today, will he extend the period so that the implications of these important changes, which particularly affect rural Dorset, can be taken into account in making that alternative proposal?

**Sajid Javid:** We are not looking to extend that period. However, we will listen carefully to what Christchurch Borough Council has to say following the referendum. As I have said right from the start, at this point it is a "minded to" decision. There is no final decision, and it is important that we listen carefully to everyone, including of course Christchurch Borough Council.

**Jack Dromey** (Birmingham, Erdington) (Lab): What planet does the Secretary of State live on? How can it be right that Birmingham loses £700 million, the biggest cut in local government history, and that every household in Birmingham loses more than £2,000, yet the leafy

[Jack Dromey]

Tory shires of Surrey and Sussex and the Prime Minister's constituency of Maidenhead gain at the expense of Britain's second city?

**Sajid Javid:** What the hon. Gentleman fails to mention, and it is not surprising, is that Birmingham has one of the country's highest core spending powers per dwelling. If it were a better-run local authority, it would be able to do a lot more with that money.

**Henry Smith (Crawley) (Con):** Seven of the business rates retention areas mentioned by the Secretary of State are counties, so I was disappointed that West Sussex was not named as one of those areas, despite the strong bid by the district and county councils. With education pressure in the county, can I have early consideration of West Sussex being allowed business rates retention in the near future?

**Sajid Javid:** There were, I believe, 27 bids for the new pilots. As I mentioned, we intended to have five pilots, which we managed to increase to 10. I know the decision will still disappoint some colleagues, which is why I also announced today that we will be taking many pilots forward into the following year and announcing further pilots early in the new year.

**Mike Amesbury (Weaver Vale) (Lab):** Given that Halton Borough Council will have had its budget cut by £61 million by 2020 and that Cheshire West and Chester Council faces a further £57 million-worth of cuts, how does the Secretary of State propose that they provide vital services to the most vulnerable residents and constituents in Weaver Vale?

**Sajid Javid:** I know that the hon. Gentleman will never want to be my friend and share a beer with me, but he should be pleased that, under the draft settlement, the Halton unitary authority will see a £1.7 million increase in spending power, which I know will be welcome.

**Mr Speaker:** I have just noticed that two Government Whips are wearing identical ties, which takes the concept of party discipline to a new level. I am not sure whether to be encouraged or appalled. I leave it to colleagues to make their own judgment, political and aesthetic.

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

Northamptonshire County Council might be the local highways authority, but it has run out of road. The council will set a legal budget for 2018-19, but it has made it clear that it will not be able to finance its statutory functions in 2019-20 unless something changes. Part of the solution is obvious to many local councillors: local government needs to be restructured in the county. Will the Secretary of State encourage the presentation of such proposals for his consideration?

**Sajid Javid:** The proposals in today's statement will lead to almost £13 million of additional funding for Northamptonshire County Council, which I know will be welcome. My hon. Friend makes a wider point about

longer-term sustainability, and he will know I am ready to consider any proposals on restructuring from Northamptonshire County Council or other local councils in the area. I will take such proposals seriously if they come forward.

**Derek Twigg (Halton) (Lab):** Halton Borough Council has had a 60% cut since 2010, and it is struggling to ensure it has enough money to fulfil its statutory responsibilities. If the funding situation continues as it is now, the council will have a real problem in future years. What is the Secretary of State doing to consider smaller unitary authorities such as Halton that have a very good record on efficiency but are struggling with the current financial settlement? He did not set out today any sustainable financial help for local authorities such as Halton, or any financial funding solution for local government in general.

**Sajid Javid:** The hon. Gentleman will know that other council areas have come forward with restructuring proposals, and we are looking at having a bottom-up approach. If a local authority area has an idea and it wants to restructure, it should approach us. The Dorset region was mentioned earlier. We are looking at a proposal on that region, which includes some smaller unitary authorities as well. We want a bottom-up approach where these ideas are put to us and we will give them active consideration.

**Andrew Percy (Brigg and Goole) (Con):** On children's services, may I urge my right hon. Friend not to take lectures from the Labour party but to look at what is going on in Conservative-run North Lincolnshire Council, where we have turned children's services around to such an extent that they are one of only three to be rated as outstanding? There is a particular emphasis on the social enterprise PHASE, which is helping young people on a ladder into permanent accommodation and tenancies when they leave. May I urge him to visit North Lincolnshire to see the incredible work that has been done to help young care leavers in our county?

**Sajid Javid:** I would be happy to visit North Lincolnshire. The council is doing an excellent job. I am sure that it will be pleased at today's announcement that it will be part of the Lincolnshire business rates retention pilot.

**Ms Karen Buck (Westminster North) (Lab):** Having had one of the deepest cuts in Government support in the entire country, leading to the closure of the entire youth service and cuts of more than a third in children's services, Westminster City Council has announced plans for a voluntary levy on properties worth more than £10 million. What assessment has the Secretary of State made of making contributions to local taxation from the super-rich, in effect, a matter of personal choice?

**Sajid Javid:** First, the hon. Lady will know that, because of the disastrous state the economy was left in by the Government she supported, all local authorities, not just Westminster, have had to learn to spend money more wisely. With this settlement, Westminster, like other local authorities, will see an increase in spending power. If Westminster wishes to come forward with a voluntary plan that it wants us to consider, it should submit it to us.

**Peter Aldous** (Waveney) (Con): The business rates retention pilot for Suffolk is very welcome news, but residents in county areas such as Suffolk are facing significantly higher council tax burdens. Will the Secretary of State assure me that the fair funding review is going to be progressed with real urgency?

**Sajid Javid:** I can absolutely give my hon. Friend the assurance that we are looking seriously at fair funding issues, which is why today's launch of the consultation is an important step. Over the next 12 weeks, we will look at the cost drivers, which will have a direct input into the outcome of that review, making sure that all local authorities are funded on the basis of their actual needs.

**Mr Chris Leslie** (Nottingham East) (Lab/Co-op): Surely the Secretary of State will agree that any funds available should be allocated on the basis of need and evidence. He is surely not going to look at what he did previously, when he used the transitional grant scheme and a large lump of money mysteriously found its way to wealthier areas, bypassing the midlands, the north and cities such as Nottingham. The National Audit Office criticised the opacity and political allocation of that. He is not going to use that discredited ruse again this year, is he?

**Sajid Javid:** There would have been less of a need for a fair funding review to make sure that funding is allocated based properly on needs if the last time it was done, in 2007, it had been done properly and had actually been based on needs. I agree with the hon. Gentleman's central point, which is that we need to look again at how funds are allocated to make sure that that is done on the basis of need. That is why I think he will welcome today's consultation.

**Jeremy Lefroy** (Stafford) (Con): I thank my right hon. Friend for his statement on flexibility on the police precept, but may I ask him to consider some flexibility on the county council precept for care, as counties such as Staffordshire, which have kept their costs to a minimum over the years, are at a disadvantage with the percentage-based increase, as opposed to a flat-rate increase?

**Sajid Javid:** I assure my hon. Friend that care, be it children's social care or adult social care, is at the forefront of our mind when looking at this settlement and making sure that the resources that are needed are in place. That is why we have the increase announced at the spring Budget, with half of that £2 billion coming this financial year. As for Staffordshire, it has that extra flexibility, like other councils, but this settlement will also lead to an additional £10.6 million, which I am sure will be welcome.

**Wera Hobhouse** (Bath) (LD): Has today's announcement actually reversed anything in the long-term tendency to punish more deprived areas in this country?

**Sajid Javid:** What today's announcement has done is make sure that local authorities have the resources they need to look after their local communities.

**Mark Pawsey** (Rugby) (Con): I welcome the fact that progressive councils such as Rugby Borough Council will continue to receive incentives to provide much-needed

new housing through the retention of the new homes bonus. Will the Secretary of State also confirm that they will be rewarded for doing the right thing by continuing to make available adequate land for commercial development?

**Sajid Javid:** Yes, my hon. Friend raises an important point. We had a number of representations from local authorities for us to provide some continuity and certainty on the new homes bonus, which is exactly what I have proposed today. I hope that continues to lead councils such as Rugby, and others, to plan for the homes and commercial property that local communities need, so that they can have stronger local business and enterprise.

**Alison McGovern** (Wirral South) (Lab): Cash-strapped Wirral Council has found more than £300,000 to deal with the consequences of the New Ferry explosion. So far the Government have not done enough. Will the Secretary of State update me as to their response to Wirral Council's rebuild plan for New Ferry?

**Sajid Javid:** I am determined to try to help with that disaster and help the council deal with it. The council would have helped itself by presenting its business case a lot earlier, and not taking months and months to put it together. The council should show better efficiency with the public money it has. For example, it could stop spending 240,000 a year on a local newspaper publication. Things like that would help build local confidence.

**Huw Merriman** (Bexhill and Battle) (Con): May I invite the hon. Member for Birmingham, Erdington (Jack Dromey) down to East Sussex, as I am not sure I recognise the picture he was painting? East Sussex County Council has made £110 million in savings, it has allocated its reserves, it does not have a great business rate yield and many constituents of Members in this House will retire in East Sussex. Is it time to look at having the social care model along the lines of the NHS and consider centralised funding?

**Sajid Javid:** First, I join my hon. Friend in congratulating East Sussex on its approach to the challenges it faces, including on social care. It is a great place to retire, which leads to changing demographics. That is one of the things that will be looked at by the Green Paper we will publish next summer.

**Mr Kevan Jones** (North Durham) (Lab): On the formula for transitional funding, what consideration is given to the percentage of core spending a council derives from revenue support grant? In Durham's case it is 14.3%, whereas in Surrey's it is 3.5%. That meant that last year core spending in Durham fell by 1.2%, whereas in Surrey the figure was 0.1%.

**Sajid Javid:** The hon. Gentleman will know that for various reasons, over a number of years, councils have had a different proportion of central grant versus funds that are raised locally, for example through business rates. It is important to take that into account for all councils. What really matters is their core spending power: all the sources of spending power they have. He will be pleased to know that with today's proposal there will be an increase for Durham of £5.6 million, which is 1.4%.

**Tom Pursglove** (Corby) (Con): I certainly welcome a fundamental review of local government finance and, in particular, the fairer funding commitment, but is there any help coming down the track for local authorities that are particularly affected by the issue of unaccompanied asylum seeking children, which places a cost pressure on those local authorities, such as Northamptonshire County Council?

**Sajid Javid:** I am pleased that my hon. Friend has raised this issue. I recognise the good work that so many councils do to look after unaccompanied asylum seeking children, who are some of the most vulnerable people in our society. One thing I am doing today is making an additional £19 million available for next year to help the local authorities most affected to help some of the most vulnerable people.

**Richard Burden** (Birmingham, Northfield) (Lab): The modification of the 2016-17 allocation formula to take account of councils' ability to raise council tax was at least the start of an acknowledgement that councils with the highest levels of deprivation should not face the biggest cuts. Nevertheless, will the Secretary of State take it from me that the failure to address that issue in the previous two years has meant that Birmingham is now being short-changed to the tune of £100 million? What is there in his statement to address that and avoid even more swingeing cuts hitting children's services and adult social care in my city?

**Sajid Javid:** The hon. Gentleman's central point is that there has to be a recognition that different councils have a different council tax base, and so are affected in different ways when they make a percentage change to that council tax. In the case of Birmingham and many other local authorities in which the council tax base might be relatively low, that is recognised so that with respect to, for example, adult social care, when new funding is allocated, including the additional £2 billion announced earlier this year, the improved better care fund makes sure that the fundraising powers that exist locally are taken into account.

**Matt Warman** (Boston and Skegness) (Con): Deprivation is by no means limited to urban areas, and I know that that is why the Secretary of State has listened to the powerful fair funding case made by Lincolnshire County Council. I welcome the fact that the business rates pilot is coming to the county, but will my right hon. Friend tell us how else such big, sparsely populated counties will be helped by the settlement? What more money is coming to Lincolnshire?

**Sajid Javid:** The business rates pilot will certainly help Lincolnshire and give it more incentives to attract more local business. Today's announcement of an additional £15 million for the rural services delivery grant will help Lincolnshire and many other local authorities. If we exclude any extra income from the business rates pilot, today's announcement will mean £11.5 million of additional spending power for Lincolnshire, which I know will be welcomed.

**Lilian Greenwood** (Nottingham South) (Lab): Whether it is the community protection officers who keep our neighbourhoods safe, the social workers who protect vulnerable children or the workers in libraries, museums,

schools and day centres, local government staff are working harder than ever and deserve a pay rise. What resources will the Secretary of State provide to ensure that councils can afford to give them one without making even deeper cuts to services?

**Sajid Javid:** I can mention a few changes that will help local councils to deliver services: the increase in the police precept, on which there will be a further statement after this one; the adult social care funding that was provided in the Budget; and today's announcement of additional flexibility in council tax.

**Tim Loughton** (East Worthing and Shoreham) (Con): I share the disappointment of my hon. Friend the Member for Crawley (Henry Smith) that West Sussex is not included in the business rate retention pilots. I welcome the consultation, but will my right hon. Friend make sure that it recognises the hidden deprivation in many coastal communities, such as mine in Sussex? We have a much larger elderly population with a dependence on social services and the health service, lower-skilled jobs and higher-needs children, and those things often get overlooked.

**Sajid Javid:** My hon. Friend is absolutely right to make that point, which is precisely one of the reasons why we need to conduct a fair funding review and why I have launched the consultation today. I encourage West Sussex council to input into the consultation and provide more data on the increased deprivation that sometimes happens in coastal communities so that we can get the formula right and help places such as West Sussex.

**Tony Lloyd** (Rochdale) (Lab): The Secretary of State's birthplace, Rochdale, has lost £176 million from local government spending, which has had a real impact on children's services and adult social services. The reality is that, with local people already hard pressed, Rochdale's capacity to raise new money by increasing council tax is not anything like as significant as it is in places such as Surrey. Will the Secretary of State tell the House whether, under his fair funding review, the Rochdales will end up in the same advantageous positions as the Surreys?

**Sajid Javid:** The hon. Gentleman will understand that the purpose of the review is that it is based on evidence, and I am not going to pre-empt that. We will take our time to get it right. If Rochdale has a case to make, it should certainly respond to the consultation I launched today. Rochdale is part of the business rates retention pilot, and I know it welcomes that. When we allocate new funding for things such as adult social care, other fundraising powers are taken into account.

**John Stevenson** (Carlisle) (Con) *rose—*

**Martin Vickers** (Cleethorpes) (Con) *rose—*

**Justin Tomlinson** (North Swindon) (Con) *rose—*

**Mr Speaker:** Ah yes, the three musketeers. I call Mr Justin Tomlinson.

**Justin Tomlinson:** With local authorities being given greater resources, powers and flexibility, what are the Government doing to share best practice to make sure that taxpayers' money is spent wisely?

**Sajid Javid:** We do a number of things to try to encourage efficiency. The four-year settlement essentially requires of each of the 97% of authorities that accepted it an efficiency deal with the Government, through which we want to be convinced that those authorities are doing all they can to spend taxpayers' money more wisely. We also work with the Local Government Association to share practice, which I know much of the sector welcomes.

**Steve McCabe** (Birmingham, Selly Oak) (Lab): Social care in Birmingham is in crisis now, and it is facing an £800 million black hole. How is a Green Paper in the summer next year going to help people who need care now?

**Sajid Javid:** The hon. Gentleman will know that the extra funding that we have announced for social care this year and the extra flexibility in the adult social care precept is helping up and down the country, including in Birmingham. The Green Paper is essential to ensure that we have a longer-term, sustainable model that deals with the increased demand that we see and is something on which we can all rely.

**Martin Vickers:** The Secretary of State mentioned Lincolnshire among the places where there will be new business rate pilots; will he clarify whether that includes the two unitary authorities of North Lincolnshire and North East Lincolnshire as well as the county council? With respect to the devolution deal for Lincolnshire that failed earlier this year, will he confirm that he would be prepared to look again at another proposal that would provide additional funds for coastal communities such as Cleethorpes and, indeed, Skegness?

**Sajid Javid:** I can confirm to my hon. Friend that the Lincolnshire pilot includes North East Lincolnshire and North Lincolnshire. I can also confirm that when we are looking into the fair funding review, starting with the consultation announced today, we will certainly consider the special needs of coastal communities.

**Vicky Foxcroft** (Lewisham, Deptford) (Lab): If the Secretary of State cannot persuade the Treasury to fund local government adequately, will he let me know which services he would personally advise councils to stop providing?

**Sajid Javid:** I want local authorities to decide for themselves how best to deliver local services and respond to the needs of the local community. It is my job to make sure that they are properly resourced and, with the measures we have taken this year, including the proposals I have announced today, that is exactly what they have: the resources that they need.

**Mr Speaker:** Let us hear about Cumbria. I call Mr John Stevenson.

**John Stevenson:** In certain circumstances, councils can still make substantial savings. In Cumbria, the Labour leadership on the council has failed to reach a devolution deal, which was an opportunity to review local structures that could have saved millions of pounds

for local services. Does the Secretary of State agree that fewer councillors and councils in Cumbria would benefit local services enormously?

**Sajid Javid:** My hon. Friend raises the issue of restructuring. Whether it is about changing council borders or the number of councillors, we will look at the proposals that are put to us. They must be bottom-up proposals, but we would look actively at any such proposals.

**Rachael Maskell** (York Central) (Lab/Co-op): On 8 March, the Chancellor announced a complete review of business rates, not just a redistribution. In places such as York, the valuation rates are so high that it is pushing businesses out of business. How will the Secretary of State's process interface with the Chancellor's?

**Sajid Javid:** I remind the hon. Lady that when the revaluation happened, it came with £3.6 billion of transitional funding, which will help throughout the country. She is right to ask about some of the longer-term issues relating to the structure of business rates. It is for the Treasury to respond on that and certainly on the timing of any future review. The pilots announced today are part of a plan to make sure that, whatever their future structure, if business rates can be retained more locally, that will give local councils the right incentives.

**Alex Norris** (Nottingham North) (Lab/Co-op): The Secretary of State did not decisively address the question of my constituency neighbour, my hon. Friend the Member for Nottingham East (Mr Leslie), about the transition grant. Perhaps I will have more luck. If the transition grant is to remain, will the Department for Communities and Local Government—after two years of repeated requests from Nottingham—publish both the formula and the assumptions that sit behind it?

**Sajid Javid:** This year is the final year of the transition grant.

**Kate Green** (Stretford and Urmston) (Lab): The Care Quality Commission's local system review of adult social care in Trafford, which I received this week, says that investment in social care was not as much as it should be, while, at the same time, the council was trying to transform social care. Delayed transfers of care are very high in the borough. Will the Secretary of State say whether Trafford Council has been adequately funded both to maintain social care as required now and for transformation in the future?

**Sajid Javid:** Trafford is a very well run council, which can set examples for many others in that area, but, like many, it is having to deal with added pressures, including on social care. I know that it has certainly welcomed the additional funding that we announced earlier this year, and the flexibility that I announced this time last year.

**Chris Williamson** (Derby North) (Lab): In his statement, the Secretary of State said that local government is at the frontline of the country's democracy, yet he is systematically dismantling council services. The spending power of my own local authority of Derby has been reduced by £161 per head since 2010. The latest iteration

[Chris Williamson]

of that is that it is giving its libraries to the voluntary sector to run. Is the Secretary of State trying to finish the job that was started in the 1980s by his predecessor, Nick Ridley, who said that his idea of a good council was one that met once a year to dish out the contracts to the private sector?

**Sajid Javid:** Derby, like many local authorities, will be welcoming—I hope—the part of the settlement where we have announced additional funding. In the case of the hon. Gentleman's local authority, Derby will be getting an additional 1.5% increase in its core spending power, which will lead to £2.7 million of additional spending, and it can use that on libraries as it wishes to look after local people's needs.

**Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): Further to the very serious concerns raised by a number of my hon. Friends about cuts to children's services—more pronounced in many areas because of the cuts by this Government and the fact that the weighting for deprivation was taken out of the local funding formula—Liverpool has seen a 9% increase in the number of looked-after children. Despite significant investment, we are facing a black hole to the tune of millions of pounds. How will the Secretary of State ensure that children in my constituency and across the country will be kept safe?

**Sajid Javid:** Liverpool, like many local authorities, is dealing with many pressures. That is why there is a lot there to help it. It already has one of the highest core spending powers per dwelling in the country and, from this set of proposals today, it will see an £8.7 million increase. On top of that, it is also part of the business rates retention pilot.

**Dr David Drew** (Stroud) (Lab/Co-op): I welcome the inclusion of Gloucestershire in the pilots, but will the Secretary of State ensure that the county's MPs have the opportunity to look at the operation of the pilots as part of discussions with the Department for Communities and Local Government, and will he say that these pilots do not preclude local government reorganisation if and when that comes to Gloucestershire?

**Sajid Javid:** No pilots preclude any kind of reorganisation. It is up to that local area to decide whether that is something it wants and to put a proposal to me. I know that the business rates pilot is very welcome in the Gloucestershire region; it will give more incentives to help local businesses. On top of that, today's announcements will lead to an increase of £9.2 million of additional spending power for the local authority, which I know will be welcome.

## Policing

1.43 pm

**The Minister for Policing and the Fire Service (Mr Nick Hurd):** With permission, Mr Speaker, I will make a statement on police funding.

Today, I have placed in the House the provisional police funding settlement, detailing how much money each police force in England and Wales will receive in 2018-19. This amounts to a year-on-year increase of up to £450 million across police forces for 2018-19. Taken together with the continued scope to improve police efficiency and the existence of £1.6 billion of police reserves, this represents a comprehensive settlement that makes sure that the police have the resources they need.

Before taking decisions on the settlement, I have spoken to every police force in England and Wales. I have listened to police and crime commissioners, chief constables and frontline officers, asking them to be completely upfront with me about the challenges that they face, and they were. I have been on patrol with officers on the streets of our city centres and I have visited firearms teams and projects to support the most vulnerable in society.

What is very clear to me is that demands on police forces are changing. Crimes traditionally measured by the independent Crime Survey for England and Wales have fallen by well over a third since 2010—I hope the House will welcome that—but, at the same time, it is clear that there is a shifting pattern of demand on the police. There are more victims of high-harm, “hidden” crimes such as domestic abuse, modern slavery and child sexual exploitation, as well as more victims of cyber-crime coming forward. That willingness to come forward is to be welcomed, but it does put pressure on policing, to which we must be sensitive. Alongside this, terrorist attacks in London and Manchester have served as a reminder of the very real and changing threat that we face from terrorism. As a Government, we are acutely aware that the demands facing our police forces are considerable and changing. That is why this Government made the decision to protect police funding in the 2015 spending review and it is why, today, we are proposing a settlement for our police that will increase funding for police forces by a further £450 million in 2018-19.

Let me break this down. We propose that police forces get the same cash grant from the centre as in 2017-18. On top of that, we want to respond positively to requests from PCCs for more flexibility around the levels of police precept, so we propose empowering them to raise council tax contributions for local policing by £1 a month per household—£12 a year. If they all use this flexibility, that will result in a £270 million increase in the money that we invest as a society in our policing system.

Five attacks in London and Manchester darkened our spring and early summer. Thirty-six people died, 10 of whom were children. The first responsibility of Government is to keep our country and its citizens safe. It is also to protect our way of life and the values that we hold dear. We are clear that we must ensure that counter-terrorism police have the resources they need to deal with the fast-changing and increasingly challenging



threat from terrorism. That is why we are also increasing the counter-terrorism policing budget by £50 million in 2018-19. That will mean that the counter-terrorism policing budget will go up by 7%, to at least £757 million next year.

We are also providing an extra £130 million for national priorities such as investment in digital technology and special grants to help forces with exceptional costs. I hope that the House will agree that it is right that the Government continue to provide crucial investment in police technology to make sure that the police have the modern digital infrastructure they need to protect the public, and it is right, surely, that we increase funding for the police special grant so that we can support the police with exceptional and unexpected costs such as the responses to this year's terrorist attacks. However, to fully meet public expectations, the police cannot simply rely on this additional investment; that is just one part of the equation. Her Majesty's inspectorate of constabulary and fire and rescue services is clear that there are more opportunities to increase productivity and efficiency, and so are we.

Forces have already achieved significant savings from better procurement since 2015, but there is a lot more to do. I want to see forces unlocking more than £100 million-worth of opportunities for commercial savings that we have helped them to identify. Forces must work together to increase their buying power by procuring goods together, rather than buying them in 43 different ways.

We want modern police forces to make the most of the opportunities that digital technology brings—better information and decisions, faster processes and more productive police officers. Striking research indicates that if all forces took advantage of mobile working as the best forces do, that would mean that an average officer could spend an extra hour a day on the frontline. Extrapolating from that, in theory this has the potential to free up the equivalent of 11,000 extra officers across England and Wales. The Government are committed to meeting the challenges of embracing digital technology and improving productivity, and we want policing to do the same.

The police still hold more than £1.6 billion in financial reserves, compared with £1.4 billion in 2011. The figure has gone up. Current reserves held represent 15% of annual police funding to police and crime commissioners. There are wide variations between forces with Gwent, for example, holding 42% and Northumbria holding 6%. We propose to improve transparency around reserves so that the public are clear whether they are being held for good reasons. That is why we will toughen the guidance on the information that police and crime commissioners must publish, and we will provide comparable national data on police and crime commissioner financial reserves. If the police make substantial progress on efficiency and productivity in 2018, I should signal that the Government intend to provide police and crime commissioners with a broadly similar settlement in 2019-20.

To support this process of reform, police forces will benefit from the £175 million police transformation fund in 2018-19. Since its inception in 2016, the fund has already invested £220 million in policing projects, including £8.5 million for forces to better tackle modern slavery and £40 million to help the police to improve their response to serious and organised crime. It is clear

that the fund, led by police, is delivering real results and enabling forces to invest in transformation and digitisation for the future.

I end by recognising the exceptional attitude and hard work of our brave police forces around the country. We have listened to their concerns, and we have now proposed a funding settlement that will strengthen the police's ability to fight crime and keep us all safe. Whether it is local forces or counter-terrorism capabilities, this is a comprehensive settlement to strengthen the police now and make forces fit for the future. We will now consult on the police grant report and I look forward to hearing views from across the House. I commend this statement to the House.

1.53 pm

**Ms Diane Abbott** (Hackney North and Stoke Newington) (Lab): The test of the Government's police funding proposals is the impact they will have on policing and counter-terrorism activity on the ground. The Minister can spin a convincing story here in the Chamber, but will what he is announcing really enable police forces to meet the challenge and reality of modern policing?

The Minister says that he has been listening to chief constables and police and crime commissioners. The Opposition would contend that he has not been listening hard enough. Is the Minister aware that we have seen the highest annual rise in police recorded crime for more than a decade? That includes an 18% rise in violent crime, a 26% rise in the murder rate, and a rise in knife and gun crime that is of particular concern to our major cities. Is he aware that the public are increasingly conscious that austerity is as damaging to policing as it is to other public services, because we cannot keep people safe on the cheap? Is he further aware that although the Government's announcement that they are lifting the police pay cap is welcome, they have not funded it, so it must therefore put even more pressure on police budgets?

Is the Minister aware that police leaders all over the country are expressing their concern about the funding gap? He spoke about the scope for increasing police efficiency. Many forces including my force, the Metropolitan police, have done a great deal on police efficiency. He spoke about embracing digital technology. I recently met the chief constable of Greater Manchester police, who briefed me on the great work it is doing with digital technology. The Minister also mentioned reserves. I must say that it defeats many police leaders to understand why the Government think that they can meet recurrent expenditure out of reserves.

All in all, the Opposition doubt whether this package—even including the Government's proposals on the precept—will really meet the policing challenges of the 21st century. This is why the chief constable of Merseyside is warning that he does not have the resources to fight gun crime and the chief constable of Norfolk is warning of the reduction in the numbers of neighbourhood police officers. The chief constable of Lancashire has stated that people are “less safe” because of the money and people “taken out of policing”, and Northumbria's chief constable has said:

“If the day of not being able to provide a professional service was here, I would say. It is not here, but it is getting very, very close.”

[Ms Diane Abbott]

Is the Minister confident that his funding settlement will allow forces to remain at current staff levels? And can he give an undertaking that there will be no more cuts to police numbers?

**Mr Hurd:** I know that the right hon. Lady has been on a bit of a personal journey in her relationship with the police, having previously called for the police to be dismantled and replaced with our own machinery of class rule. We welcome her journey.

The right hon. Lady accuses me of not listening to the police, even though I have spoken to every single police force in England and Wales to fully understand the pressures they face. Before criticising the proposed settlement without investigating the details, I suggest that she speak to the PCCs, who have welcomed it. If she had done her homework, she would also be aware that our demand review was worked out in co-operation with the police-led review. That asked for a similar amount of new investment in 2018. This Government have listened to the police, and we are talking about an increase in investment of £450 million.

The right hon. Lady referred to us doing policing on the cheap. That will come as a bit of a surprise to the British taxpayer, given that as a society, we will be investing £13 billion in our police system next year. That is up from £11.9 billion in 2015-16. She chides me on reserves. Let us remind ourselves that reserves are public money sitting there, and the public we serve have the right to better information about how the police intend to spend that money for the public good.

The right hon. Lady talked about what the proposed settlement means for police officer numbers. She knows that the position of the Government is that our responsibility is to ensure—in close consultation with the police—that the police have the resources that they need. It is for local police and crime commissioners and local chiefs to determine how those resources are to be allocated. That feels like the right approach.

**Theresa Villiers** (Chipping Barnet) (Con): In deploying the substantial new resources for counter-terrorism, does the Minister agree that the police should include a strong focus on cyber-crime because of the harm and disruption that terrorists could do with this form of activity?

**Mr Hurd:** I thank my right hon. Friend for making that point. If there is a powerful symbol of the change in the pattern of demand on policing, it is how much crime is now digitally enabled. We know from our constituencies how vulnerable our constituents are; they are many times more likely to be vulnerable to a crime online than they are on the street. That is part of the change in policing that we have to respond to, which is why we have just under £2 billion-worth of investment earmarked for cyber-security.

**Gavin Newlands** (Paisley and Renfrewshire North) (SNP): I thank the Minister for prior sight of the statement.

Let me be charitable and start by welcoming one aspect of the statement, namely the £50 million increase in counter-terrorism resources. However, I echo entirely

the sentiment of the right hon. Member for Hackney North and Stoke Newington (Ms Abbott) that, given the huge pressure on the police service in England and Wales, a flat-cash core settlement from the Government is simply not enough. In doing so, I pay tribute to all police officers right across the UK for the hard and oftentimes dangerous work they do to keep us safe.

Just last week, the Scottish Government Cabinet Secretary for Finance, Derek Mackay, committed to increasing the police authority's Government-allocated budget in real terms in 2018-19—a clear difference from the approach taken by this Government. In March 2017, there were 32 officers per 10,000 population in Scotland, compared with around 21 officers per 10,000 population in England and Wales—over one third more police officers per head keeping Scots safe.

In Scotland, public confidence in the police remains strong. Recorded crime is at a 42-year low, recidivism is at a 16-year low and police clear-up rates are the highest for 40 years. That is all while, in the words of Calum Steele, the general secretary of the Scottish Police Federation, UK Government cuts

“have put almost immeasurable financial stress”

on public services, including the police. He went on to highlight the fact that the police VAT relief could have been delivered with the stroke of a political pen, and that inaction put further unnecessary stress on police funding.

Following a sustained SNP campaign, we welcomed the Chancellor's announcement in the Budget that Police Scotland and the Scottish Fire and Rescue Service will be eligible to reclaim VAT in the future. However, in the spirit of today's statement, will the Minister commit to requesting that the Chancellor also reimburse the £125 million already taken from frontline police services in Scotland so that it can be used for future reinvestment in Scottish policing?

**Mr Hurd:** I thank the hon. Gentleman for his reply. It is fair to say that there are mixed views across Scotland about the benefits of merging all the forces into one, and time will tell. However, I thank him for his welcome for the additional £50 million for counter-terrorism policing.

The hon. Gentleman talks about a flat-cash settlement. It is no such thing; we are talking about an increase of £450 million in investment and, at the local police level, a move, effectively, from flat cash to flat real.

The hon. Gentleman talks about cuts. Again, he is allowed his own opinions, but he is not allowed his own version of the facts. Overall, public investment in policing will grow from £11.9 billion in 2015-16 to £13 billion next year if these proposals are accepted by the House. That is not a cut in my language.

**Stephen Hammond** (Wimbledon) (Con): As a London MP, may I start by paying tribute to the officers who do an extraordinary job of keeping us safe in London?

The Minister will know that, since 2015, the Met has received £2.5 billion of direct funding. There is more funding for London in today's settlement, there is the opportunity to raise £43 million and there is an extra £50 million going into counter-terrorism. Does the Minister agree that it is time the Mayor started playing his part by protecting frontline numbers at police stations?

**Mr Hurd:** I thank my hon. Friend. As a fellow London MP, I join him, as I am sure will all London Members, in congratulating Met police officers on the work they do. He singled out the implications of this settlement for the London Met, which is rightly the best-resourced police force in the country in terms of numbers of police officers and funding per head.

My hon. Friend is right about his fundamental point, and it is one that the Labour party refuses to embrace. We operate a system in which accountability for police forces is devolved and rests with the police and crime commissioner or the Mayor. In London, that means the Mayor, and I would gently suggest to the Mayor that the combination of this increased investment, the reserves and the opportunities for greater efficiency means that what we need to see from him is action rather than more letters calling for more money.

**Yvette Cooper** (Normanton, Pontefract and Castleford) (Lab): I would just ask the Policing Minister to confirm that a flat-cash grant to local police forces in fact means a real cut, given the level of inflation; that the money from central Government to police forces will be cut in real terms; and that while the counter-terror funding is welcome, the police chief Sara Thornton has warned:

“Fewer officers and police community support officers will cut off the intelligence that is so crucial to preventing attacks.”

I gently say to him that I am sure he must know in his heart of hearts that this is really not enough funding for police forces across the country, given the immense pressures they face. He and the Home Secretary will really need to make a much better case to the Chancellor; otherwise, they will be threatening the good work of police forces right across the country.

**Mr Hurd:** I hesitate to correct our very distinguished Chairman of the Select Committee—for whom I have great respect—and I welcome the welcome she has given to increased investment in counter-terrorism policing, but I do need to correct what she said. Once she has time to get into the details of the settlement, she will see that, in effect, we propose to move from flat cash at local police force area level to flat real, on Treasury assumptions. That is a significant shift. When she gets into the detail of it, she will see—*[Interruption.]* No, I am afraid that the cries from Opposition Front-Bench Members reflect the fact that they have not had time to read the statement or to understand the dynamics of the police funding settlement.

The right hon. Lady will know, or should know, that, in the context of the 2015 police funding settlement, there are two components to flat cash at local police level: one is the grant from the centre, and the other is the precept. In the context of increased precept, the cash from the centre would have fallen. It is not going to fall; it is going to be held flat. That means that, in terms of what police and crime commissioners would have expected for 2018-19, there is a £60 million upflip from keeping the grant from the centre flat, rather than reducing it, which is what would have happened under the 2015 settlement. It is complicated, but the right hon. Lady will see from the—*[Interruption.]* That is not being disingenuous; these are the facts.

**Mrs Maria Miller** (Basingstoke) (Con): Hampshire’s constabulary, under the excellent leadership of Olivia Pinkney, does a fantastic job in meeting the changing policing needs my hon. Friend talked about. However,

what has not changed is the need for frontline policing. What can he do to make sure that more of the money he has talked about today gets to the frontline to increase the frontline policing our constituents so badly want to see?

**Mr Hurd:** I wholly endorse my right hon. Friend’s praise for the work of Olivia Pinkney, as the chief of Hampshire. The short answer to her question is that it is the local police and crime commissioner who is accountable for how resource is allocated. If it is the local view that more resources need to go into frontline police officers, that is something the police and crime commissioner has to respond to. Our duty is to make sure that police forces have the resources we think they need to do the job. How those resources are allocated at a local level is the responsibility of the democratically accountable police and crime commissioner.

**Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): What an extraordinary exercise in spin. The statement says very clearly: “We propose that police forces get the same cash from the centre as in 2017-18”, so that is a real-terms cut from the centre. Will the Minister explain, given the additional pressures on South Wales police politically—with Cardiff being a capital city, and the pressures that that places on police in Cardiff and the Vale of Glamorgan—whether we will be getting any additional support?

**Mr Hurd:** I hesitate to correct the hon. Gentleman, but I am afraid that, once those on the Labour Benches take a bit more time to understand how the police settlement actually works, they will know that the flat-cash settlement is a combination of precept and the grant from the centre. Taking those in combination, local police forces are going to move from a situation of flat cash to flat real. That is a significant change. If the hon. Gentleman bothers to go and talk to his local PCC, which I am sure he will, the PCC will explain it to him.

**Giles Watling** (Clacton) (Con): I thank my hon. Friend for this very encouraging statement, particularly around flexibility in the police precept—an issue he knows I have been campaigning on for some time. However, will he confirm that the settlement will dramatically improve policing across Essex and particularly on my much overlooked sunshine coast at Clacton-on-Sea?

**Mr Hurd:** I thank my hon. Friend and other Essex colleagues who were very forceful and constructive in coming to me with clear endorsements from police and crime commissioners across the system for the proposals on increased flexibility on precepts so that democratically accountable police and crime commissioners have the freedom to increase local taxes for local priorities. Roger Hirst, an excellent police and crime commissioner, has surveyed several thousand people in Essex. The results of that survey show that what we are proposing today will be extremely acceptable to the people of Essex because they want to see more investment in their policing, and that is what this settlement will deliver.

**Tony Lloyd** (Rochdale) (Lab): Were I still a police and crime commissioner, I could not maintain the same level of policing on this budget, and the Minister must know that. The reality is that with inflationary pressures in general terms and the need to fund a legitimate police

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rise, and, on top of that, the increasing demand for policing services, it simply is not possible to maintain public safety. He really has got to stand up and tell the public the truth. This is not a fair settlement.

**Mr Hurd:** Again, I hesitate to correct someone who knows what he is talking about, but the hon. Gentleman is talking as though this settlement is proposed in complete isolation. He and Labour Front Benchers are ignoring the fact that we work closely with police chiefs and the PCCs. The independent review that the PCCs and chiefs undertook, independently of Government, came to a very similar conclusion about what was needed in terms of funding for 2018-19. We have listened to them and delivered on that. It is their view that we are most interested in.

**Lucy Frazer** (South East Cambridgeshire) (Con): I welcome more funding. Does the Minister, like me, recognise that Cambridgeshire has done an outstanding job in introducing 50 new recruits at the same time as making efficiencies?

**Mr Hurd:** I certainly join my hon. and learned Friend is supporting the work that Cambridgeshire has done, under excellent leadership. The evidence of that is in its HMIC rating of “good”. I know that it will welcome the increased investment and put that money to good use. Labour Members still do not seem to accept the maths; I know that that is not their strength. The maths says that an increase in investment of £450 million is in fact an increase.

**David Hanson** (Delyn) (Lab): I am sorry, but I need, for my simplistic mind, to have some clarity on the Minister’s statement that forces will get the same cash from the centre as in 2017-18. It may be that North Wales police’s precept goes up and my local council tax payers pay more in a hard-hit area, raising perhaps less than in Surrey, but at the same time we have, according to my chief constable, a 35% increase in crime, an 18% reduction in staff, and £30 million of savings already made. This settlement is simply not good enough. Speaking as someone who was Policing Minister when we had 21,000 more police officers than now, I say to the Minister that he needs to go back to the drawing board.

**Mr Hurd:** I would suggest that the former Policing Minister talks to his PCC, who will explain why a flat-cash grant from the centre is actually an improvement on what he or she was expecting. I will leave them to explain that. The right hon. Gentleman talks about reserves. I come back to the fundamental point. It is public money—£1.6 billion, a figure that has gone up since 2011. There is a very good reason for holding reserves, but we need more transparency and accountability about local police plans to use what is ultimately public money.

**Kit Malthouse** (North West Hampshire) (Con): I welcome the Minister’s announcement of £130 million for national priorities. Can he confirm that dealing with online child abuse is a national priority, and therefore that the Child Exploitation and Online Protection Centre and the National Crime Agency will be receiving more resource to help them to combat this growing menace?

**Mr Hurd:** I can certainly agree that it is a national priority because of its increased prevalence in public life. It is something that matters a great deal. The Minister for Security, who is sitting alongside me, and I continue to make sure that the NCA is properly resourced to do that work.

**Stella Creasy** (Walthamstow) (Lab/Co-op): Residents in Walthamstow are deeply perturbed following a rise in violent gang and drug-related crime, and the evidence from the Met commissioner herself that London is losing 3,000 police officers in the coming years. No mobile app is going to address that. It is individuals, not iPads, that people want to see on their streets. Can the Minister confirm that he will make available to the Met the money needed to keep those 3,000 police officers, or is “flat real” a crime against the English language?

**Mr Hurd:** No. I am a fellow London MP and I have spoken to the commissioner. Any PCCs or police chiefs making projections about losses of officer numbers in future are doing so on the basis that they do not know what the police funding settlement is. I expect and hope that when they look at what we are proposing today in terms of new investment—and it is new investment, given the continued scope for efficiencies and the level of reserves—they will see that there is no reason why any police force should be reducing officer numbers. However, it is ultimately a local decision.

**Oliver Dowden** (Hertsmere) (Con): Community-based policing is the cornerstone of policing in Hertsmere and has a much valued role. I welcome the flexibility that the Minister has shown over the precept. However, what reassurance can he give me that community-based policing will be properly funded in small towns such as Potters Bar that might be disadvantaged relative to larger urban areas?

**Mr Hurd:** I thank my hon. Friend for welcoming an increase of £450 million in our policing system next year. That feeds down into an additional £6.2 million for Hertfordshire. I absolutely take his point about community policing. He needs to have that conversation with David Lloyd, the excellent police and crime commissioner.

**Tom Brake** (Carshalton and Wallington) (LD): The Met commissioner and Sara Thornton have both said that tackling terrorism places a heavy burden on all aspects of policing. At the last general election, the Liberal Democrats called for the Government to spend £300 million extra on community policing. How much more does the Minister think will be spent on community policing to enable officers to assist with tackling not only terrorism but antisocial behaviour, violent crime, and domestic violence?

**Mr Hurd:** Again, as a fellow London MP I say to the right hon. Gentleman that our role is to propose a settlement that we think is comprehensive in making sure that the police have the resources they need to do the job against the background of a shifting pattern in demand. It is a very complex environment. With regard to London, which has the best resourced police force in the country, I am satisfied, as a London MP, that the Met has the resources it needs. If the Mayor, as the police and crime commissioner, disagrees with that, he

has his own resources to contribute as well, which he has been very reluctant to do. How those resources are allocated to some of the priorities that the right hon. Gentleman mentions is a decision for the Mayor and the Met on which they are both accountable to us as MPs and the constituents we serve.

**Amanda Milling** (Cannock Chase) (Con): I welcome my hon. Friend's statement, particularly in giving PCCs more flexibility regarding the levels of the police precept—a measure that Staffordshire MPs and our police and crime commissioner, Matthew Ellis, have been calling for. Does he agree that giving police and crime commissioners more flexibility and power regarding the precept is ensuring that PCCs are making decisions about funding that they are democratically accountable for?

**Mr Hurd:** I could not agree more. One of the great reforms that we have made in policing is to make sure that there is much more local accountability on the performance of the police. I thank my hon. Friend for welcoming precept flexibility. She is quite right. Matthew Ellis and other police and crime commissioners have been very vocal in pressing for this because they want that flexibility in order to be able to deliver on their crime plans.

**Vernon Coaker** (Gedling) (Lab): What universe is the Minister living in? We have seen nearly 40% of police stations cut over the past seven years, thousands upon thousands of police officers cut, police community support officers cut, and police staff cut, and now we see a rise in violent crime. He refuses to acknowledge in his statement that it is proposed that police forces get the same cash from the centre as in 2017-18—a real-terms cut. That is what is going to happen to police forces like my own in Nottinghamshire and those up and down the country.

**Mr Hurd:** The universe I am living in is the real one, where public resources are tight and we have to proceed on an evidenced basis. Labour is giving the same old response: more money, more money—whoops, we ran out of money. It is the same as ever; it never changes. When Labour Members read the detail and understand how this works, they will see that we are proposing a combination of things that will result in an increase of £450 million in our investment in our policing system.

**Andrew Selous** (South West Bedfordshire) (Con): The Minister knows that I have set out my concerns about the capacity of Bedfordshire police in person with him, and in an Adjournment debate. I am grateful for the extra £2.9 million in the statement for Bedfordshire police, but will he explain more fully what he sees as the future of the force?

**Mr Hurd:** May I place on record my admiration for the tireless work that my hon. Friend has done over many years, through a cycle of many Policing Ministers, to advocate for a fairer funding settlement for Bedfordshire? I thank him for his welcome of today's settlement, and he will note the increase in counter-terrorism policing. In the written ministerial statement, he will see information about the direction of travel of the fair funding review, which we think is most appropriately dealt with in the next spending review.

**Helen Goodman** (Bishop Auckland) (Lab): Before I ask my question, Mr Speaker, I wonder whether you have noticed that although the Minister handed out his statement to us, he did not hand out the table containing details of the settlement? Of course, he was hoping that we would not get it so that we would not notice that in Durham, for example, the change in cash is less than inflation and less than the pay rise. Therefore, there will be more cuts on top of our previous loss of 350 police officers.

**Mr Hurd:** The table to which the hon. Lady refers is attached to the written ministerial statement. [*Interruption.*] If that is not the case, I will investigate. I think Opposition Members are failing to distinguish between the oral statement and the laying of the grant formula, which has happened in parallel. They can find that table.

The hon. Lady is lucky to represent a constituency that is served by an outstanding police force. She will find that as a result of this settlement, if the PCC maximises precept flexibility, the cash increase for the force will be around £2.4 million. When Opposition Members get into the detail, they will see that the Government's intention is to make sure that if local police and crime commissioners maximise their precept flexibility, forces will move from flat cash to flat real. Hon. Members will see that in the written statement.

**Mr Speaker:** Further to the observation with which the hon. Member for Bishop Auckland (Helen Goodman) prefaced her question, I think the correct position is that the table to which reference has been made, and which some Members have been ostentatiously brandishing, is electronically accessible but I am advised that it was not delivered either to the Library or to the Vote Office. I think it would help in these matters, particularly where complex formulae are involved, if the material could be available at the time of the commencement of the statement. I do not wish to dwell on the matter further. The Minister has said what he has said, and I thank him for saying it.

I call Mr Richard Grosvenor Plunkett-Ernlé-Drax.

**Richard Drax** (South Dorset) (Con): Thank you, Mr Speaker. I think I shall demand an urgent question if this continues.

I thank my hon. Friend for the increase in police funding, but I would be failing in my duty if I did not speak up for the funding of Dorset police, which has been underfunded for years. Does my hon. Friend agree that although things such as cyber-crime are taking police officers off the streets—the police are doing a wonderful job—we need to keep a uniformed presence on the ground, because that is where the deterrent is most effective and the intelligence is gathered?

**Mr Hurd:** Mr Speaker, may I place on record the fact that I note your earlier remarks?

I thank my hon. Friend for recognising the changes that have occurred in society. I know for sure that my constituents are much more vulnerable to crime online than they are when they walk up and down Ruislip high street, and our policing needs to respond to that. I also understand the importance that our constituents attach to seeing the police on our streets. Getting the balance right around capabilities is the job that we have given to

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police chiefs and democratically accountable local police and crime commissioners. I thank him for welcoming the increase in investment, and I am sure that he will make representations to his police and crime commissioner about the allocation of the additional resources.

**Steve McCabe** (Birmingham, Selly Oak) (Lab): Given the huge number of A and B council tax band properties in Birmingham, is not the reality of the proposals that the poorest people in Birmingham are going to pay the most for a declining police service, in what is becoming the worst-funded police force in the country?

**Mr Hurd:** The hon. Gentleman and I, along with other west midlands MPs, had a constructive conversation about the challenges of policing in the region. I simply do not see how local people will be worse off, as he is trying to suggest, from an increase of £450 million in investment in our police system next year, including an additional £9.5 million for the West Midlands police. I do not see how he can, with any real integrity, present that as downgrading the police force.

**John Howell** (Henley) (Con): I am sure the Minister will join me in congratulating Thames Valley police on its outstanding ranking in the police effectiveness, efficiency and legitimacy review. Will he also tell us how the funding settlement takes into account the needs of rural policing?

**Mr Hurd:** My hon. Friend makes an extremely important point, and I join him in congratulating Thames Valley on its outstanding rating, which I know it takes great pride in. Rural policing is extremely important to many constituents. I come back to the central point, which is that we have devolved accountability and responsibility in the police system. The allocation of new resources and new investment in our policing is a conversation to be had with the local democratically elected police and crime commissioner. I know from personal conversation that they take the matter extremely seriously.

**Matt Western** (Warwick and Leamington) (Lab): Will the Minister clarify that we are talking about a real-terms fixed amount for police and crime commissioners' budgets, and that in reality we are taxing the most vulnerable more to pay for those services? The PCC is saying to me that the top-slicing will lead to a reduction in policing on our streets.

**Mr Hurd:** I encourage the hon. Gentleman to go back and talk to his PCC and police chief. The reality of our proposal is that we will increase investment in our police system by £450 million next year, and that we will work towards broadly the same kind of settlement in 2019-2020. That is a reflection of our recognition that demand on the police has changed and become more complex. We have to respond to that and invest accordingly. The basic rule is that public investment comes from two sources: extra borrowing and taxation. That is the choice in the real world in which we live.

**Mrs Kemi Badenoch** (Saffron Walden) (Con) *rose*—

**Mr Speaker:** Order. Forgive me; I am uncertain. If the hon. Member for Saffron Walden (Mrs Badenoch) can confirm to me that she was present at the start of the statement—

**Mrs Badenoch** *indicated assent.*

**Mr Speaker:** That is good enough for me—she will be heard.

**Mrs Badenoch:** I and several other Essex MPs requested more flexibility in the application of the precept, and we welcome the Minister's statement. Does he agree that it is a good example of the Government devolving power to local communities and giving them more control over their own policing?

**Mr Hurd:** I do, and I will go further than that. The statement is an exercise in demonstrating that the Government have listened closely to the police. We have challenged the police, but we have listened to them, and our proposals are very similar to what they asked for. That fact has been ignored by Labour Members. We have listened to police and crime commissioners, who have said, "We would like to increase investment and be empowered to increase local investment in local priorities, and we would like more flexibility around the precept because we think that we can present that to our people." They have tested that idea in surveys and encountered a very positive reaction from the public.

**Paula Sherriff** (Dewsbury) (Lab): The legacy of the Government's cuts means that there are fewer officers per head than at any time on record. Can the Minister explain how that is making communities in my constituency safer?

**Mr Hurd:** Let me say two things to the hon. Lady. Let us attack the fake news that cuts are being made to police funding. The amount of public investment that we make, as a society, in our police system will have grown from £11.9 billion in 2015-16 to £13 billion next year if these proposals are accepted. I do not see how that can possibly be presented as a cut. When she has digested the news, I hope she will also welcome the increased investment for her area, and that she will discuss with her local police and crime commissioner how these additional resources can best be allocated for the benefit of her communities.

**James Cartlidge** (South Suffolk) (Con): Of course, the money to pay for more police has to come from somewhere. I am happy to accept the principle that communities choosing to have more resource should pay more towards it, but the proviso must clearly be that they definitively see more warranted officers. Does my hon. Friend accept that in counties such as Suffolk, communities are clear that they want such officers to have a more visible presence in our villages and rural areas, as well as in our towns?

**Mr Hurd:** I thank my hon. Friend for his question, and I completely understand his point. He has made it very strongly to me, and I know he will make it very strongly, as he has done, to the Suffolk police and crime commissioner and the chief constable if that is what he thinks his constituents need.

On my hon. Friend's point about local taxation, I should say that no decision about increasing council tax precepts is taken lightly. This Government take a lot of pride in what we have done over many years in trying to keep council tax as low as possible, which is in stark contrast to the approach of Labour Members because

it doubled under their watch. Even in these difficult times, we feel the proposal of an additional £1 a month to get more investment in local policing is acceptable to the public, not least because PCCs have tested it.

**Graham P. Jones** (Hyndburn) (Lab): I do not believe the Minister's argument is well served when there is an absence of facts in the discussion in this Chamber, and perhaps the information in the tables should have been provided. In Lancashire, we have rising crime and falling budgets. Nationally, we have lost 21,000 police officers. This is a simple question: in 2018-19, will there be more officers on the beat or fewer officers on the beat under this Government?

**Mr Hurd:** Again, the hon. Gentleman has not been listening. He will know that he needs to ask the police and crime commissioner that question. He can ask the Lancashire police and crime commissioner what he is going to do with the additional £6.1 million of investment proposed as a result of this settlement and, by the way, what he is doing with his reserves—currently worth 18% of net revenue, which is above the national average. I suggest the hon. Gentleman has such a conversation with his local police and crime commissioner.

**Vicky Ford** (Chelmsford) (Con): Essex police officers do an excellent job—we are already delivering mobile working and joint working with the fire service—and it is certainly not sitting on a hidden stash of reserves, but we are one of the lowest funded forces in the country. Being able to raise the precept will deliver an extra £8.8 million, which is a helpful start. Next year, will the Minister look at fairer funding models, so that lean and efficient forces such as Essex police are not put at a disadvantage?

**Mr Hurd:** I thank my hon. Friend, and I join her in congratulating Essex police on its work. Essex is excellently led at both PCC and chief constable level, and she is quite right to point out that it has a relatively low level of reserves, at 8% of net revenue compared with a national average of 15%. I can give her a twofold assurance. She will see in the statement that there is an intention to work towards broadly the same type of settlement in 2019-20, which will allow additional precept flexibility for Essex. We are also clear in the statement that the work on the so-called fair funding review is not lost; we just feel that the most appropriate point at which to revisit it is in the context of the next spending review.

**Mr Pat McFadden** (Wolverhampton South East) (Lab): What the Minister has done today is to pass the buck from the Government to local police and crime commissioners. He has done this at a time when the West Midlands force has lost £145 million in real terms in the past seven years, and 200 officers are no longer there to keep the public safe. Does the Minister not accept that if the tables were turned, and Conservative Members were in opposition facing a Government who had cut police numbers by over 20,000, they would be screaming about the injustice of it from the rooftops?

**Mr Hurd:** I am puzzled by the right hon. Gentleman's attitude, because we are talking about an increase of investment for West Midlands of £9.5 million for 2018-19,

if the local police and crime commissioner maxes the precept flexibility. I cannot see how that can be a cut. He will also be aware that his force, which is excellently led, is relatively rich in terms of the reserves it holds. They are worth 20% of its net annual revenue, a number that has actually grown. He will have lots to raise in his conversations with his police and crime commissioner and chief constable about how this increased investment can benefit his community.

**Wendy Morton** (Aldridge-Brownhills) (Con): Today's announcement is welcome news, and I am pleased to hear that the Minister has spoken to and listened extensively to police authorities and PCCs, including in the west midlands. I am grateful to him for taking the time to enable me to raise some of the issues in my constituency regarding frontline policing and our Remembrance Day parades, which are so important to us. Does he agree that this extra investment and greater flexibility for police and crime commissioners will allow them to support all of our local communities, including those in my constituency?

**Mr Hurd:** I thank my hon. Friend, and I again place on the record that she has been tireless in her advocacy on behalf of her constituents and in challenging me about police resources. I hope that she will welcome the additional investment in her police force, if the police and crime commissioner maximises the precept flexibility, and she will be looking forward to holding the PCC to account on how those resources are allocated.

**Wes Streeting** (Ilford North) (Lab): Londoners are absolutely sick and tired of the spectacle of Tory MPs crying crocodile tears in their local papers about police station closures, and then coming to the House to cheerlead the cuts that make them necessary, but perhaps that is why London Tory MPs are an endangered species. Is not what the Minister has announced today the worst of all worlds? He is asking people to pay more in taxes, he is cutting support from central Government and he is still not giving the police the funding they need to tackle the crime that is blighting our communities.

**Mr Hurd:** Now the hon. Gentleman has got that entirely artificial rant out of his system, let us examine the facts. The proposals to close police stations are controversial in London, but they are the decisions not of the Government but of the democratically elected—as it happens, Labour—Mayor, and he is accountable for that. The Mayor has got most such decisions wrong, but I see he is changing many of them—he certainly is in my area—and I congratulate him on doing so. The fact of the matter is that the Metropolitan police, and I speak as a London MP, is relatively well resourced compared with the rest of the system.

**Wes Streeting:** Get real!

**Mr Hurd:** The hon. Gentleman tells me to get real, but the reality is that if we look at the performance of the London Met now as compared with 2008, there are—on the latest figures I have seen—100,000 fewer crime incidents and broadly the same number of police officers, and it is £700 million a year cheaper for it to run the policing system. In his world, those are cuts; in my world, they are efficiencies. The Met does a great job

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and is on a journey to becoming even more efficient, and this funding settlement, with the increased investment for it, will help it to do so.

**Mr Philip Hollobone** (Kettering) (Con): Will the Policing Minister confirm that his settlement gives an extra £3.5 million to Northamptonshire police, which is an increase of 2.9% against a national average of 2.4%, and therefore represents further good news for a police force that is rated good for efficiency and has been busy recruiting new police officers?

**Mr Hurd:** I thank my hon. Friend for that, but his is not the only force that is recruiting more police officers. His force also stands out as one of the most effective in maximising the benefits of collaboration with other blue light services. I thank him for welcoming the additional £3.5 million of investment in the local policing system, if the PCC maximises his precept flexibility.

**Gerald Jones** (Merthyr Tydfil and Rhymney) (Lab): Despite the dedicated work of officers in Gwent police and South Wales police—my constituency covers parts of both forces—the pressure on frontline policing is greater than it has been for many years. Under the heading “Additional Rule 1” in the documents published today, South Wales police will face a reduction of £13,416,000 and Gwent police, which is one of the smallest forces, will face a reduction of £917,247. That is a cut—a reduction. It is less money whichever way the Minister tries to dress it up. With the Office for National Statistics saying that visible policing is lower than it has been in many a year, how can the Minister justify the Government’s position that they are keeping this country safe?

**Mr Hurd:** Again, I refer the hon. Gentleman to table 1 on the “Provisional change in total direct resource funding compared to 2017/18”—I apologise to Labour Members if they do not have it to hand—which tells me that, if the proposals are accepted, and they are out for consultation, South Wales will see an additional £6.7 million cash increase in investment; and Gwent, which we should note is sitting on reserves worth 42% of its income, will receive a cash increase of £3 million. Again, I do not see how that can be a cut in anyone’s language.

**Matt Warman** (Boston and Skegness) (Con): Lincolnshire’s police and crime commissioner tells me that he considers the precept changes to be very good news, so I welcome the Minister’s statement. Can he confirm that the unique challenges faced by large, rural and sparsely populated counties, such as Lincolnshire, will be addressed by additional money for digital transformation?

**Mr Hurd:** Lincolnshire police are a good example of a force that feels under a great deal of pressure at the moment, so I am glad that the PCC has welcomed the settlement, as most have. I am sure that Labour MPs, when they talk to their PCCs and chiefs, will recognise that this settlement is better than many of them expected. My hon. Friend’s point about digital transformation is absolutely fundamental, and Lincolnshire police is a leader in that regard. I remember sitting around a table

in the police headquarters listening to a young officer talking about how mobile working and the platform that has been developed there has transformed the force’s efficiency and productivity. I repeat my previous statement about the amount of police officers’ time that can be saved by embracing the full digital potential. The Government are determined to support the police in achieving that.

**Mr Kevan Jones** (North Durham) (Lab): The Minister has visited Durham’s outstanding police force. He has said that he is listening to chiefs and to police and crime commissioners. Both Ron Hogg, the Labour PCC, and Mike Barton, the chief constable, have raised with him a particular problem that Durham has, which is that 50% of our properties are in band A, so relying on precept to cover the hole that has developed as a result of cuts to central funding is not a long-term solution for Durham. With pay increases and inflation, it will mean a cut in policing in Durham. Before he tells me that they have to become more efficient and work better, let me tell him that they have done all that and been rewarded for it. Can he suggest what the long-term solution is for forces, such as Durham’s, that have that problem?

**Mr Hurd:** I know that the hon. Gentleman has not seen the table, but it shows that if the proposals are accepted and the PCC does what we are empowering him to do, Durham will receive a cash increase of £2.4 million next year. I suggest that he goes back to Mike and Ron and asks whether that is helpful, because I suspect that the answer will be yes.

**Peter Aldous** (Waveney) (Con): I look forward to studying the Minister’s proposals in detail. Suffolk constabulary is an efficient force, but it is historically underfunded and faces a whole variety of modern-day pressures, such as responding so quickly to the incident at RAF Mildenhall yesterday. Can the Minister confirm that he will continue to work with the PCC, Tim Passmore, and Suffolk MPs to put the funding of Suffolk police on a sustainable, long-term footing?

**Mr Hurd:** Yes, I can give that undertaking, and I am more than happy to maintain that conversation with the hon. Member for North Durham (Mr Jones) as well. I have visited Suffolk police, as I have visited Durham police, and had conversations with Suffolk MPs. I know that the settlement is a step on a journey, which is why we are keen to signal the direction of travel for 2019-20 in the written statement, but the facts of the matter remain: this represents an increase of £450 million in investment in our policing system in England and Wales. I hope that colleagues across the House, once they have digested that, will welcome it.

**Dan Carden** (Liverpool, Walton) (Lab): The stark reality in Merseyside is that we have lost 1,000 police officers and £100 million from our budget, and we have rising crime—violent crime and gun crime. Merseyside MPs have lobbied Ministers time and again to deal with the financial problems in our police force. Our chief constable, Andy Cooke, has described the force as being “stretched to the limits” in a way he has never seen before. Are the Government really proud of their record on protecting British citizens on our streets?



**Mr Hurd:** We are proud that crime has fallen by a third on our watch. I recognise—because I have visited the force and spoken to Andy personally—that Merseyside police, like many police forces across the country, clearly feel very stretched at the moment. That is why, having done this review, we have gone back, looked at the settlement, listened to the police and the PCCs, and come forward with proposals that will increase investment in the policing system by £450 million, including an additional £5.2 million for Merseyside next year, if the PCC maximises his flexibility.

**Paul Scully** (Sutton and Cheam) (Con): The Mayor of London took the decision to cut the policing budget by £38 million this year, while stockpiling reserves that are equivalent to 10% of funding and overseeing an increase in serious crime. I welcome the statement, which will allow the Mayor to reverse that decision and allow the increase for Metropolitan police funding by up to £43 million. Does the Minister agree that this shows that with the Conservatives people get good results and sound management, and that with Labour they get neither?

**Mr Hurd:** I agree. Labour MPs are chuntering about tax increases, but when they call for more investment, where do they think it will come from? I was accused earlier of passing the buck. The reality—I know that the Labour party does not like it—is that we have changed the model so that the public can see clearer lines of responsibility and accountability for the performance of their police service, and in London that means the Mayor. Instead of sitting in his bunker writing letters asking for more money, the Mayor should get out there and tell us what he is doing to implement his crime plan.

**Jack Dromey** (Birmingham, Erdington) (Lab): Two thousand West Midlands police officers have gone. Crime is up by 15%. There have been nine stabbings and shootings in Erdington in recent months. Pensioners are afraid to go out at night. Shopkeepers are saying that people are increasingly afraid to come out and shop at night. They all had hoped that their voice would be heard by the Government. A flat-cash settlement delivering £9.5 million will come nowhere near the £22 million that West Midlands police needs in order to stand still. That will mean further reductions in police numbers and betraying the first duty of any Government, which is the safety and security of their citizens.

**Mr Hurd:** I am not sure whether the hon. Gentleman is welcoming the additional £9.5 million of investment or not. We had a very sensible and constructive conversation with the rest of the west midlands MPs, and I think that he knows in his heart of hearts that when he goes back to speak with his chief and his police and crime commissioner, they will tell him that it is a better settlement than they expected.

**Tom Pursglove** (Corby) (Con): I welcome the Minister's statement, his engagement with police and crime commissioners across the country and the policing innovation we are seeing in Northamptonshire. Is he, like me, pleased that this Government did not adopt the approach of cutting the policing budget by 10%, which Opposition Members were arguing for not that long ago?

**Mr Hurd:** That certainly was recommended by a previous shadow Home Secretary—he was more moderate than the current shadow Home Secretary, who is on record as saying that she wanted to dismantle the police. I thank my hon. Friend for welcoming the settlement, and I am sure that he will have constructive conversations with his PCC about how the additional £3.5 million will be spent next year in the best interests of his constituents.

**Lilian Greenwood** (Nottingham South) (Lab): My constituents have seen what this Government have meant for local policing: fewer officers on their streets and crime on the rise. Will the Minister confirm that even though he must know that council tax is highly regressive, he is asking those same constituents, many of whom are low paid or on fixed incomes, to pay more while he will not provide a penny more and central Government grant is falling in real terms?

**Mr Hurd:** I hesitate to challenge a local MP, but the fact of the matter is that Nottinghamshire police is one of a number of forces that intend to increase officer numbers next year. The hon. Lady talks about tax, and of course this is a hugely sensitive issue, but we should not lose sight of the fact—I have not said this before—that it is not mandatory for PCCs to impose this increase if they feel that it is not the right thing to do; it is about flexibility. In reality, because many of them have tested it—she will have her own view in Nottingham as to whether an additional £1 a month for investment in local policing is an acceptable proposition—each area will have a different view on that.

**Clive Efford** (Eltham) (Lab): I have never heard so many Tories come into the Chamber and welcome a council tax increase. The look on the Minister's face while he has been standing at the Dispatch Box—if he walked down the street, he would be stopped and searched. He has one hand in the pocket of every single citizen in this country, and he is telling them that they will see an increase in funding for their police, but they have to pay more tax for it. That is exactly what he is doing, and he is making the poorest in our communities pay for it. The Metropolitan police has been cut by £1 billion since 2010, under the Tories and the Liberal Democrats. Is he suggesting that we put a precept on council tax to backfill that hole? Crime is increasing and police numbers are down to the lowest they have been in 20 years. What is he going to do about that?

**Mr Hurd:** The hon. Gentleman simply articulates the problem with the Labour party: year after year and decade after decade, the answer is always more and more money with no understanding of where it comes from. There is no such thing as Government money—it is taxpayers' money. The only way to increase investment in policing, which is what we all want to do, is to either increase borrowing or increase taxation. As he will see, this settlement increases investment from the centre by £130 million. We are enabling locally accountable police and crime commissioners to go to their public and say, "Will you give us an extra £1 a month to invest more in our local policing?" I suspect the answer will be yes.

**Holly Lynch** (Halifax) (Lab): Further to my hon. Friend's point, the Minister will be well aware of the really significant variation in the money that can be

[Holly Lynch]

raised through the precept, which often means that some of the forces with the greatest need are able to raise the least. What is the Minister planning to do to help to reconcile some of those imbalances so that we can meet demand?

**Mr Hurd:** I welcome the hon. Lady's contribution. She is extremely thoughtful on police matters and has done great work over the years on the "Protect the protectors" agenda. I hope she welcomes the additional £8.9 million that her force should see next year. She raises a thoughtful point. It is a complex system. There are some forces whose ability to raise precept is low, or whose historical precept levels are low. That often reflects historical political decisions, which I cannot do anything about at the moment. She will notice that this has been structured in terms of an additional £12 rather than percentages, which has been the historical route. There is a reason for that: it advantages slightly those forces that have low precepts.

**Gavin Robinson** (Belfast East) (DUP): The Minister was kind enough to acknowledge the bravery and hard work of police officers right throughout this country, but far from looking at the financial settlement for next year, serving police officers in the Police Service of Northern Ireland have yet to learn of their pay award this year. Given the political difficulties in Northern Ireland, will the Minister at least engage with the Secretary of State for Northern Ireland and stand up for policemen right across this country?

**Mr Hurd:** I am certainly happy to speak to the Secretary of State about that.

## Points of Order

2.52 pm

**Vernon Coaker** (Gedling) (Lab): On a point of order, Mr Speaker. I wonder whether you can help the House. We have just had a statement on the police grant assessment and the figures for individual forces are now available. On the local government financial settlement, however, I have just been to the Vote Office and there are no figures for individual authorities. No doubt Members will be contacted and asked about these matters. In the past, the figures have always been available at the same time as the settlement. Mr Speaker, could you ask those on the Treasury Bench whether there is any way they can speed this up so that we can at least get them before Christmas? I do not want to have a situation where all of us are being asked about this but we have no idea what it means for our individual authorities.

**Mr Speaker:** I am very grateful to the hon. Gentleman for raising that point of order and for giving the Chair advance notice of his intention to raise it. As I recall it, in respect of the local government finance settlement and the statement thereon, the Secretary of State did not refer to any laid documents. I appreciate that hon. Members may customarily expect documents on these matters—that has tended to be the case—but this is a matter for decision by Ministers. I am sure the concerns, expressed by the hon. Gentleman in his point of order and by other Members in the course of the exchanges, will have been heard on the Treasury Bench.

I would just add, if I may, one point in underlining the significance of the hon. Gentleman's point. It would, in respect of local government finance in particular, be helpful to Members in their attempted interrogation if the documents were available before the start of the statement. The reason why I say that "in particular" in respect of these matters is that it was long ago observed by many people to me when I started in my political activity that only three people in history were ever thought to have understood local government finance. In that sense, it was considered to be analogous to the situation appertaining to the Schleswig-Holstein question, about which it was also said that only three people had ever understood: one had since died, the second had gone mad and the third had forgotten the answer to the question. It is therefore useful to have more material rather than less in relation to these matters.

**Dan Carden** (Liverpool, Walton) (Lab): On a point of order, Mr Speaker.

**Mr Speaker:** I think the hon. Gentleman wants the Second Deputy Chairman to respond to his point of order.

**Dan Carden:** I want you, Mr Speaker.

**Mr Speaker:** Such charm! Oh, go on. Let us hear the hon. Gentleman.

**Dan Carden:** I am grateful, Mr Speaker. Once again, Liverpool Prison in Walton in my constituency is subject to media reports following its most recent inspection in September this year. Perhaps most damning of all, the report states:

“We saw clear evidence that local prison managers had sought help from regional and national management to improve conditions they knew to be unacceptable...but had met with little response.”

This morning, the Justice Secretary promised an action plan would be forthcoming in the new year. That is too little, too late. We need answers to how HMP Liverpool was allowed to sink into such disrepair and squalor in the first place. This cannot be brushed under the carpet. This is a failure of the state of the highest magnitude. The Government and Ministers must be accountable to this House, so I ask for your guidance, Mr Speaker, on how I can get answers to what happened at HMP Liverpool.

**Mr Speaker:** I am very grateful to the hon. Gentleman for his point of order. The short answer is that he would certainly have an opportunity at business questions on Thursday to raise this matter with the Leader of the House if he is so inclined. There are various other means by which matters can be raised and the hon. Gentleman will be familiar with the arsenal of weapons available to a Back-Bench Member. I completely understand his concern. If he is asking me, “Is there at least one method of raising it before we rise for the Christmas recess?” the answer is yes and there may prove to be more.

## BILLS PRESENTED

### PENSION BENEFITS (ILL HEALTH) BILL

*Presentation and First Reading (Standing Order No. 57)*

John Mann presented a Bill to require pension providers to make lump sum payments and other pension benefits available to people with ill health, including people with a terminal diagnosis, prior to such people reaching minimum pension age; and for connected purposes.

*Bill read the First time; to be read a Second time on Friday 27 April 2018, and to be printed (Bill 143).*

### ACCESS TO RADIOTHERAPY BILL

*Presentation and First Reading (Standing Order No. 57)*

Tim Farron, supported by Mr Jim Cunningham, Norman Lamb, Stephen McPartland, Layla Moran, Grahame Morris and Tom Brake, presented a Bill to make provision to improve access to radiotherapy treatment in England; to define access in terms of the time that patients are required to travel to places providing treatment; to specify 45 minutes as the maximum time patients are to travel; and for connected purposes.

*Bill read the First time; to be read a Second time on Friday 11 May 2018, and to be printed (Bill 144).*

## Emergency Response Drivers (Protections)

*Motion for leave to introduce a Bill (Standing Order No. 23)*

2.58 pm

**Sir Henry Bellingham** (North West Norfolk) (Con): I beg to move,

That leave be given to bring in a Bill to provide protection for drivers of emergency vehicles responding to emergencies from civil liability and criminal prosecution in specified circumstances; to make related provision about criminal proceedings and sentencing; and for connected purposes.

I want to look at the case of PC Richard Jeffery, a Norfolk officer who, on a dark night at the end of his shift, was driving back towards the police station when on the radio came through a report of a stolen car being driven erratically with no lights. He intercepted the vehicle and followed it. He followed his training to the letter: he kept a sensible distance and did not tailgate the vehicle. The vehicle carried on being driven erratically and after a mile or so it crashed. Tragically, the driver was killed. He was four times over the limit and it was a stolen vehicle.

PC Richard Jeffery was suspended and investigated for gross misconduct. Understandably, and as one would expect, the case was referred to the Crown Prosecution Service. After three months, it decided there was no case to answer. The family of the victim appealed the decision to the CPS, however, and the case went on for several more months, but still there was no case to answer. The Independent Police Complaints Commission then investigated the accusation of gross misconduct for nearly two years. Throughout that time, PC Richard Jeffrey was suspended, Norfolk constabulary lost a long-serving and experienced officer, and at the end of it, he was completely exonerated.

The key point is that the CPS and the IPCC could not look at the extra training and expertise of the police officer—they could not apply the test of a competent and careful trained response driver; they could judge him only by the “competent and careful driver” standard, which is the standard applied to us all. This officer faced a dilemma. He could easily have said, “It’s the end of a long day, I won’t take the risk, I’m going back to the police station.” What would have then happened if this car, which was being driven by a driver four times over the limit with broken lights and on a wet road, had gone off the road and killed several people? He would have had that on his conscience forever, so of course his training kicked in, as one would expect.

There have been many other such cases recently, but I will pick up on just a few. A colleague in the House this afternoon brought to my attention the case of a constituent of his who was a highly trained and decorated officer. He was actually the pursuit commander and tactical adviser during an incident involving a moped that was being driven highly erratically. In fact, the driver was almost deliberately trying to goad the police. The police followed. He was in the second car, but he was the commander. Tragically, the moped rider went off the road and was killed. The officer was suspended, as one would expect—one does not necessarily object to that. Eighteen months on, however, he had been forbidden to work in any capacity and, quite staggeringly, forbidden to leave his home for more than three days. There is still no end to this saga—the case is ongoing—so I cannot comment in more detail.

[Sir Henry Bellingham]

It seems that there is a scourge of mopeds being used for crimes, and often moped riders know that if they take their helmet off, they have more chance of getting away. Two months ago in Kent—I am glad that some of my hon. Friends from Kent are here today—a moped was being driven highly erratically. It was actually doing wheelies and going up the wrong side of a dual carriageway. Four police vehicles were involved. The police officers concerned decided to take action and follow the moped. The moped driver had an accident, went flying off and injured himself—not critically, although it was thought he had severe head injuries. The police officer driving the car closest to the incident was suspended and then investigated for grievous bodily harm and dangerous driving. The case is ongoing. In fact, the driver recovered from his head injuries very quickly, and two weeks on was committing further crimes, while the police officer, who was doing his duty, ended up being suspended. I cannot comment further because the case is sub judice.

I want to look at cases that are no longer in the court arena and have been decided—these are on the public record. A firearms officer in Hampshire was deployed to a domestic violence incident on new year's eve in 2015. While progressing to the incident, he used all his training to drive highly professionally, correctly and properly; he went through a couple of red lights and was involved in a slight injury collision with a member of the public. In the end, the “competent and careful driver” test was applied—neither the CPS nor the IPCC could consider his training and expertise—and he was charged with dangerous driving, and nearly two years later the trial took place. I am pleased to say that he was acquitted, but throughout that time Hampshire was without its most senior firearms officer.

There have been other cases. There was one in Merseyside involving a firearms officer and another involving a PC Steventon in Yorkshire. The latter was in a car pursuing a vehicle that had been observed at a petrol station. The individual was suspected of burglary and other offences. The police officer gave chase, and a long time later was charged. The rationale was that, although he had an exemption for breaking the speed limit and going through a traffic signal, he did not have an exemption for the alleged dangerous driving. He was suspended for 18 months, therefore, went to court and was acquitted. Afterwards, the judge said:

“After all you and your family have been through it would be an affront to natural justice if you were to face another internal disciplinary procedure. I hope that will not be the case” and he expressed his hope that he leave a free man.

There are many other cases, but what runs through them is the significant impact they have on the officers, who are doing their duty to and serving the public, and the forces. There are, however, guidelines. In a letter to one of my colleagues, a Home Office Minister wrote: “There are guidelines in place, and obviously the idea is to reduce the risks associated with this activity”—pursuit—“and to set out when it is in the public interest for a prosecution to take place. Police should be able, without fear of prosecution, to go ahead and carry out their duties”. The guidelines are obviously not working. Time and again, the IPCC takes the view—perhaps while wrapped up in the emotion and under a lot of pressure from families—that it should take action, but it says, “We won't deal with it, we'll let the courts look at it”. That, I think, is a cop out. It is quite wrong that these officers are being prosecuted in this way.

My Bill would simply make it clear that the expertise and training of officers can be taken into consideration. In other words, the test applied would not be the universal test but a specific test for these emergency vehicle drivers. Some of my colleagues have said, “Is this a charter for the police acting irresponsibly, going berserk and getting carried away?” It is categorically not. Obviously, they would have to follow their training, the training manual and their professional judgment, and nor would there be an exemption for aggravating factors—for example, if the police officer were over the limit, recovering from a sickness or driving recklessly. The good news is that the training of police drivers has now been consolidated across the entire country through the road policing driving training programme, so we have standard procedures across the country. It is time for the law to be changed. I know that the Minister is sympathetic. This simple change would tilt the balance in favour of these professional, highly skilled public servants.

*Question put and agreed to.*

*Ordered,*

That Sir Henry Bellingham, Bob Blackman, Jack Lopresti, Stephen Twigg, Robert Halfon, Steve McCabe, Sir Oliver Heald, Chris Bryant, Sir Roger Gale, Leo Docherty, Peter Aldous and James Cartledge present the Bill.

Sir Henry Bellingham accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 16 March 2018, and to be printed (Bill 145).*

## Finance (No. 2) Bill

(Clauses 8, 33, 40 and 41, Schedules 9 and 11 and certain new Clauses and Schedules)

[2ND ALLOCATED DAY]

Further considered in Committee

[MRS ELEANOR LAING *in the Chair*]

### New Clause 6

#### EQUALITY IMPACT ANALYSES OF PROVISIONS OF THIS ACT

(1) The Chancellor of the Exchequer must review the equality impact of the provisions of this Act in accordance with this section and lay a report of that review before the House of Commons within six months of the passing of this Act.

(2) A review under this section must consider—

- (a) the impact of those provisions on households at different levels of income,
- (b) the impact of those provisions on people with protected characteristics (within the meaning of the Equality Act 2010),
- (c) the impact of those provisions on the Treasury's compliance with the public sector equality duty under section 149 of the Equality Act 2010, and
- (d) the impact of those provisions on equality in different parts of the United Kingdom and different regions of England.

(3) A review under this section must give a separate analysis in relation to the following matters—

- (a) income tax (in sections 1 and 3 to 6),
- (b) employment (in sections 7 to 10),
- (c) disguised remuneration (in sections 11 and 12 and Schedules 1 and 2),
- (d) pension schemes (in section 13 and Schedule 3),
- (e) investments (in sections 14 to 17 and Schedules 4 to 5),
- (f) corporation tax and other aspects of business taxation (in sections 2, 19 to 32, 36 and 37 and Schedules 7 and 8),
- (g) the bank levy (in section 33 and Schedule 9),
- (h) settlements (in section 35 and Schedule 10),
- (i) stamp duty land tax (in sections 40 and 41 and Schedule 11),
- (j) air passenger duty (in section 43),
- (k) vehicle excise duty (in section 44), and
- (l) tobacco products duty (in section 45).

(4) In this section—

“parts of the United Kingdom” means—

- (a) England,
- (b) Scotland,
- (c) Wales, and
- (d) Northern Ireland;

“regions of England” has the same meaning as that used by the Office for National Statistics.”—  
(*Dawn Butler.*)

*This new clause requires the Chancellor of the Exchequer to carry out and publish a review of the effects of the provisions of the Bill on equality in relation to households with different levels of income, people with protected characteristics, the Treasury's public sector equality duty and on a regional basis*

*Brought up, and read the First time.*

3.10 pm

**Dawn Butler** (Brent Central) (Lab): I beg to move, That the clause be read a Second time.

**The Temporary Chair (Mrs Eleanor Laing):** With this it will be convenient to discuss the following:

New clause 7—*Equality impact analyses of provisions of this Act (No. 2)*—

(1) The Office for Budget Responsibility must review the equality impact of the provisions of this Act in accordance with this section within six months of the passing of this Act.

(2) A review under this section must consider—

- (a) the impact of those provisions on households at different levels of income,
- (b) the impact of those provisions on people with protected characteristics (within the meaning of the Equality Act 2010),
- (c) the impact of those provisions on the Treasury's compliance with the public sector equality duty under section 149 of the Equality Act 2010, and
- (d) the impact of those provisions on equality in different parts of the United Kingdom and different regions of England.

(3) A review under this section must give a separate analysis in relation to the following matters—

- (a) income tax (in sections 1 and 3 to 6),
- (b) employment (in sections 7 to 10),
- (c) disguised remuneration (in sections 11 and 12 and Schedules 1 and 2),
- (d) pension schemes (in section 13 and Schedule 3),
- (e) investments (in sections 14 to 17 and Schedules 4 to 5),
- (f) corporation tax and other aspects of business taxation (in sections 2, 19 to 32, 36 and 37 and Schedules 7 and 8),
- (g) the bank levy (in section 33 and Schedule 9),
- (h) settlements (in section 35 and Schedule 10),
- (i) stamp duty land tax (in sections 40 and 41 and Schedule 11),
- (j) air passenger duty (in section 43),
- (k) vehicle excise duty (in section 44), and
- (l) tobacco products duty (in section 45).

(4) In this section—

“parts of the United Kingdom” means—

- (a) England,
- (b) Scotland,
- (c) Wales, and
- (d) Northern Ireland;

“regions of England” has the same meaning as that used by the Office for National Statistics.

(5) The Chancellor of the Exchequer must lay before the House of Commons the report of the review under this section as soon as practicable after its completion.”

*This new clause requires the Office for Budget Responsibility to carry out a review of the effects of the provisions of the Bill on equality in relation to households with different levels of income, people with protected characteristics, the Treasury's public sector equality duty and on a regional basis.*

**Dawn Butler:** New clause 6 stands in the name of my right hon. Friend the Leader of the Opposition and those of other Members on both sides of the House. The aim of both new clauses is basically to help the Government. We want them to set an example to every Department and public sector organisation by fulfilling their own obligation under the public sector equality duty and publishing a meaningful equality impact assessment. The equality duty covers nine protected

[Dawn Butler]

characteristics: age, disability, gender reassignment, pregnancy, maternity, race, religion or belief, sex and sexual orientation.

The Prime Minister says that she understands the problems faced by members of protected groups and that her Government are committed to tackling inequality in the ways set out in the equality duty, but one thing confuses me. If she understands all that, why does she allow her policies to undermine and hurt women and other groups with protected characteristics? Such “words over deeds” undermine people’s trust in politics and politicians.

How can I be sure that the Prime Minister knows these problems so well? There have been two stand-out moments. The first was in 2010, when the Prime Minister said:

“there are real risks that women, ethnic minorities, disabled people and older people will be disproportionately affected by proposed cuts to public spending.”

The second was when she said, on the steps of No. 10, that she wanted to tackle the “burning injustices” in our society. But all that she has done is make things worse. She has added fuel to the fire, and those injustices now burn brighter than ever. The Chancellor said that this Budget would be full of new opportunities—for whom? He failed to address the position of women born in the 1950s, violence against women and girls, the crisis in social care, falling wages, and a social security system that is leaving millions of children in poverty.

I am sure that the Minister will disagree with some of what I am saying, but let me challenge him. This is his opportunity—his moment—to carry out a comprehensive equality impact assessment, publish it, and prove me wrong.

**Mr Jim Cunningham** (Coventry South) (Lab): One of the issues that my hon. Friend has not mentioned—although I am sure that she will come to it—is the underfunding of women’s refuges.

**Dawn Butler:** My hon. Friend is right: I will indeed come to that issue.

As we approach Christmas, I ask the Minister to consider the impact that the Government’s policies are having. More than 128,000 children will be in temporary accommodation over Christmas, women’s refuges—as my hon. Friend has just said—are in crisis, and universal credit will leave people penniless and homeless over the Christmas period.

**The Financial Secretary to the Treasury (Mel Stride):** Nonsense.

**Dawn Butler:** It is not nonsense. I challenge the Minister to sit in one of my surgeries and hear that it is not nonsense.

The Government have made £28 billion of cuts affecting 3.7 million disabled people, and the additional caring responsibilities have fallen on the shoulders of women. It is the same with the cuts in social services—women take up the slack—and the pay cap, which hurts women more than men. Indeed, 86% of the Government’s cuts are falling on women. Labour Members are not the

only people who are saying that. In June, the UN Committee on Economic, Social and Cultural Rights said that the Government’s changes adversely affected

“women, children, persons with disabilities, low-income families and families with two or more children.”

If the United Nations can see that, and if Labour Members can all see it, why can the Government not see it and do something about it? The best policies are evidence-based policies.

3.15 pm

How, for instance, have the Government’s policies affected people of colour? Research carried out by the Equality and Human Rights Commission showed that average losses in black households amount to about 5% of net income, more than double the figure in white households. It also concluded that lone parents lose about 15% of their net income—on average, £1 in every £6—compared with other families, who lose from nothing to 8% depending on how wealthy they are. How have the Government’s policies affected people working on low incomes? There are 8.9 million people in working households who live in poverty. That is a record to be ashamed of. It has been seven years! Even Scrooge would have seen the error of his ways by now.

The Government are failing, even on their own terms, to promote equality, fight discrimination in all its forms and introduce transparency. Equality audits should be carried out at the development stage of any policy. Once a policy has been implemented, there should be post-legislative scrutiny. That is good government. The Government should not be scared of impact assessments; they should embrace them, which is exactly what a Labour Government will do. They should not be denying that there is a problem. We hear that type of rhetoric from the Prime Minister every Wednesday. We tell her that there is a crisis in the NHS”; she says, “Oh no there isn’t,” and we say, “Oh yes there is.” It is like the Christmas panto every Wednesday, and not in a good way.

Having a detailed understanding of how policy choices exacerbate or eliminate inequality at every stage of the policy-making process is the key to tackling burning injustices and producing good policies. It is no good saying things that one does not mean. The only impact assessments in the 2017 Budget documents are the tax information and impact notes, also known as TINs. They contain only a sentence or two about equality impacts. I say to the Minister, and to the Chancellor, “Be less like the TIN man, and have a heart.” Let us do more than TINs. Let us have a full comprehensive equality impact assessment and publish it, so that we can make this country a fairer place for the many and not the few.

If the Chancellor and the Minister will not listen to me, or to the Institute for Fiscal Studies, the Equality and Human Rights Commission, the Women’s Budget Group, the Runnymede Trust or the House of Commons Library, perhaps they will listen to the Women and Equalities Committee, which was set up by the Prime Minister with a member of the Conservative party in the Chair. It has said that greater transparency is essential in order for the Government to demonstrate that they have fulfilled their obligations, and recommended that evaluations should be commissioned for the equality analyses accompanying all future spending rounds and

fiscal events. I hope that all members of that Committee will join us in the Aye Lobby today. After all, it was their work and their report that helped to generate this debate.

Before the Minister responds, I want to help him by dealing with some of the arguments that we expect to hear from him. The Government say that it is not possible to do a full impact assessment, but I say, in full pantomime muster, “Oh yes it is!” The Women’s Budget Group and the Runnymede Trust have done just that. One Minister misquoted what the IFS said in 2011. In fact, the IFS went on to describe ways in which the Government could fulfil their obligations with very little effort, and with just the will and the heart to do so. The Government have said that it is not possible to analyse the impact of changes in tax and benefits on women and men in couples, and I say again, “Oh yes it is!”

Analysis can assume income is shared equally; may I highlight one problem that Labour solved and the Conservatives have now recreated? The decision to pay tax credits to the main carer, rather than the main earner, was a decision made by a Labour Government in 1997, and it was based on evidence—evidence that money paid to women was more likely to be spent on children than money paid to men. Universal credit has just reversed all of that. If this Government conducted proper impact assessments, they would know this stuff.

**Mr Jim Cunningham:** My hon. Friend is making an interesting point. I am sure she agrees that, given that this Government and the previous Government talked about £12 billion in cuts, and therefore universal credit must fit that target, that is why they will not conduct an impact study.

**Dawn Butler:** Absolutely. My hon. Friend makes a powerful statement, and it points to the crux of the new clauses: if the Government would only do impact assessments even as the policy goes forward, they would be able to say, “Okay, this isn’t working: it’s hurting; it’s damaging people. Let’s do something different.” But, in their arrogance, they refuse to do that.

The House of Commons Library uses a different calculation in its assessments. I admit that some of the assessments are not straightforward, but that does not mean that they should not be done; after all, they are the Government. Most recently, the Government have argued that the equality impact analysis carried out by the Women’s Budget Group and the Runnymede Trust does not take into account the impact of increases to the national living wage or spending on services that benefit women such as health, education, childcare and social care. I say again: “Oh yes it does.” Their report, “Intersecting Inequalities”, includes the impact of both the national living wage and changes to spending on a wide range of services. When the cuts to services are added, the impact is more severe. The Treasury says that individual Departments are responsible for the equality impacts of their own policies; yes they are, but the Treasury should also be responsible for publishing the equality impact of policies, since it sets the overall budget limits, and any impact assessments carried out should be available for everyone to see, and not hidden away.

The Government’s arguments are just excuses, allowing them to evade accountability for the impact of their policies. That shows a lack of commitment to tackling

the major inequalities in our society. This Government are so evasive: we are still awaiting a response to the cross-party letter sent to the Minister for Women and Equalities on 29 November highlighting major concerns on this very issue.

If we were in Scotland or Wales, we would be legally obligated to carry out and publish equality impact assessments. We are the mother of all Parliaments and we should be leading the way. What is wrong with getting the facts and making policy based on them? That is sensible and it is right; people outside this place will not understand what the reluctance is all about.

The Minister will probably talk in his response about “due regard”, but what does “due regard” mean? There is some legal definition of due regard. The courts have said that it means sufficient information, so even on a lower bar of “due regard” this Government and their Departments are still failing, as they tend to produce superficial equality impact assessments.

I concede that more needs to be done to establish robust analysis, but if Scotland and Wales can do it, why cannot we? Current analysis should be taken as a starting point for Government action, not an excuse for inaction, so I call upon the Chancellor to give the country a Christmas present and to commit to doing things properly.

As my Christmas gift to the Government, here are three things as a start in that process. First, they should consider the impact of their policies at all stages of the legislative process. That means the Government examining the differential and intersectional impact of their policies and, if necessary, changing course to ensure equality of outcome. Secondly, they should work with organisations such as the Equality and Human Rights Commission, the Women’s Budget Group and the Runnymede Trust to produce analysis with a high level of detail. Thirdly, they should commission the Office for Budget Responsibility to carry out an independent review into the effects of the provisions of this Bill.

Everyone in this House can help tackle the burning injustices that blight our country today by voting for new clauses 6 and 7.

**Sarah Champion (Rotherham) (Lab):** I rise to speak in support of new clauses 6 and 7, proposed by my hon. Friend the Member for Brent Central (Dawn Butler).

Under the public sector equality duty, all public bodies, including the Treasury, are obliged to have “due regard” to the impact of their policies on equality. Yet, once again, this Government have refused to carry out a meaningful equality audit of their Budget.

I am grateful that the House of Commons Library has done research, and it has consistently shown that 86% of the burden of Tory tax and benefit changes since 2010 has fallen on the shoulders of women. Today, I will tell the stories of women impacted by this, and show how they are bearing the brunt of failed Tory austerity.

Women make up two thirds of public sector workers so have suffered most from the Tories’ pay cap. Women have to struggle with more caring responsibilities due to the ever-increasing gap in social care funding. Some 54,000 women a year are forced out of their jobs through maternity discrimination. Women in my constituency of Rotherham earn 11.9% less on average

[Sarah Champion]

than men. And, shamefully, 94 women and 90 children are, on a typical day, turned away from refuges due to lack of space, according to Women's Aid.

Let me talk about some specific cases. I want to talk about Martha, a single mother. A recent report by the Runnymede Trust and the Women's Budget Group shows that by 2020 single mothers like Martha will have experienced an average drop in living standards of 18% since 2010. As a part-time NHS worker, Martha's real pay has been slashed under the Tories. NHS staff have suffered a 14% real-terms pay cut since 2010. With inflation at a near six-year high of 3.1%, more and more women like Martha are struggling to put food on their table. Martha is not just about managing; Martha is only just about surviving.

The Women's Budget Group and the Runnymede Trust analysis shows that black employed women, like Martha, are set to lose the most from cuts and changes to universal credit—around £1,500 a year. These changes include cutting the first child premium, which came into effect this year and would have been worth £545 a year to Martha.

**Mr Jim Cunningham:** A good example of the burden being put on women is through tax adjustments. Under the last Government and this one, women have lost £14 billion in that way. Another good example is Sure Start. Women cannot get out to work because there are no Sure Start facilities.

**Sarah Champion:** That is the biggest frustration. We need the Government to audit all their policies and start to recognise the trends when certain groups are disproportionately impacted. We all pay our taxes and we all want the same services, but surely the best thing for the economic growth of this country is for everyone to be able to reach their economic potential. That is surely the best way to get this country back on its feet economically.

According to research by the Child Poverty Action Group, 61% of parents working part time who wanted to work more hours said that the cost of childcare was a barrier, and no wonder, when Government cuts mean that there are now 1,240 fewer Sure Starts than there were in 2010. Yet there was no mention of childcare in the recent Budget. When 41% of women in work have part-time jobs, compared with just 13% of men, it is clear how these policies have a disproportionate impact on women. An equality impact assessment would put a spotlight on those inequalities and on the need for action—but of course we can only assume that that is why the Government refuse to carry out such assessments.

3.30 pm

It is not just younger women who are being failed by Tory economics. Martha's aunt, Rita, was born in 1956. She has worked all her adult life in an old people's home. The Tories moved the goalposts for Rita by accelerating the rise in the women's state pension age. Rita has done the right thing. She has been planning her retirement for years, and she is exhausted. Now, she has to work years longer than planned and years longer than she is physically able to. Rita is hoping for a healthy retirement, but, like many people of her age, she

is deeply concerned that the £6 billion that has been taken out of social care since 2010 will make it impossible for her to have a healthy, secure retirement. More than 1 million of our elderly people are not receiving the care that they need. Where is the reassurance for Rita when we have a Chancellor who does not even mention social care in the Budget? In a leaked 2010 letter to the then Chancellor, the right hon. Member for Maidenhead (Mrs May) said:

“There are real risks that women, ethnic minorities, disabled people and older people will be disproportionately affected by proposed cuts to public spending”.

Well, the right hon. Lady, now the Prime Minister, was not wrong. From tax credit cuts to the crisis in social care budgets, it is women who have consistently been hit the hardest by Tory austerity.

I am immensely proud of Labour's manifesto commitment to gender audit all our policies and legislate for their impact on women before their implementation. It is shameful that we have to keep challenging the Government to do their legal duty and ensure that their policies are not disproportionately impacting one particular group. There is virtually no one on the Tory Benches at the moment—and not one woman—so I have to question whether the Government are serious about equality. But if they are serious about equality, and economic equality in particular, they must take action. The simplest way for them to do that would be to support new clauses 6 and 7.

**Stella Creasy (Walthamstow) (Lab/Co-op):** I rise to make my case to the five Conservative MPs on the Government Benches today. Inequality is an incredibly expensive business for everyone. I am pleased to see five fellow feminists sitting among the many of us on these Benches—

**Mel Stride:** Eight.

**Stella Creasy:** Goodness! The Minister says eight, but I can assure him that we have a good many more than eight feminists in total on this side of the House if he would ever like to test us. Our policies and our manifesto certainly speak to that fact.

The case that I want to make to the five men on the Tory Benches, given that gender inequality and equality impact assessments can sometimes be seen as special-interest issues, is that everything we are doing today is in everyone's interest. Inequality costs us all dear. It holds everybody back in our society. Indeed, feminism is not about women; it is about the fact that power is unequally balanced in society so that 51% of those in our communities miss out on achieving their potential. That is what is behind new clauses 6 and 7. Good data help to drive good decisions. It is also good for Governments to follow their own policies. We have a public sector equality duty in this country, but the fact that the Government are not following it themselves makes it much harder for them to force other people to do so. Ultimately, we are here today to make the case that Britain will be better when we know more about the conditions that we face and about what impact policies are having.

Let me start with that cold, hard economic argument, because I am sure that the Minister, who once proclaimed his feminist credentials, already knows this, but I am not sure whether it has yet been put on the record.



Bridging the gender gap would generate £150 billion in GDP by 2025. The economy has been struggling with a productivity problem for decades, and there is nothing stronger or faster that we could do to address that than to ensure that everybody in our society is able to realise their potential, but we should do more to help women in particular. We need to tackle the barriers and the discrimination they face that means they do not have that level playing field. Indeed, studies show the strong correlation between diversity and economic growth, so those who think that this is special pleading do not understand the maths behind the case Labour is making today. I would argue that the reason why they do not understand the maths is that we do not do the calculations, which is why it is so important to get the data.

Data is a good thing. It leads to difficult conversations. It makes us ask why, after the Equal Pay Act was passed in 1970, we still do not have equal pay in this country. I was born after that Act came into effect, but if the current policy continues, I will be dead before we have parity. That harms us all, because the 14% pay gap between men and women is not stagnating, but growing. There will be women in our constituencies who are missing out on equal pay because we are not acting as a country. Having this kind of data helps us to ask why that is and whether Government policy is helping to minimise the gap or exacerbate it.

This is not just about gender. The gap is much worse for women from ethnic minority communities. The pay gap is 26% for Pakistani and Bangladeshi women and 24% for black African women. This is also not just about ethnicity, because the same applies for disability and age. Only 36% of women in the constituencies of the Conservative male Members here will be getting their full state pension. When those women come to see those Members about the Women Against State Pension Inequality Campaign, they are coming because they have been living with poverty for decades. They are asking for help to make things right, because they do not want to be dependent on the state. They want a level playing field, but historical inequality in our society has held them back, and it is holding us back now. Having the data helps us to understand where that is happening and why. It would show us whether Government policies—individual Budgets—are going to make it easier to tackle that inequality, so that fewer women will come to constituency surgeries asking for a referral to a food bank, or whether they will make things worse.

If the Government want to tackle inequality, they need to know that data also tells us that this Budget, and the Budgets of previous years, are causing more problems. I do not doubt the sincerity of the five Conservative Members here or that they do want to tackle inequality in our society, but when I look at this Budget I do doubt whether they are going to be able to do that. This Budget will hit women 10 times as hard as it will hit men—13 times for women from an ethnic minority background. Going back to the equal pay issue, 43% of people in society do not earn enough to benefit from raising the personal income tax threshold, and 66% are women. We have unequal pay in our society, so 73% of the people who will benefit from changing the higher rate threshold will be male. Having the data and then looking at what is being done with tax and benefit policies will help us to understand just how much further this Budget is moving the goalposts for women and ethnic minorities. This applies to other

policies, too. Corporation tax changes disproportionately benefit men, because we still do not have parity in the boardroom, in enterprise or in the number of women shareholders.

The lack of data also leads to bad decision making. As my colleagues have already set out, this Government have not done any equality impact assessments to understand just how far the goalposts are moving in getting to this House's shared aim of an equal society. Tax information and information notes dismiss the issue and do not help Ministers to make good decisions. I am sure that the Minister, with his feminist soul, wants to make good decisions, but those assessments claim that there is little or no impact. Indeed, we do not even have TINs for all the policies that we know have a differential impact such as excise duty rates or fuel duty giveaways, because we live in an unequal society.

The lack of data also means that Ministers simply cannot come to the Dispatch Box and tell us that any concerns we may have about the differential impact of individual tax and benefit changes can be offset by the impact of other policies. If we do not know the impact of one policy, how can it be said that that can be offset by another? Even if we are concerned that men have received a windfall from Budgets for several years, it is simply not good enough for Ministers to try to tell us that women are being compensated through public services, because they cannot provide the analysis to show us that either case is true. Indeed, when we look at the impact of public service cuts—surprise, surprise—women, ethnic minorities and the disabled tend to be disproportionately hit again.

As I said at the start, it is also a matter of following our own laws. The public sector equality duty came into force in this country in 2011. It is a legal requirement, and it has driven some of these difficult conversations, whether in the Bank of England or in the BBC. It helps us to challenge everyone to do more to unlock the potential of every member of our society by reducing barriers and breaking down the discrimination that means, 40-plus years on, we still do not have equal pay.

If the Government themselves are not upholding their duties, what hope do we have in asking other organisations to do so? It is important to recognise that the legal duty is not passive. It is a duty not just to manage inequality but to do something about it. It is a duty to know the numbers before we make a decision so that we do not make things worse, as this Budget clearly does, and it is an ongoing duty that cannot be delegated. Ministers cannot leave it to a civil servant in the back office; they have to take direct responsibility. Crucially, it is a duty that, once a problem has been identified, the Government have to act, and not having the resources is no excuse for not acting.

The arguments Ministers are making against calculating the figures are not just about the practicalities, but they are completely surmountable. As the Women's Budget Group, the Fawcett Society and the Institute for Fiscal Studies have shown, it is perfectly possible to make these calculations, and it is worth doing because it would help the Government to make better decisions. That it is possible to do it both for individuals and for households is important because, as my hon. Friend the Member for Rotherham (Sarah Champion) said, single parents, who tend to be women, are disproportionately hit by these changes. Even if the Minister were to

[Stella Creasy]

quibble about calculating the figures across households, we could certainly see the impact we are having on some of the most vulnerable people in our society.

The reason why we have called it “lady data” is to try to help Ministers understand what they are missing and why it matters, but in truth this is everyone’s data. Getting this right and having that information would help us to make better decisions and would help us to understand why it will take us 100 years from today to have parity, so that women who are still struggling with unequal pay—including women in the communities of the Members to whom I have referred—can have some confidence that they may still live to see that wonderful day when everyone in this society is treated equally and so that people from ethnic minority backgrounds and disabled people living in poverty, and a poverty that is getting worse, can have some confidence that the Government are not ignoring them but understand where the challenges are and are considering a Budget that will do something about it.

Frankly, when we see the analyses that are being done, we know why the Government oppose new clauses 6 and 7. They do not want to do the maths because the figures tell the ugly truth about the inequality we have in Britain and its stubborn supporters, who unfortunately sit on the Government Benches. Jane Addams said:

“Social advance depends as much upon the process through which it is secured as upon the result itself.”

We cannot take the journey to a more prosperous, more successful and more egalitarian Britain if we do not know the direction of travel. The numbers will give us the direction of travel, but it is the political will that will give us the way forward.

Ministers should not dismiss this case as special pleading but should look at the economic argument for why tackling gender inequality matters and vote accordingly today to put Britain on a better path, because everyone will be richer for it.

**Laura Pidcock** (North West Durham) (Lab): As my hon. Friend the Member for Brent Central (Dawn Butler), Labour’s shadow Minister for Women and Equalities, said, new clause 6 would require the Chancellor to carry out and publish a review of the Bill’s effect on equality. In short, it touches on the fundamental difference between the Labour party and this failing Government, whose policies work for only the richest few. New clause 6 seeks to shed light on the truth of who benefits from Government choices and who does not.

In order to change society, we must understand society; and in order to have a fully functioning democracy, we need transparency. People in my constituency deserve to know what is going on, not least because this Government are failing the country on so many levels that it is hard to know where to start.

New clause 6 refers to equality in relation to “households at different levels of income”.

Real pay has fallen and is now lower than it was in 2010. Too many jobs that have been created are insecure and entrench poverty through low pay. These employment models fuel inequality, and certain parts of the country, particularly in my north-east region and my constituency, have a disproportionate number of workers on these

contracts, where there has been a long-term move towards casualisation. This poverty is not just about worklessness; 60% of people in poverty live in a UK household where someone is in work. Many professionals have joined the queues at food banks, where, nationally, 1.4 million emergency food parcels were handed out last year—that has to be a perfect symbol of a failed state, does it not?—yet the Government just don’t get it.

3.45 pm

Britain has the fourth highest level of inequality in Europe and the immediate future does not look any brighter, thanks to Government policies. The Institute for Fiscal Studies has predicted that inequality is likely to increase. The shocking facts are that 3.7 million children are living in poverty in the UK, with 1.7 million of them in severe poverty—and this in the sixth richest economy in the world! Conservative Members scoff at us for not applauding the increase in jobs and scowl at us for not subscribing to their mantra that work is the best way out of poverty, but this is because we live in the 21st century, where work for many is short-term, low-paid, precarious and far away, and therefore exacerbates the poverty that many in my community face. Of course worklessness is not the solution; secure, good quality, higher paid jobs are the solution.

The review proposed in new clause 6 is comprehensive and inclusive, addressing economic inequality from a number of often intersecting viewpoints, including from a regional perspective. The national figures are appalling, but in the north-east things are even worse. Let us be clear: in our region and in my constituency we have been left behind. While we have been crying out for investment born of an industrial strategy that gives us our fair share, we have in fact got a long-standing neglect that acts like a scar on the landscape. These policies have real and devastating effects: in North West Durham 21% of children live in poverty.

What does that actually mean? It means children coming to school with empty bellies; and parents, usually women, reducing their portions or skipping meals to make sure their children get enough—worse, the children know their parents are doing this. It is about the daily grind of people having bills through their door and that sinking feeling that they cannot pay them, and having the fear of the sanctions—further punishments for poverty—and all the while people are working extremely hard for that existence. The latest figures show that households in the north-east have £100 pounds less to spend a week than those in the south-east.

**Mr Jim Cunningham:** Does my hon. Friend agree that the limit on child benefit now increases poverty? Does she recall that one of the Government’s slogans used to be, “Let’s make work pay”? Well, it does not pay because poverty wages are being paid.

**Laura Pidcock:** Absolutely. We are seeing lots of inadequacies in the universal credit system, which completely smash out of the water the idea that work pays under the Conservative Government.

Even taking account of housing costs, which I know take a huge slice of wages from people in the south-east, in the north-east we are still £84 a week worse off. The disparities in investment in my constituency create a vicious circle. We cannot attract the large-scale business investment that we desperately need without the

infrastructure and the skilled people, and as much as Derwentside College in my constituency is a beacon of excellence in the education it provides, it is like every other further education establishment in the country in that it has a dwindling budget with which to educate the future skilled workforce that we need.

**Ian Mearns** (Gateshead) (Lab): My hon. Friend is making an excellent point. There are very good FE colleges all over the north-east of England, with my local one in Gateshead being a very good example, but I am sad to say that when young people are leaving those colleges with skills, they are doing what generations of Geordies have done: leaving to come south for jobs because there is not the investment in the north-east of England.

**Laura Pidcock:** It is heartbreaking. Of course we want to keep as many of those brilliant young people in my constituency as possible, with the education they have received being put back into infrastructure and a rich economy, but the long-term employment just is not there.

New clause 6 would also address gender inequality, because it is women in my constituency and right across the country who have borne the brunt of inequality, as most women always do. Women, particularly working-class women, suffer structural inequality throughout their lives. On average, women earn less than men, have lower incomes over their lifetime and are more likely to be living in poverty. As has been mentioned, women are therefore less likely than men to benefit from cuts to income tax, and are more likely to lose out because of cuts to social security benefits and public services.

In conclusion, I urge Members to support new clause 6 and I call on the Government to carry out equality impact assessments so that my constituents can see, in black and white, the hard facts and the truth. If the Government are so proud of their achievements, why are they not shouting them from the rooftops so that they can receive full credit? Why not let everybody know what Government policy has achieved? Unfortunately, Opposition Members know that the facts will tell the truth and reveal that the Government do not care one jot about my region and that they are happy for wages to stagnate and for people to experience poorer lives with all the consequences that that entails. People in my constituency work extremely hard, and they definitely deserve much better. Please support the new clause so that we can see what the Government are actually doing to our region.

**Bim Afolami** (Hitchin and Harpenden) (Con): I rise to respond to some of the points that have been made by Opposition Members. I shall start with what the hon. Member for North West Durham (Laura Pidcock) said about the Government, or the Conservative party, talking about how work is the best route out of poverty. Do correct me if I have misquoted you, but you went on to say that the work in our economy at the moment exacerbates poverty. You felt that it is currently not the best route out of poverty. Is that correct?

**Laura Pidcock:** Sorry, but is this a debate or a questions session?

**Bim Afolami:** I shall continue.

**Laura Pidcock** *rose*—

**The Temporary Chair (Albert Owen):** Order. Is the hon. Member for Hitchin and Harpenden (Bim Afolami) referring to me, because he is saying “you”? He should refer to the hon. Lady, and if he wishes to take an intervention, he must sit down.

**Bim Afolami:** I give way to the hon. Member for North West Durham.

**Laura Pidcock:** In my speech I was talking about precarious work. In debates on universal credit, Government Members talk about it getting people into work faster, but we know that the system is for people who are in work and that they receive a top-up payment because their pay is low. I meet many people in my constituency, including social care workers who do not get paid for their mileage. They are working, say, 14 hours a day and getting paid for six hours. That entrenches their poverty because they do not have a proper contract and they are not being paid a fair rate, but they have all the outgoings that they would have if they were not receiving state help.

**Bim Afolami:** Whether it is in respect of the Bill, the new clause or what we are discussing now, the important thing is that it is of course the Government’s intention to create more better-paying jobs. That is what the Treasury team and everybody across Government strive to do every single day. That is not to say that every single person in this country is currently at the level of prosperity we would like, but that is the aim of all the activity that is coming out of the Bill and out of the Treasury.

**Stella Creasy:** If that is the aim, what data are the Government collecting to be sure that they are achieving it and to find out whether there are any variations? That is what we are talking about. The issue is not the policy, but whether it is having an impact and whether we can understand that impact. Does the hon. Gentleman understand that?

**Bim Afolami:** I do indeed understand that. There is currently so much data, much of which has already been talked about by Opposition Members, on regional disparities, and on disparities of race and age, and between urban and rural areas. There is so much data, so Government policy must aim to bear it all in mind, which is what Ministers do.

**Sarah Champion:** I am grateful to the hon. Gentleman for his generosity in taking interventions. We need to hear a few facts. The data that he is talking about, which we are citing as evidence of why this is so important, is being collected by charities and the House of Commons Library. With respect to both the duty of care and the provisions of the Equality Act 2010, this work should be done by the Government. That is what we are asking for.

**Bim Afolami:** If the hon. Lady will permit me, I will make a bit of progress and then I will respond to her remarks in the fullness of my speech.

It is important to make my next point in relation to new clause 6 clear. We have heard Opposition Members say that women, or certain members of ethnic minorities, are more likely to be lower paid than other members

[*Bim Afolami*]

of society. By taking the lowest paid people out of tax and increasing the national living wage, we are benefiting those groups of people who might suffer from low earnings. In addition—

**Ian Mearns:** When Government Members talk about, and celebrate, the fact that people are being taken out of income tax altogether, what they are doing is celebrating an economy of low pay. They are celebrating an economy where people are being paid so little that they are just above, or just at, the income tax threshold. For me, that underlines what it is actually like out there in constituencies such as mine in Gateshead.

**Bim Afolami:** I am afraid that the hon. Gentleman is mistaken. It is not celebrating low pay to say that people who are currently earning lower amounts should take home more of their money. That is not a celebration; it is about making their lives, every day and every week, that bit easier. It is worth saying that taking the lowest paid people out of tax and raising the national living wage is having significant benefits for many of the people—

**Stella Creasy:** The hon. Gentleman is being very generous with his time. I think he may have missed one of the points that we are making. For example, when the Government raise the tax threshold, 66% of the people who do not benefit—because they do not earn enough—are women. Seventy three per cent. of the people who benefit from a rise in the higher income rate threshold are men. What he is talking about and what we are talking about are two different things. We are talking about the differential impact of policy, and asking the Government to do the sums that are currently being done in the charitable sector, so that we can make better policy. Surely he wants those sorts of policies to have an equal benefit, but at the moment they do not, because we do not have equal pay.

**Bim Afolami:** I believe that all policy in this area, or, frankly, in any area, should be set to make sure that we are trying to generate as innovative, dynamic and successful an economy as possible. The hon. Member for Walthamstow (Stella Creasy) mentioned cutting corporation tax in her speech. She thought that that effectively benefited more men than women because men are more likely to be shareholders than women. The way we should deal with that, in my view, is to encourage more women to be entrepreneurs. We should work to make sure that women have access to being shareholders and that women have more ability to reap the benefits of that—

**Jim McMahon** (Oldham West and Royton) (Lab/Co-op): Will the hon. Gentleman give way?

**Bim Afolami:** If I may, I would like to make a bit of progress.

As the evidence has shown, cutting corporation tax increases, rather than decreases, the tax take going to the Exchequer. If that shows this country to be a better and more dynamic place in which to set up and start a business, that will benefit all people in this country. That is the approach that the Government should take. If we want to improve the performance of the British economy and if there happen to be more men than

women who are shareholders, it is no answer to say that we should therefore not take action to improve the activity of the British economy.

**Stella Creasy:** I have a very simple question for the hon. Gentleman, although I appreciate that he is getting some assistance from the hon. Member for Spelthorne (Kwasi Kwarteng): can he produce the data to prove that men and women will benefit equally from the changes to corporation tax?

**Bim Afolami:** I do not have the data now to be able to respond to the hon. Lady. What I do know is that Conservative Members will never take lectures from the Labour party; we have our second female Prime Minister, the gender pay gap is the lowest on record, and this Government have done more for childcare and support for families than the Labour Government ever did. The idea that this Government should take lectures on this issue from Labour Members is disgraceful.

4 pm

**Laura Pidcock:** The hon. Gentleman is celebrating two female Prime Ministers somehow drastically pulling every single woman out of poverty. That is not the answer. We need structural change and the evidence to tell us whether women are equal, not the tokenism of two female leaders. Margaret Thatcher did not do much to pull women in my community out of poverty.

**Bim Afolami** *rose*—

**Dawn Butler:** Before the hon. Gentleman responds, will he give way again?

**Bim Afolami:** I shall.

**Dawn Butler:** I am sure that the hon. Members around the hon. Gentleman are trying to get him to stop talking, but Labour Members do not mind. It is actually nice to see you go through your journey of trying to put the pieces together and understand the problems we are talking about. You cannot justify any of your statements because you have no data.

**The Temporary Chair (Albert Owen):** Order. Too much “you”. The hon. Lady is an experienced Member of the House and she should set an example.

**Dawn Butler:** My apologies, Mr Owen. I am getting carried away in my enthusiasm to try to educate the hon. Member for Hitchin and Harpenden (Bim Afolami). The Government cannot justify anything you are saying, because you have no data to back it up. We are having to rely on data from voluntary groups and charities, which do an amazing job of crunching the numbers and looking at the intersectionality of the Government’s policies. But in order for you to make your statements, you need to have the data.

**The Temporary Chair:** Order. That was a very long intervention with too many “yous”. Let us get used to the parliamentary language and have a proper debate.

**Bim Afolami:** I will conclude my remarks by saying that it is important when we talk about these issues—in this House or outside—always to remember that improving the performance of the health service, the economy or

anything relating to Government policy will benefit everybody in this country, if we make the right judgments and the right policy.

**Jim McMahon:** Well, well, well. When it comes to naivety, there is a very fine line; it can often be endearing before it eventually becomes quite offensive. And I did find the speech of the hon. Member for Hitchin and Harpenden (Bim Afolami) offensive. It began in the spirit of naivety. I could see that he was nervous at the beginning of his contribution—quite rightly, it turned out, towards the end—because he did not have the data that was being presented.

The debate went on and Labour Members presented the data, but rather than actually taking account of it, the hon. Gentleman continued, in a very odd way, to try to defend what most reasonable people would say is a quite indefensible position. He was essentially saying, “Listen—if men are doing okay, surely women will eventually do okay too.” I am not sure whether the solution he came up with to the shareholder conundrum was for women to find wealthy husbands who are shareholders, as if that might somehow lift them out of poverty and allow them to be the beneficiaries of the cuts in corporation tax.

**Ian Mearns:** We have discovered a new phenomenon: it is called trickle-down gendernomics. It is going to be the resolution to all the problems of poverty and the disparity in earnings between men and women in all our communities up and down the country—I don’t think so.

**Jim McMahon:** That is a fair point.

**Stella Creasy:** Obviously, having had two women Prime Ministers, that is quite enough women earning a serious level of income—the 33 million other women in this country do not deserve equal care and attention. This data would help us to find out just how much inequality there is and what we could do about it. Does my hon. Friend agree that facts should override fiction?

**Jim McMahon:** I think that where the hon. Gentleman was trying to get to—I will be generous—was that these things are symbolic and that symbolism in politics is quite important. However, to me, it is more symbolic that 46% of women have to skip a meal so that their children can eat. It is quite symbolic that women continue to be underpaid compared with men, and it is symbolic that the decisions the Government are taking disproportionately affect women on low incomes—the people who are trying to keep households together and who are raising the next generation of young people, who, because of this Government, will not have better life chances than the generation that went before them.

**Chris Stephens** (Glasgow South West) (SNP): Will the hon. Gentleman confirm that it is also important that it was women politicians and women workers who campaigned and argued for the Equal Pay Act 1970? Will he also confirm that outstanding equal pay cases are at an all-time high?

**Jim McMahon:** That is absolutely right, but let us be honest: the Government are not in listening mode. They do not want to take into account what could have been constructive new clauses—new clauses 6 and 7. What they want to do is to maintain their stubbornness and

their silence. They think that if they ignore this issue, there is not a problem in society, when we know that there is.

In terms of the pressures on income that many people in our communities face, the new clauses go beyond just gender inequality, and talk about disability and race as well. The Prime Minister has been clear that she wants to address the discrepancy in terms of opportunity, incomes, housing and the criminal justice system with members of the ethnic communities in this country. However, when we look at the way the Government have approached the Budget, the evidence just does not support that. If we look at the public sector, for instance, little effort is being made to widen participation in public sector jobs to members of the ethnic minority communities. In my constituency, a third of residents are predominantly Pakistani and Bangladeshi, but they are nowhere near properly reflected in the make-up of public services. In towns such as Oldham, where industry has, by and large, been hollowed out, the public sector is the place where people go for decent-quality, well-paid and, previously, quite secure employment. If people are restricted from entering those jobs, for different reasons, that has a material impact on their ability to lift themselves out of poverty, to get on in life and to do well.

When the coalition Government came into power, it was interesting that one of their very first acts of many that devastated towns such as Oldham was to cut the funding that went to Remploy. Remploy had a network of factories across this country that used to support people into supported employment. Those were not sympathy jobs, in the way I heard people say they were at the time; they were real jobs, and they produced goods of quality that people wanted to buy. In Bardsley, in my constituency, that meant a full factory employing 114 people making windows that they would sell to industry, housing associations and the private market.

**Sarah Champion:** The reason we want the equality impact assessment is not handouts; we are looking for a level playing field so that everybody can reach their economic potential and Government policies are not hampering that. Does my hon. Friend agree?

**Jim McMahon:** That is absolutely right. This is really odd from my point of view, because I have come from local government. In local government, when people are setting their annual budget, they have a legal responsibility to make sure that these audits are carried out and that proper consideration is given to the impact on protected groups. The Government now seem to believe that legislation passed in this House is good enough for one part of the public sector but not the other, but I am afraid that that just does not hold water. A lot of public bodies—whether it is the NHS, local government, a police force or anywhere else in the public sector—will be looking at the Government and thinking that there is a lot of hypocrisy in the laws passed here, which the Government do not seem to apply to themselves.

**Justin Tomlinson** (North Swindon) (Con): Specifically on Remploy, yes, there were some great practices there, but the Government made that decision because very few were able to progress into work, and we wanted to create more opportunities so that more people can

[Justin Tomlinson]

benefit. That is partly why we have seen an extra 600,000 disabled people find work, which is a great thing.

**Jim McMahon:** How dare the hon. Gentleman suggest that the 114 people working in that factory in Oldham were not in proper employment? They were producing, they were manufacturing, they were selling, and people wanted to buy the goods because they were of a high quality. It was not a handout or a giveaway. They were not sympathy cases: they were people who were working hard in a supported environment to produce something that people wanted to buy.

In some ways, this is the problem that we face. When the problem is so disconnected and not part of the everyday experience of Conservative Members, it is easy for them to ignore it. I cannot ignore it. When I go back to Oldham West and Royton, it is my community. I see the impact of cuts, of austerity, and of suppressed wages. I see the hollowing out of our employment structure. All right, people at the top are doing very well, and there are more jobs at the bottom, but the middle has been completely taken out. People talk about an economy that will support people into better employment, while 8 million adults and children are living in poverty in working households.

That is the economy we have in this country, because the routes of progression in employment simply do not exist. We are happy to be the bargain basement employment capital of Europe in this new relationship—let us be honest. Providing that the bankers and the insurance services are all right, we really do not care what it means for the rest of the economy as long as there are people working at Costa Coffee to serve the coffee in the morning. That is what the Government really believe. It is okay hon. Members shaking their heads, but where has the investment in our key industries gone? We need investment in manufacturing and engineering, creating jobs that produce things that people want to buy, pay decent wages, and support people into a lifelong career so that at the end of it they have a decent pension.

Speaking of pensions, what did the Government do in the autumn statement for the WASPI women? These women have worked and contributed all their lives, doing everything that was asked of them by Government. At the last minute, planning for their future, they were left cut adrift, and when they came to the Government to ask for support, the Government turned away.

**Bim Afolami** *rose*—

**Jim McMahon:** I absolutely give way to the hon. Gentleman if he can justify that.

**Bim Afolami:** Would the hon. Gentleman welcome anything at all in the Government's recently announced industrial strategy, which was, in many respects, targeted towards some of the poorer communities in this country?

**Jim McMahon:** I am going to give the hon. Gentleman a real answer on this point and not just grandstand, because it is important. I will explain the problem with the industrial strategy as it stands. For a town like Oldham, it is absolutely critical that the UK has an

industrial strategy that holds water—that is forward thinking, ambitious, and has a framework of funding to support growth. I would welcome an industrial strategy that did that, and I think that when it started, that is what it tried to do. The problem is that something fairly dramatic has happened in the meantime, and that is Brexit. What I would have expected the Government to do in the context of the referendum result is not just to dominate Parliament's time with the transitional and transactional relationships with Europe now and when we leave. I would have expected the Government of the day to produce a real, compelling vision of what type of Britain there is going to be when we leave the European Union. That has not taken place. The domestic legislation coming through this place is non-existent. Money is being taken out of vital public services that would be the foundation for the type of industrial strategy that is being talked about. Money is being taken away from our education and skills system, which would be the starting point for any investment strategy in our economy, particularly in manufacturing and engineering.

So would I welcome anything in the industrial strategy? I would simply welcome the principle of an industrial strategy, but it cannot be done on the cheap. We have seen—let us be honest about this; it transcends different Governments—a complete turning away from UK manufacturing and engineering, at the cost of the communities that people in this place represent. In order to replace that with a forward-thinking industrial strategy, the resources then have to follow, and we have not seen that—we have seen the opposite. Money has been taken away from our Sure Start centres and from our schools. Our colleges are chronically underfunded, with many on estates that are crumbling, struggling to keep up even with basic maintenance. Our apprenticeship system is in tatters since the introduction of the apprenticeship levy. All these things matter if we have a forward view about what type of country Britain can be.

The new clauses are important in that context because if we want to create, after Brexit, an inclusive and fair Britain that allows everybody to benefit, we have to make an honest assessment of where Britain is today. We are not in a good place. Our economy is shot. Our job market has been hollowed out, and the good, well-paid jobs in the middle have been taken away. Our housing stock is not fit for purpose and we are investing £9 billion a year into the pockets of private landlords, although we know that 40% of that stock does not even meet the decent homes standard. Those are the really important issues that Members need to think about. If they do not take proper account of what the information tells us, how on earth can we collectively make informed decisions that send us in a different direction?

4.15 pm

In this Parliament—people keep saying that it is the mother of all Parliaments, and surely because of that we ought to set the bar higher—Members passing through the voting Lobbies ought to be informed. We ought to know absolutely everything about what we are voting on. Let us be honest, on Brexit, the Government are deliberately denying us key information that is critical to the country's future—whether it is the sectoral analysis or information about a range of other issues—and would inform our votes in this House. We are being denied quite an important foundation of our democracy.

**Stella Creasy:** My hon. Friend is making a powerful case. Whether Members on either side of the House agree with the policies, having good data to enable us to understand their impact helps us to make or dispute an argument. I am struggling to understand why any MP would be against having the facts about the impact of policy, which is all that the new clauses will do. If we had that information, Government Members could confidently tell us what great proposals they are making to improve the country's prosperity, rather than using anecdotes—or two women.

**Jim McMahon:** I believe it comes down to priorities. If the Government were determined to do something about this, having the evidence base would be of great benefit to them. They do not want to do anything about it, so the evidence base is a hindrance because the Opposition can use it to attack the Government about the fact that progress just is not being made. That is the real reason why the Government are not making progress, and why they are determined not to support the new clauses. It would be far better for the country if the Government were to step up, to be honest and to recognise that the country has some really ingrained challenges that we need to face. Understanding the scale of the challenge from day one is important in making sure that we get into a better position.

My challenge is this: why not? If the Government believe that they are doing the right thing, and that by virtue of their second female Prime Minister they are the party of gender equality and the champions of all that is equal, now is the time to prove it. Members have two choices: they can go through one or other of the voting Lobbies. Perhaps they have a third choice, which is to stay away completely. They can get behind the new clauses and support our request for the data set, which will inform decisions; they can shirk responsibility entirely and stay away from both voting Lobbies; or they can keep their heads down and maintain their own position on the Government Benches, and vote against new clause 6 because it happens to have come from the Opposition. I would say that that is not putting the interests of the country first.

**Kirsty Blackman (Aberdeen North) (SNP):** I would like to start by correcting an omission that I made yesterday. I should have said that our thoughts are with the Chairman of Ways and Means and his family at this time. It sounds like a really horrendous thing for a family to go through, particularly at Christmas time.

I thank the shadow Minister, the hon. Member for Brent Central (Dawn Butler), not just for tabling new clause 6, but for the way in which she engaged with us in advance of the debate. I appreciate the time that she took to speak to us about the new clause so that we could discuss how it looked. I think it is absolutely brilliant; it is one of the best new clauses that we have seen when considering a Finance Bill, and I have tabled a few in my time. I want to speak in favour of the new clause and state our support for it.

I will start by covering why we need the new clause. Although there has been a bit of discussion, we have not talked about what it means in its widest sense. Subsection (2) talks about

“the impact of those provisions on households at different levels of income”,

as well as on protected characteristics, the public sector equality duty and

“equality in different parts of the UK and different regions of England.”

A lot of the debate today has focused on women, which is completely reasonable, but the new clause captures several other things that could have been more fully discussed.

Why do we need an assessment of the impact on various groups, particularly those mentioned in new clause 6? We need it because people in the protected groups or at the lower end of the income spectrum have been disproportionately hit by the actions of this UK Government, as can be seen in a number of ways. It can be seen in the fact that we have young people in jobs on zero-hours contracts. We have those jobs, and the Government say it is wonderful to have so many people in employment, but despite that, we are not seeing an increase in household disposable income because people are not receiving the wages they should receive for such employment. They are in precarious jobs and they are not receiving enough money, and the benefits freeze has been a major added factor. It means that people are earning even less, because the benefits freeze has hit them doubly.

The Government have caused another issue by reducing disability payments. The UN has said that the UK has not done enough to ensure that the UN convention on the rights of persons with disabilities is being met, and no Government in any developed country or nation should seek to be in such a position. We have not had a proper assessment of the impact on disabled people of the changes that this UK Government have made.

The UK Government have also not taken seriously their responsibility to young people in society. We have a living wage that people cannot live on: it is not calculated as something that people can live on; it is a pretend living wage put forward by the Government. It is not applicable to people younger than 25. Therefore, we have a living wage that people cannot actually live on, but the Government somehow think that the labour of people under 25 is worth less than that of those over 25, even though they may be in exactly the same job and should therefore be earning the same amount.

As has been pretty widely covered, the Budget and successive policies of this UK Government have a disproportionate impact on single parents, the majority of whom are women. We see a disproportionate number of them coming through the doors at our surgeries. Do you know what, Mr Owen? It is absolutely and totally ridiculous that we are seeing a rise in rickets in this country. We are seeing people who cannot afford to eat or to give their children nutritious food because of the decisions of this UK Government.

**Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP):** Does my hon. Friend agree it is a scandal that many children will be getting food and presents this Christmas only through the actions of food banks and charities, such as Moray Firth Radio's Cash for Kids in my constituency? That should not be allowed to happen. With universal credit, this is happening far too often across the nations of the UK.

**Kirsty Blackman:** I absolutely agree. This year—in 2017—my office has referred 35 people to food banks, and we have gone to the food bank on five occasions on

[Kirsty Blackman]

behalf of constituents who have come through the door and told us that they have not eaten for a number of days. This is supposed to be a country that cares for people who are just about managing, but it is failing them. The people who go to food banks nowadays are working. They are not earning enough money from their jobs to feed their families, so they are having to go to food banks.

We have seen this Government attack people who have protected characteristics, but we have not seen any impact assessments because the Government do not want to admit what they are doing. We have seen attacks on the WASPI women, who, despite having worked all their lives, are being asked to wait even longer for their pensions. We have seen changes with the rape clause and the two-child policy, meaning that women should not have more than two children and, if they conceive as a result of rape, they must write that down on a form and say so explicitly. Why should they have to relive that just to please this Government? We have seen increasing household debt—that has been raised as an issue by the Bank of England—and decreasing household savings. We have seen young women unable to go to school because they cannot afford tampons and towels to provide themselves with a basic level of human dignity.

Another change that has not been talked about hugely in this place is the attack on a group of people with protected characteristics. A massive and increasing number of people come to my surgery because they have no recourse to public funds. It is a particular issue with those fleeing domestic violence, the majority of whom are women. The UK Government have determined that they should have access to public funds for only six weeks if they are from outside the EEA, and not at all if they are from inside the EEA. If they have been living on a joint income with their partner and are fleeing domestic violence, they have no protection from the UK Government because they are giving them no recourse to public funds. That is an attack on a group of people with protected characteristics, and we should no longer tolerate that.

The hon. Members for Oldham West and Royton (Jim McMahon) and for Brent Central (Dawn Butler) mentioned what local authorities have to do in relation to impact assessments. I was a local councillor for eight years before being elected to this place. When we produced budgetary measures, or anything we were going to do in the city that would have an impact on communities, we had to produce an impact assessment specifying how it would affect people with those protected characteristics. If a local authority making decisions for the third largest city in Scotland has to do that, why are the UK Government making decisions that affect every man, woman and child across these islands without producing an impact assessment? Is it because they are ashamed of what they are doing and unwilling to be honest with the people?

In Scotland we are looking at having a progressive taxation system. We are lifting the pay freeze and next year we will be the fairest taxed part of the United Kingdom. [Interruption.] The hon. Member for Beverley and Holderness (Graham Stuart) says that we will be the highest taxed part. Some 70% of taxpayers in Scotland

will pay no more tax next year than they do this year. Only the highest earners will be paying moderately more. [Interruption.] No one earning less than £33,000 next year will pay any more income tax than they would in England.

**Chris Stephens:** Is it not a bit rich for some Government Members to try to shout down my hon. Friend, complaining about people on high incomes paying a bit more tax but saying nothing about disabled individuals losing £30 a week in benefits?

**Kirsty Blackman:** Absolutely. If Government Members cared about what they were doing to disabled people, they would produce the impact assessments that are being requested today, and they would be honest about the changes they have made and how the heaviest impact has been on the most vulnerable in society.

There are folk who have been left behind by this Government. There are folk who have been failed by the safety net. Those are the people we see—I am sure that Government Members see them, too—walking into our surgeries on a regular basis. They say, “I have worked hard all my life, but I still cannot afford to feed myself and my family.” People who have worked every day for years now find that their state pension is being pushed back as a result of this Government’s policies. People find themselves homeless because they have made one or perhaps two bad decisions in their lifetime, which is far fewer than those of us who have bought a safety net and have support structures in place are able to make.

We need a culture change. The conversations we have had in this Chamber are along the same lines as those that have been had in the context of the #metoo hashtag. Women have come forward with #metoo to say that they have been sexually harassed, sexually assaulted or even raped, and people have replied, “We don’t believe you,” “It can’t be that bad,” or “You’re trying to make a big thing of this.” What the SNP and the Opposition are trying to do in this debate is to highlight the fact that these disadvantaged groups are being actively disadvantaged by the UK Government’s policies. We are asking the UK Government to produce the impact assessments, because if they deny that that is the case, they should not be scared of producing them.

4.30 pm

**Mel Stride:** This Government are committed to equality. That is not to say that no further steps need to be taken—a situation that pertains perhaps to every Government who have ever been in office—but we have a strong record on equality. More women are in work than at any time in our history, at 70.8%. Last year, over 60% of growth in employment was through women joining the workforce. We have the lowest gender pay gap for full-time employment on record and we have taken action to ensure that companies with 250 employees or more will, from next year, be required to publish details of their gender pay gaps.

For those who are disabled, we are spending more than £50 billion a year on benefits for disabled people and those with health conditions. In the Budget, the Chancellor announced an extra £42 billion for the disabled facilities grant to encourage and assist those with disabilities into the world of work.



For ethnic minorities, when our Prime Minister assumed office last year, one of her first actions was to announce an audit into the differing impacts on ethnic minorities in terms of their use of public services. The report was published in October and will inform our policy going forward.

In the Budget, we increased the national living wage by 4.4% from April, which will disproportionately assist ethnic minority people. We are committed right across Whitehall to ensuring an increase in the uptake of apprenticeships and employment within our police forces and our armed services for ethnic minorities.

**David Linden** (Glasgow East) (SNP): I am grateful to the Minister for giving way, but I am afraid he has to stop talking absolute guff when it comes to the national living wage. The Government continue to talk about a national living wage, but that is in fact a con trick because it does not apply to under-25s.

**Mel Stride:** It applies to a large number of people and there is the national minimum wage as well. My point is that the 4.4% increase in April will be well above inflation, and will disproportionately assist women and those from ethnic minority communities.

**Stella Creasy:** I thank the Minister for giving way and I am listening to the case he is making. If he is so confident that the Government's policies promote equality, why is he against having an independent Office for Budget Responsibility equality impact assessment to tell us all the good news?

**Mel Stride:** I ask the hon. Lady to be a little bit patient, because I am coming to those very points shortly.

On assessments, we are required, under the Equality Act 2010, to take due regard of protected characteristics, but it is not just for that reason that we do so. It is not just for that reason that I and my fellow Ministers took those issues into account at every stage; it is because we believe it is the right thing to do and we wish so to do.

To come to the hon. Lady's intervention, a number of reports are already out there. We have heard about tax information and impact notes. I do not think the Opposition should dismiss them. They did not mention the distributional analysis the Treasury provides and publishes at the time of the Budget, or the public expenditure statistical analysis, which looks at how expenditure affects different protected characteristics and runs to hundreds of pages in length. What the Opposition are calling for is fundamentally impractical. That is the heart of the matter and the answer to the hon. Lady's question. Such analyses almost invariably focus on the static situation. They focus on the effect of tax and income changes on individuals without considering the behavioural changes they induce and the implications of changes in the wider economy, such as the level of employment. They are selective and tend to avoid focusing on those who benefit from public services or are affected by taxation. For example, the provision of childcare, social care and health services is normally exempt from such analyses.

The final point, which has been raised already and which the hon. Member for Walthamstow (Stella Creasy) indeed recognised, is that where an individual's income changes, that individual will almost invariably live within

a household with other individuals. She said that the personal allowance increase for taxation disproportionately benefited men, but of course men often live in households with women, and income is distributed across the household. The same is true, of course, where a woman benefits and brings income into a household in which men are also present.

**Stella Creasy:** It is extraordinary that the Minister does not understand the concept of doing both individual and household analyses, or indeed behavioural alongside static analyses. There are many different ways the Government could be doing equality impact assessments. The problem is that they are not doing any.

**Mel Stride:** The hon. Lady is right: there are many ways it can be done, and the Government are indeed doing it in many ways. She need not only look to me for the observations I have made; the IFS has recognised my very point about household income. We will, however, continue to look at how we provide information and assess policies, and we will work with the ONS, as the Chancellor set out in the recent Budget.

In conclusion, the Government have a vision for a society that is equal, not in terms of levelling people down, but in terms of giving people the opportunity to go up. In yesterday's debate on the Bill, the Labour party chose to vote against a measure to encourage young people to get a foot on the housing ladder. That is not acceptable, and that is an example of what we will do to promote equality of wealth and opportunity at every turn. I urge the Committee to reject new clauses 6 and 7.

**Dawn Butler:** The Minister referred to distributional analyses. The distributional analysis carried out by the IFS, the non-gendered and gendered analyses of the Women's Budget Group, and others, such as those carried out using the Euromod tax-benefit model for EU countries, all share the same characteristic: they are static. The exact same method is adopted by the Treasury itself when it assesses the distributional impact of Budget measures in Budget and IFS documents. If the Treasury does not like other people using the model, perhaps it should not use it itself. The Government cannot criticise others for using the same method as them to analyse their own Budget.

The Minister said several times that the Government believed in equality, but their actions fail to carry that through. They say one thing and do another, and they are exacerbating inequality in our society. *[Interruption.]* The Chancellor says from a sedentary position, "Unlike the Labour party." The Labour party is more competent than this Government have ever been in ensuring that this country is more equal. All the equalities legislation has come from a Labour Government—*[Interruption.]* Productivity, growth, all the equalities legislation has come under a Labour Government, not a Conservative Government. In fact, every time the Conservatives enter government, everything starts to go down. Food banks were not part of the Department for Work and Pensions scheme when Labour was in government. Period poverty was not part of everyday life for young women when Labour was in government.

I say to the Minister, "If you in any way believe in equality, you should not lead your merry men into the No Lobby. You should lead them into the Aye Lobby, and vote with us."

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

*The Committee divided: Ayes 273, Noes 309.*

**Division No. 77]**

**[4.40 pm**

**AYES**

Abbott, rh Ms Diane  
Abrahams, Debbie  
Alexander, Heidi  
Ali, Rushanara  
Allin-Khan, Dr Rosena  
Amesbury, Mike  
Antoniazzi, Tonia  
Ashworth, Jonathan  
Bailey, Mr Adrian  
Barron, rh Sir Kevin  
Beckett, rh Margaret  
Benn, rh Hilary  
Betts, Mr Clive  
Blackford, rh Ian  
Blackman, Kirsty  
Blomfield, Paul  
Brabin, Tracy  
Bradshaw, rh Mr Ben  
Brake, rh Tom  
Brennan, Kevin  
Brock, Deidre  
Brown, Alan  
Brown, Lyn  
Brown, rh Mr Nicholas  
Bryant, Chris  
Buck, Ms Karen  
Burden, Richard  
Burgon, Richard  
Butler, Dawn  
Byrne, rh Liam  
Cable, rh Sir Vince  
Cadbury, Ruth  
Cameron, Dr Lisa  
Campbell, rh Mr Alan  
Campbell, Mr Ronnie  
Carden, Dan  
Champion, Sarah  
Chapman, Douglas  
Charalambous, Bambos  
Cherry, Joanna  
Clwyd, rh Ann  
Coaker, Vernon  
Coffey, Ann  
Cooper, Julie  
Cooper, Rosie  
Cooper, rh Yvette  
Corbyn, rh Jeremy  
Cowan, Ronnie  
Coyle, Neil  
Crausby, Sir David  
Creagh, Mary  
Creasy, Stella  
Cruddas, Jon  
Cryer, John  
Cummins, Judith  
Cunningham, Alex  
Cunningham, Mr Jim  
Dakin, Nic  
Davey, rh Sir Edward  
David, Wayne  
Davies, Geraint  
De Cordova, Marsha  
De Piero, Gloria  
Dent Coad, Emma  
Dhesi, Mr Tanmanjeet Singh  
Docherty-Hughes, Martin

Dodds, Anneliese  
Doughty, Stephen  
Dowd, Peter  
Drew, Dr David  
Dromey, Jack  
Duffield, Rosie  
Eagle, Ms Angela  
Eagle, Maria  
Edwards, Jonathan  
Efford, Clive  
Elliott, Julie  
Ellman, Mrs Louise  
Elmore, Chris  
Esterson, Bill  
Evans, Chris  
Farrelly, Paul  
Farron, Tim  
Fitzpatrick, Jim  
Fletcher, Colleen  
Flint, rh Caroline  
Flynn, Paul  
Fovargue, Yvonne  
Foxcroft, Vicky  
Frith, James  
Furniss, Gill  
Gaffney, Hugh  
Gapes, Mike  
Gardiner, Barry  
George, Ruth  
Gethins, Stephen  
Gibson, Patricia  
Gill, Preet Kaur  
Glindon, Mary  
Godsiff, Mr Roger  
Goodman, Helen  
Grady, Patrick  
Grant, Peter  
Gray, Neil  
Green, Kate  
Greenwood, Lilian  
Greenwood, Margaret  
Griffith, Nia  
Grogan, John  
Gwynne, Andrew  
Haigh, Louise  
Hamilton, Fabian  
Hanson, rh David  
Hardy, Emma  
Harris, Carolyn  
Hayes, Helen  
Hayman, Sue  
Healey, rh John  
Hendry, Drew  
Hepburn, Mr Stephen  
Hermon, Lady  
Hill, Mike  
Hobhouse, Wera  
Hodge, rh Dame Margaret  
Hodgson, Mrs Sharon  
Hollern, Kate  
Hopkins, Kelvin  
Hosie, Stewart  
Howarth, rh Mr George  
Huq, Dr Rupa  
Hussain, Imran  
Jardine, Christine

Jarvis, Dan  
Johnson, Diana  
Jones, Gerald  
Jones, Graham P.  
Jones, Mr Kevan  
Jones, Sarah  
Jones, Susan Elan  
Kane, Mike  
Kendall, Liz  
Khan, Afzal  
Killen, Ged  
Kinnock, Stephen  
Kyle, Peter  
Laird, Lesley  
Lake, Ben  
Lammy, rh Mr David  
Lavery, Ian  
Law, Chris  
Lee, Ms Karen  
Leslie, Mr Chris  
Lewell-Buck, Mrs Emma  
Lewis, Clive  
Linden, David  
Lloyd, Stephen  
Lloyd, Tony  
Long Bailey, Rebecca  
Lucas, Caroline  
Lucas, Ian C.  
Lynch, Holly  
MacNeil, Angus Brendan  
Madders, Justin  
Mahmood, Mr Khalid  
Mahmood, Shabana  
Malhotra, Seema  
Mann, John  
Marsden, Gordon  
Martin, Sandy  
Maskell, Rachael  
Matheson, Christian  
McCabe, Steve  
McCarthy, Kerry  
McDonagh, Siobhain  
McDonald, Andy  
McDonald, Stuart C.  
McDonnell, rh John  
McFadden, rh Mr Pat  
McGovern, Alison  
McKinnell, Catherine  
McMahon, Jim  
McMorrin, Anna  
Mearns, Ian  
Monaghan, Carol  
Moon, Mrs Madeleine  
Moran, Layla  
Morden, Jessica  
Morgan, Stephen  
Morris, Grahame  
Murray, Ian  
Nandy, Lisa  
Newlands, Gavin  
Norris, Alex  
O'Hara, Brendan  
Onasanya, Fiona  
Onn, Melanie  
Onwurah, Chi  
Osamor, Kate  
Peacock, Stephanie  
Pearce, Teresa  
Pennycook, Matthew  
Perkins, Toby  
Phillips, Jess  
Phillipson, Bridget

Pidcock, Laura  
Platt, Jo  
Pollard, Luke  
Pound, Stephen  
Powell, Lucy  
Rashid, Faisal  
Rayner, Angela  
Reed, Mr Steve  
Rees, Christina  
Reeves, Ellie  
Reeves, Rachel  
Reynolds, Jonathan  
Rimmer, Ms Marie  
Rodda, Matt  
Rowley, Danielle  
Ruane, Chris  
Russell-Moyle, Lloyd  
Ryan, rh Joan  
Saville Roberts, Liz  
Shah, Naz  
Sharma, Mr Virendra  
Sheerman, Mr Barry  
Sheppard, Tommy  
Sherriff, Paula  
Shuker, Mr Gavin  
Skinner, Mr Dennis  
Slaughter, Andy  
Smeeth, Ruth  
Smith, Angela  
Smith, Cat  
Smith, Eleanor  
Smith, Jeff  
Smith, Laura  
Smith, Owen  
Smyth, Karin  
Snell, Gareth  
Spellar, rh John  
Starmar, rh Keir  
Stephens, Chris  
Stevens, Jo  
Stone, Jamie  
Streeting, Wes  
Sweeney, Mr Paul  
Swinson, Jo  
Tami, Mark  
Thewliss, Alison  
Thomas-Symonds, Nick  
Thornberry, rh Emily  
Timms, rh Stephen  
Trickett, Jon  
Twigg, Derek  
Twigg, Stephen  
Twist, Liz  
Umunna, Chuka  
Vaz, Valerie  
Walker, Thelma  
Watson, Tom  
West, Catherine  
Western, Matt  
Whitehead, Dr Alan  
Whitfield, Martin  
Whitford, Dr Philippa  
Williams, Hywel  
Williams, Dr Paul  
Williamson, Chris  
Wilson, Phil  
Wishart, Pete  
Yasin, Mohammad  
Zeichner, Daniel

**Tellers for the Ayes:**  
**Thangam Debonnaire and**  
**Nick Smith**

## NOES

Adams, Nigel	Dowden, Oliver	Howell, John	Nokes, Caroline
Afolami, Bim	Doyle-Price, Jackie	Huddleston, Nigel	Norman, Jesse
Afriyie, Adam	Drax, Richard	Hughes, Eddie	O'Brien, Neil
Aldous, Peter	Drax, Richard	Hunt, rh Mr Jeremy	Offord, Dr Matthew
Allan, Lucy	Duddridge, James	Hurd, Mr Nick	Opperman, Guy
Allen, Heidi	Duguid, David	Jack, Mr Alister	Paisley, Ian
Amess, Sir David	Duncan, rh Sir Alan	James, Margot	Parish, Neil
Argar, Edward	Duncan Smith, rh Mr Iain	Javid, rh Sajid	Patel, rh Priti
Atkins, Victoria	Dunne, Mr Philip	Jayawardena, Mr Ranil	Paterson, rh Mr Owen
Bacon, Mr Richard	Ellis, Michael	Jenkin, Mr Bernard	Pawsey, Mark
Badenoch, Mrs Kemi	Ellwood, rh Mr Tobias	Jenrick, Robert	Penrose, John
Baker, Mr Steve	Eustice, George	Johnson, rh Boris	Percy, Andrew
Baldwin, Harriett	Evans, Mr Nigel	Johnson, Dr Caroline	Perry, Claire
Barclay, Stephen	Evennett, rh David	Johnson, Gareth	Philp, Chris
Baron, Mr John	Fabricant, Michael	Johnson, Joseph	Pincher, Christopher
Bebb, Guto	Fallon, rh Sir Michael	Jones, Andrew	Pow, Rebecca
Bellingham, Sir Henry	Fernandes, Suella	Jones, rh Mr David	Prentis, Victoria
Benyon, rh Richard	Field, rh Mark	Jones, Mr Marcus	Prisk, Mr Mark
Beresford, Sir Paul	Ford, Vicky	Kawczynski, Daniel	Pritchard, Mark
Berry, Jake	Foster, Kevin	Keegan, Gillian	Pursglove, Tom
Blackman, Bob	Fox, rh Dr Liam	Kennedy, Seema	Quin, Jeremy
Blunt, Crispin	Francois, rh Mr Mark	Kerr, Stephen	Quince, Will
Boles, Nick	Frazer, Lucy	Knight, rh Sir Greg	Raab, Dominic
Bone, Mr Peter	Freeman, George	Knight, Julian	Redwood, rh John
Bottomley, Sir Peter	Freer, Mike	Kwarteng, Kwasi	Rees-Mogg, Mr Jacob
Bowie, Andrew	Fysh, Mr Marcus	Lamont, John	Robertson, Mr Laurence
Bradley, Ben	Garnier, Mark	Lancaster, Mark	Robinson, Gavin
Bradley, rh Karen	Gauke, rh Mr David	Latham, Mrs Pauline	Robinson, Mary
Brady, Mr Graham	Ghani, Ms Nusrat	Leadsom, rh Andrea	Rosindell, Andrew
Bridgen, Andrew	Gibb, rh Nick	Lee, Dr Phillip	Ross, Douglas
Brine, Steve	Gillan, rh Mrs Cheryl	Lefroy, Jeremy	Rowley, Lee
Brokenshire, rh James	Girvan, Paul	Leigh, Sir Edward	Rudd, rh Amber
Bruce, Fiona	Glen, John	Letwin, rh Sir Oliver	Rutley, David
Buckland, Robert	Goldsmith, Zac	Lewer, Andrew	Sandbach, Antoinette
Burghart, Alex	Goodwill, Mr Robert	Lewis, rh Brandon	Scully, Paul
Burns, Conor	Gove, rh Michael	Lewis, rh Dr Julian	Seely, Mr Bob
Burt, rh Alistair	Graham, Luke	Lidington, rh Mr David	Selous, Andrew
Cairns, rh Alun	Graham, Richard	Little Pengelly, Emma	Shannon, Jim
Cartlidge, James	Grant, Bill	Lopez, Julia	Shapps, rh Grant
Cash, Sir William	Grant, Mrs Helen	Lopresti, Jack	Sharma, Alok
Caulfield, Maria	Gray, James	Lord, Mr Jonathan	Shelbrooke, Alec
Chalk, Alex	Grayling, rh Chris	Loughton, Tim	Simpson, David
Chishti, Rehman	Green, Chris	Mackinlay, Craig	Simpson, rh Mr Keith
Chope, Mr Christopher	Green, rh Damian	Maclean, Rachel	Skidmore, Chris
Churchill, Jo	Greening, rh Justine	Main, Mrs Anne	Smith, Chloe
Clark, Colin	Grieve, rh Mr Dominic	Mak, Alan	Smith, Henry
Clark, rh Greg	Griffiths, Andrew	Malthouse, Kit	Smith, rh Julian
Clarke, rh Mr Kenneth	Gyimah, Mr Sam	Mann, Scott	Smith, Royston
Clarke, Mr Simon	Hair, Kirstene	Masterton, Paul	Soames, rh Sir Nicholas
Cleverly, James	Halfon, rh Robert	Maynard, Paul	Soubry, rh Anna
Clifton-Brown, Geoffrey	Hall, Luke	McLoughlin, rh Sir Patrick	Spelman, rh Dame Caroline
Coffey, Dr Thérèse	Hammond, rh Mr Philip	McVey, rh Ms Esther	Spencer, Mark
Collins, Damian	Hammond, Stephen	Menzies, Mark	Stevenson, John
Costa, Alberto	Hancock, rh Matt	Mercer, Johnny	Stewart, Bob
Courts, Robert	Hands, rh Greg	Merriman, Huw	Stewart, Iain
Cox, Mr Geoffrey	Harper, rh Mr Mark	Metcalfe, Stephen	Stewart, Rory
Crabb, rh Stephen	Harrington, Richard	Miller, rh Mrs Maria	Streeter, Mr Gary
Crouch, Tracey	Harris, Rebecca	Milling, Amanda	Stride, rh Mel
Davies, Chris	Harrison, Trudy	Mills, Nigel	Stuart, Graham
Davies, David T. C.	Hart, Simon	Milton, rh Anne	Sturdy, Julian
Davies, Glyn	Hayes, rh Mr John	Mitchell, rh Mr Andrew	Sunak, Rishi
Davies, Mims	Heald, rh Sir Oliver	Moore, Damien	Swayne, rh Sir Desmond
Davies, Philip	Heapey, James	Mordaunt, rh Penny	Swire, rh Sir Hugo
Davis, rh Mr David	Heaton-Jones, Peter	Morgan, rh Nicky	Thomas, Derek
Dinenage, Caroline	Henderson, Gordon	Morris, Anne Marie	Thomson, Ross
Djanogly, Mr Jonathan	Herbert, rh Nick	Morris, David	Throup, Maggie
Docherty, Leo	Hinds, Damian	Morris, James	Tolhurst, Kelly
Dodds, rh Nigel	Hoare, Simon	Morton, Wendy	Tomlinson, Justin
Donaldson, rh Sir Jeffrey M.	Hollingbery, George	Mundell, rh David	Tomlinson, Michael
Donelan, Michelle	Hollinrake, Kevin	Murray, Mrs Sheryll	Tracey, Craig
Double, Steve	Hollobone, Mr Philip	Neill, Robert	Tredinnick, David
	Holloway, Adam	Newton, Sarah	Trevelyan, Mrs Anne-Marie

Truss, rh Elizabeth  
Tugendhat, Tom  
Vaizey, rh Mr Edward  
Vara, Mr Shailesh  
Vickers, Martin  
Villiers, rh Theresa  
Walker, Mr Charles  
Walker, Mr Robin  
Wallace, rh Mr Ben  
Warburton, David  
Warman, Matt  
Watling, Giles  
Whately, Helen

Wheeler, Mrs Heather  
Whittaker, Craig  
Whittingdale, rh Mr John  
Wiggin, Bill  
Williamson, rh Gavin  
Wollaston, Dr Sarah  
Wood, Mike  
Wragg, Mr William  
Wright, rh Jeremy  
Zahawi, Nadhim

**Tellers for the Noes:**

**Stuart Andrew and  
Andrew Stephenson**

*Question accordingly negated.*

**New Clause 8**

ANALYSIS OF EFFECTIVENESS OF PROVISIONS OF THIS  
ACT ON TAX AVOIDANCE AND EVASION

“(1) The Chancellor of the Exchequer must review the effectiveness of the provisions of this Act in accordance with this section and lay a report of that review before the House of Commons within six months of the passing of this Act.

(2) A review under this section must consider—

- (a) the effects of the provisions in reducing levels of artificial tax avoidance,
- (b) the effects of the provisions in combating tax evasion, and
- (c) estimates of the role of the provisions of this Act in reducing the tax gap in each tax year from 2018 to 2022.”.—(*Anneliese Dodds.*)

*This new clause requires the Chancellor of the Exchequer to carry out and publish a review of the effectiveness of the provisions of the Bill in tackling artificial tax avoidance and tax evasion, and in reducing the tax gap.*

*Brought up, and read the First time.*

**Anneliese Dodds** (Oxford East) (Lab/Co-op): I beg to move, That the clause be read a Second time.

It will not have escaped Members’ attention that Christmas is coming. In fact, some of us may even have thought that Christmas was already here given that we enjoyed the previous debate so much. However, I must say that discussing this Finance Bill again feels like an alternative celebration on this side of the Chamber: groundhog day. For the third time since entering this House, I rise to speak about yet another woefully thin and inconsequential Finance Bill that fails to take the action that our economy so clearly requires.

The consequences of a Government focused on the management of internal party disputes, not sustainable economic growth, have become clear for all to see over the past few weeks: growth levels the third lowest in the OECD during the first half of this year; productivity growth lower than in the eurozone and well below the average of the EU as a whole; falling living standards, with wages under their longest squeeze since Napoleonic times; and a Government who have had to revise their targets for eliminating the current deficit no fewer than five times, and who are now resolved to eliminate the deficit only by 2030—15 years after the end date promised during the 2010 general election campaign. It’s behind you, to use a pantomime phrase—my hon. Friend the Member for Brent Central (Dawn Butler) was keen on them in the previous debate. In that context, it is depressing

to see the Government yet again pass up the opportunity to deal with aggressive tax avoidance and evasion in a steadfast manner.

Labour’s new clause 8 would require the Chancellor of the Exchequer to carry out and publish a review of the effectiveness of the Bill in tackling artificial tax avoidance and tax evasion, and in reducing the tax gap, within six months of it entering into effect.

**Kelvin Hopkins** (Luton North) (Ind): I congratulate my hon. Friend on the first part of her speech. Some three or four years ago, the distinguished tax expert Richard Murphy estimated the total tax gap at £119 billion a year. To my knowledge, that figure has never been seriously challenged or debunked, and it may now even be higher. Does my hon. Friend accept that if the Government were serious about dealing with this matter, they could pay off the deficit and have plenty more to spend on public services?

**Anneliese Dodds:** I am grateful to my hon. Friend. The calculations made by economists and accountants, such as Mr Murphy, reflect the cost to our Exchequer of international profit shifting, which the Government’s estimate of the tax gap does not.

**Mr Jim Cunningham:** Does my hon. Friend agree that low wages mask inefficiency? One of the big problems with the economy is that we have 4 million or 5 million people in that category, which encourages less efficiency, not improvements.

**Anneliese Dodds:** I agree with my hon. Friend. In fact, a problem that underlines our productivity gap is the worryingly low levels of private investment in our economy, which is reducing efficiency and places Britain outside the sphere of many comparable nations on investment. Sadly, the Government did not grasp that problem in the Budget.

The Opposition are calling for a review in the absence of the ability to call for more wide-ranging changes to the Bill given the Government’s unwillingness to table a general amendment to the law motion as part of this Finance Bill. That is unfortunate given the lack of new measures in the Bill, the limitations of the measures that are included, and the fact that much of the Bill represents a cleaning-up of previously announced but ill-thought-through measures. I will deal with each of those matters in turn.

It is, to say the least, regrettable that Members from across this House are unable to introduce new measures to the Bill. Labour’s tax transparency and enforcement programme sets out several areas where the Government should be taking action to tighten up our leaky ship, but we see no such ambition from the current Administration. Again, there is an unwillingness to engage with those who do have the energy and expertise to promote new measures.

When it has been possible for Members to amend Finance Bills, they have often done so to good effect. So it was that my right hon. Friend the Member for Don Valley (Caroline Flint) amended what became the Finance Act 2016, giving the Government the power to introduce public country-by-country reporting and requiring multinational firms to indicate their profits, staff and tax paid in the different jurisdictions in which they operate.

The measure is already in practice in the banking and extractive industries, where it has effectively promoted tax transparency and has offered a lot of evidence and information that has been very helpful to investors in those fields, but Members on both sides of the House who are keen to see the Government use the powers already available under the 2016 Act to make country-by-country reporting public, and who believe the Government should be playing a leadership role in this area, are sadly emasculated by the Government's unwillingness to allow colleagues to table proper amendments to this Bill.

5 pm

In this case, the Government are flying in the face of public opinion, with more than three quarters of the public reportedly stating that multinational firms with a significant presence in the UK should report publicly, by country, on the size of their profits and on the tax they pay.

The same frustrations about the inability to amend the Bill apply to the Government's limited willingness to promote transparency on beneficial ownership. By excluding Companies House from the coverage of anti-money laundering regulations, there is little to no oversight of the more than 600,000 companies formed every year in the UK, many of which then seem to sink without trace. There is little point in creating a register of beneficial ownership if no due diligence is exercised to ensure that the information is accurate.

Additionally, I can reveal today that the Government are yet again behind the curve of other European nations in continuing to fail to subject trusts to coverage in registers of beneficial ownership. Of course, as we know, David Cameron himself intervened personally to prevent the European Council from agreeing to the measure back in April 2016, but the Council's negotiators recently appeared to have overcome those objections. I can reveal that, as of Friday afternoon, there is now agreement at European level to include business-like trusts on registers of beneficial ownership, so I hope the Minister will inform us today of whether and when he will act to include business-like trusts on the British register of beneficial ownership, or whether our Government will continue to act as a drag on international co-operation in this area.

If colleagues had the power to amend this Bill, I imagine they would also want to promote measures to stem the haemorrhage of Her Majesty's Revenue and Customs staff, as ably argued for in this House by my hon. Friends the Members for Coventry South (Mr Cunningham), for Stockton South (Dr Williams) and for Coatbridge, Chryston and Bellshill (Hugh Gaffney), and by Members for many other constituencies affected by the cuts to HMRC. They are concerned that their constituencies face the prospect of losing thousands of skilled jobs to HMRC restructuring, which is reducing HMRC's resources at the very time the demands being placed on it are heavier than ever before, not least due to the additional burden of post-Brexit arrangements for customs and for taxing highly mobile profits.

I find it astonishing that we still have no indication from the Government of how they will deal with the competition challenge that small and medium-sized companies will face once the UK leaves the EU and its competition-regulating powers. Just this week, the European Commission announced that it is to investigate the tax

affairs of Ikea under state aid regulations, which are intended to prevent multinational companies from making use of tax arrangements that are not available to small and medium-sized companies, yet it is unclear whether our Government intend merely to increase the number of their sweetheart tax rulings on multinationals after Brexit, or whether they intend to adopt a more muscular, effective approach to tackling profit shifting and, if the latter, how they will co-ordinate that with other countries.

The initial signs are worrying. Only last week, Conservative Members of the European Parliament abstained on a crucial vote on the European Parliament's investigative report on the Panama papers. Appallingly, we have still not heard whether our Government will back those whistleblowers and investigative journalists who allowed the world to see what was hidden in the Paradise papers.

Will the Minister inform us today of whose side this Government are on—those who promoted the public interest in revealing how some are profiting from mismatches and secrecy in the international tax system, or those who profit from such obfuscatory arrangements?

**Lloyd Russell-Moyle** (Brighton, Kemptown) (Lab/Co-op): Does my hon. Friend agree it is disgraceful that some of those named in the Paradise papers are now threatening court action against those whistleblowers and are trying to scare people into not releasing such information in future?

**Anneliese Dodds**: I absolutely agree with my hon. Friend on that. There is a particular onus on the Government to be steadfast and clear in their rejection of those legal challenges and the problems they potentially pose to our democracy. Of course it is just the BBC and *The Guardian* that have been threatened with legal action, not any of the other 90 or so media outlets based in other countries. It is UK-based firms and media organisations that have been threatened with that action, so I hope the Minister will make clear to us today whether or not he agrees with Appleby's threat of legal action against those who revealed the details of the Paradise papers in the public interest.

Many of the measures in the Bill intended to prevent aggressive tax avoidance and evasion do not go far enough. I have already referred in this House to clause 21, which seems to adopt a confusing new approach to measuring profit shifting, rather than aiming to reduce it per se. Yet again, there sadly appears to be deafening silence here concerning the need for tax simplification, with only minor measures that do not meet the required standard of a thoroughgoing, holistic assessment of the overall impacts of tax reliefs, which we desperately need in this country if we are to have proper Government accounting.

Finally, we see in the Bill a number of additional measures that seem intended mainly just to clean up previous mistakes by this Government, many of them following criticism from Labour Members. In clause 35 and schedule 10, for example, we find anti-avoidance provisions in relation to payments and benefits made from offshore trusts, no doubt reflecting the concerns we raised about the potential misuse of offshore trusts by non-doms. Let us be clear, before this issue crops up yet again in this debate: this Government have not abolished long-term, non-dom status. The new measures

[Anneliese Dodds]

do not apply to those whose parents are non-doms, as is often the case, and a 15-year window is provided for individuals to get their affairs in order. In another example, clause 28 closes the loophole introduced by the coalition Government in 2011 that allowed foreign companies to hold on to an asset-stripped subsidiary for six years until they were then able to claim loss relief in excess of any genuine economic loss to the group. Again, the measure tidies up a problem that was created previously by those involved with this Administration.

To conclude, this Finance Bill was a chance for strong action against aggressive tax avoidance and evasion, but, sadly, we have here a paltry Bill, which some Conservative Members have praised in some of these debates for being thin. It is not thin because it is concise; it is thin because, sadly, just like this Government, it is lacking in ideas and ambition. We need a change now, more than ever.

**Alex Chalk** (Cheltenham) (Con): I welcome this Finance Bill, because it does three things so far as taxation is concerned: first, it prioritises increasing the total pot for public services while recognising the common-sense proposition that we must live within our means; secondly, it entrenches and enhances the fundamentally progressive nature of the tax system; and, thirdly, it redoubles our country's efforts to tackle tax evasion and aggressive tax avoidance. The theme that unites those three strands is a relentless focus on discharging our obligation to the next generation: on ensuring that we are laying the foundations for a better, fairer country; one whose best days are yet to come. In doing so, we are observing our solemn duty to those who will come after us. We must not fail them, not just because history will condemn us if we do not, but because we ought to be able in this House to recognise that moral obligation for ourselves.

On tax avoidance and evasion, there has rightly been a sense that multinational corporations have been seeking to game the taxation system, using their market power to their financial advantage. That sticks in my craw, the craw of my constituents and the craw of Members across this House, because when we talk about the rule of law, that is about ensuring that we are all equal before not only the criminal law, but taxation law. Few things are more corrosive to public confidence in the enterprise economy than the sense that large corporations are wriggling out of their responsibilities to society—these responsibilities provide free healthcare and education, as well as a safe and secure environment to operate in. So I welcome the fact that the tax gap in our country has been driven down significantly, from 8% to 6%. That translates into an additional £12.5 billion per annum, which is more than the entire Ministry of Justice budget and far more than the entire annual spend on the prison system. We have the lowest tax gap in the world.

**Lloyd Russell-Moyle:** Does the hon. Gentleman recognise that that 6% does not take into account profit shifting? It comes from HMRC effectively marking its own homework and patting itself on the back.

**Alex Chalk:** Absolutely not. It is an internationally recognised statistic that shows that this country bears comparison with any other developed nation in the

world, and it marks a significant improvement on the situation that prevailed under the previous Labour Government. The fact is that more than £160 billion extra has been received since 2010. To put that into context, it is more than the entire annual NHS budget.

We have addressed egregious loopholes that allowed some foreign nationals not to pay capital gains tax when they sold houses in the UK. That allowed people to live in the UK permanently but claim non-dom status; and it allowed people to avoid paying tax by calling their salary from their own company a loan. Those were abuses and we have closed them down. It is important to note that the UK has spearheaded a groundbreaking initiative to share information on beneficial ownership with more than 50 jurisdictions, including every British overseas territory and Crown dependency with a financial centre.

**Lloyd Russell-Moyle:** Will the hon. Gentleman give way?

**Alex Chalk:** No, because I am going to conclude.

All that I have described shows the UK's commitment to transparency and that we are at the cutting edge of financial propriety.

It is absolutely right that the Government take further action to raise £4.8 billion by 2022-23. First, we are tackling online VAT evasion by making online marketplaces jointly liable for their sellers' unpaid VAT; secondly, we are investing an additional £150 million to fund HMRC staff and the latest technology; and thirdly, we are tackling further disguised remuneration schemes, because if people are gaming the system, we should call it out.

In short, the Bill bears down on aggressive tax avoidance and evasion. It sends out the clear message that we in this country believe in innovation, modernisation, investment and employment. We will back businesses that unlock human potential and generate jobs and wages, but we expect businesses to play by the rules, honour their dues to society and respect the next generation. The Bill meets those priorities and lays the foundations for a country that is fit for the future.

**Sir Oliver Heald** (North East Hertfordshire) (Con): Does my hon. Friend agree that above all else, this is about persistent, detailed work over time to close the loopholes and deal with the tax gap? It is not about making a speech and pretending we can spend all the money that is being lost; it is a question of grinding away over time and getting the tax gap down from 8% to 6% and so on.

**Alex Chalk:** As always, my right hon. and learned Friend hits the nail on the head. There is no substitute for hard, detailed work. Ultimately, it is a game of cat and mouse, because those who seek to avoid tax will be ever more inventive. It requires detailed work to ensure that the loopholes are closed, and the Government are absolutely committed to that task. The Bill shows that and I am happy to support it.

**Kelvin Hopkins:** I shall speak briefly. I congratulate my hon. Friend the Member for Oxford East (Anneliese Dodds) on her excellent Front-Bench speech.

Early in his speech, the hon. Member for Cheltenham (Alex Chalk) talked about morality. There is morality in paying tax: we cannot have a civilised society without

people paying tax to pay for public services and income being redistributed from those who have more than they need to those who have less than they need.

The crisis in 2008 and the problem of tax avoidance and evasion, overseas tax havens and so on, all arose as a result of Geoffrey Howe's disastrous decision in 1979 to abolish exchange controls immediately. That led to the crisis and the massive flows of money across national boundaries around the world, causing all sorts of problems. Even the then Governor of the Bank of England, Mervyn King, suggested to the Treasury Committee at the time of the 2008 crisis that if things got really bad, we might have had to reintroduce exchange controls. I am not suggesting that I will be able to persuade the Government to do that at this stage, but in time we are going to have to look at how we manage the vast flows of money across national boundaries around the world. It is the bankers who are the crooks—not the good bankers who look after our ordinary accounts, but those who gamble with money and often worthless bits of paper on the foreign exchanges.

The hon. Member for Cheltenham talked about morality. Millions of ordinary people in this country do have a very moral sense. Many of them, including me—I am very well paid compared with ordinary people—say that they would pay a bit more tax if they could guarantee that the money went to the health service and to people who are less well off than themselves. At the same time, the mega rich, the corporates and the bankers are resisting any kind of constraint on their activities. I see where the morality lies: it lies with decent ordinary people, not with bankers. We must constrain those bankers somehow and have serious measures that will actually have the effect of stopping the tax avoidance and tax evasion that has bedevilled our society for so long.

5.15 pm

I support my hon. Friend the Member for Oxford East. This Bill is weak; it needs to be much stronger. I look to a Labour Government in the very near future to introduce serious measures to deal with tax avoidance and tax evasion.

**Kirsty Blackman:** The discussion that we had earlier today and that we are having now in relation to tax avoidance really goes to the heart of the question: what kind of country do the Government want to be in charge of. It was clear from the earlier debate that the Government do not want to be in charge of a country that is open and upfront about tax changes and the impacts that they will have. They also have issues with tax avoidance and evasion and with the choices that they make. Their choices are very much not the ones that Scottish National party Members would make, nor indeed, I think, ones that Labour would make.

On the issue of the tax gap in particular, the UK Government took the decision that it was more important to have immigration officers who were concerned with ensuring that the “wrong sort of people” did not get into the country than it was to have customs officers. We have ended up in a situation where there are very few customs inspections, which is a major contributor to our tax gap. We are talking about tax avoidance and tax evasion and about going forward into a situation in which we will need to make many more customs checks, when the UK Government have got rid of most of the

people who know what they are talking about in relation to customs. We have a major problem that needs to be solved if we are to fix those issues.

A Transparency International report mentioned 766 UK companies that had avoided tax. A quarter of those companies are still active in the United Kingdom. The UK Government do not seem to have taken any action to ensure that they cannot dodge tax in the way that they have. Among the actions that we have been talking about is protection for whistleblowers. We continue to call for whistleblowers to be better protected. It is really important for people to feel that they can come forward safely and that they can uncover major problems that exist at the heart of some organisations that operate within this country, and at the heart of some schemes that operate within these islands. If the UK Government produced stronger guidance and stronger protection for whistleblowers, it would allow and encourage more people to come forward.

On the issues around the general anti-avoidance rule and the complexity of the tax code, we have been consistent in our criticism of how complex the tax code is. Someone posted a picture recently of the new version of the UK tax code that had just appeared: the thing was almost as tall as me. An absolutely huge number of bits of paper are required to make up the tax code. Is it any wonder that there are unintended loopholes that people can exploit? If the tax code was much simpler, if there were fewer tax reliefs and if the UK Government chose instead to give money to people rather than a tax relief, it would make things slightly better.

**Bill Grant (Ayr, Carrick and Cumnock) (Con):** The hon. Lady suggested that there is a confusion in the tax codes. It is only in recent days that the Scottish SNP Government have introduced a raft of new bands for tax and indeed increased tax. I find that anomaly quite strange.

**Kirsty Blackman:** It is not actually a raft of new tax bands. As far as I know, it is one more band in the tax system with slightly different numbers for the pennies. But that is only in relation to income tax. Some 70% of people will pay less tax and 55% will pay less tax than they would in England. Does the hon. Gentleman believe, therefore, that the English system is taxing people unfairly compared to the Scottish system?

**Mel Stride:** I thank the hon. Lady for indulging me. She says that 70% of Scottish taxpayers will pay less tax, but will she accept the fact that that is largely due to the changes made by the UK Government in raising the personal allowance?

**Kirsty Blackman:** The Scottish Government's new starter rate of 19%, rather than 20%, for the first £2,000 that people earn is really positive. It is an incredibly progressive taxation measure, and it is something that the UK Government cannot claim; it is something that the Scottish Government are doing.

**Martin Docherty-Hughes (West Dunbartonshire) (SNP):** If Conservative Members wish to debate the progressive taxation system introduced by the Scottish Government, maybe they should stand for the Scottish Parliament.

**Kirsty Blackman:** I thank my hon. Friend for his comments. I do, however, want to say one more thing on the Scottish tax system, so I hope he will indulge me.

The Scottish tax system is progressive. It is making a difference by ensuring that people who earn under £24,000 pay less tax. That is a positive measure and a good way forward. If members of the UK Government have concerns about the Scottish Parliament's choices on tax, perhaps it would be better for them to support an increase in the block grant. They could also tell us whether they would cut the money that is going to be made up from the Scottish Government's tax changes from education, local authorities or the health service.

I will bring the Committee back to tax avoidance. I am sorry, Sir Roger, for testing your patience slightly. The Scottish National party has been consistent in its criticism of Scottish limited partnerships. My former colleague, Roger Mullin, was like a dog with a bone; he would not let go of this matter. That was to his credit because the UK Government decided to make changes to the SLP regime as they recognised that it is massively used for tax avoidance and dodging. There was a review of SLPs, but we are yet to see changes as a result. Will the Minister let us know at least the timeline for making those changes in order to ensure that SLPs are no longer used as a tax-dodging mechanism? This is an important change that really needs to be made, preferably sooner rather than later.

Talking about the UK Government not working as they should regarding tax avoidance and evasion, the Panama papers and the Paradise papers have both been published in my time as an MP. It is very clear that the tax system—not just the global tax system, but even the system in the UK—is failing. It is allowing people and organisations to dodge tax. It is all well and good to talk about overseas trusts. In fact, this frustrates me a huge amount because the Government try to give the impression that overseas trusts are used by organisations such as rural churches in order to fix their roofs. It is not the case that they are used by organisations like that; they are used by people who are trying to dodge tax. We need the hardest possible line on that.

We cannot see the United Kingdom turn into a low-tax, deregulated tax haven. If the UK Government are deciding what kind of country they want the United Kingdom to be, they should not choose one that involves deregulation. With Brexit, they have the opportunity to put their stamp on the future, but I am incredibly concerned about the way that it will go. In bringing back control, some of the reins that have perhaps been put on the UK Government will be taken off and they will be free, for example, to take away the working time directive, and to make changes to our world-class social security system, fair society and good business practices. That is incredibly concerning.

We have called before, and we will not stop calling, for powers to deal with tax avoidance and evasion to be devolved to the Scottish Parliament. We believe that we would do a better job because we could not really do a worse one. We would put forward a fair and moral tax system and a general anti-avoidance rule in order to discourage people from dodging tax, and we would ensure that our tax gap was way smaller than the UK Government's.

**Mel Stride:** This Government are committed to bearing down on tax avoidance, evasion and non-compliance like no other Government in history. While I have

enormous respect for the hon. Member for Oxford East (Anneliese Dodds), the shadow Minister, and I respect the spirited nature of her attack on our record, I am afraid she is misguided.

We have a strong record. We have brought in and protected £160 billion of potentially avoided tax since 2010 as a result of over 100 measures that we have brought in. We have, as we have heard in the debate, one of the lowest tax gaps in the entire world, at just 6%. Contrary to some of the suggestions from those on the Labour Benches, that is a robust and firm figure; it is described by the IMF as one of the most robust in the world. It is, indeed, produced by HMRC, but it is produced to strict guidelines set out by the Office for National Statistics.

**Kelvin Hopkins:** The Minister mentioned HMRC. One of the things the Government have done over many years now is to squeeze HMRC, which has fewer offices and not enough staff. Does he not accept that every single additional tax officer collects many times their own salary? If the Government were serious about tax collection, they would expand HMRC substantially.

**Mel Stride:** The hon. Gentleman may know that, in the last Budget, £155 million was set aside to be invested in HMRC, for exactly the activity that he has described. That is expected to bring in £4.8 billion through a further reduction in tax avoidance over the forecast period.

The other point I would make to the hon. Gentleman is that HMRC's effectiveness is not all about having lots of regional offices staffed with tax inspectors. Tax is collected today using sophisticated intelligence-led and data-led techniques. We need to invest in that if we are to continue to achieve the outstanding results we are achieving at the moment.

We have borne down with penalties for developers and enablers of tax avoidance schemes. On the international side, our country has been in the vanguard of the base erosion and profit shifting project. We now have over 100 countries involved in common reporting standards, so HMRC can access information in real time to bear down on non-compliance in those jurisdictions. We have introduced new measures in this Budget in relation to clamping down on the abuse of overseas trusts. Since 2010, we have brought in £2.8 billion in additional revenues as a consequence of clamping down on the activities of UK residents hiding their wealth inappropriately in overseas trusts.

We have, of course, been the Government that abolished permanent non-dom status. I have to disagree, I am afraid, with the hon. Member for Oxford East, who suggested that if someone's parents were non-domiciled, that in some way suggests that that person would not be subject to the rules we have brought in. That is simply not the case. If someone has been resident for 15 of the previous 20 years, they will be deemed domiciled, irrespective of who their parents happen to be.

New clause 8 suggests we should have yet another assessment. We have heard consistently in all the debates we have had on the Floor of the House on this Bill about having more and more assessments, but I would say to Opposition Members that we already have a robust figure for the tax gap. As I have said, it has been described by the IMF as one of the most robust in the



world, and we certainly do not need even more information out there to prove just how successful this Government have been in bearing down on avoidance, evasion and non-compliance.

However, as a consequence of this Bill, we will go even further than we have to date. Clause 38 relates to online VAT fraud, and we will make online platforms jointly and severally liable where VAT avoidance occurs, extending that approach from overseas sellers to domestic sellers, and ensuring that they are responsible for supplying accurate and appropriate VAT information on their sites. That will raise £1 billion by 2023.

Clauses 11 and 12 will complete our work on disguised remuneration, and bearing down on that will have brought in £3.6 billion by 2019, when we will be closing down on those schemes.

Clause 42 ensures that where there is illegal landfill activity, we apply the tax that would have been in place had those activities been legal, bringing in a further £145 million. There are also the changes brought in by clauses 20 and 21 to address avoidance involving intellectual property within companies.

This Government have a record that is second to none when it comes to clamping down on avoidance, evasion and non-compliance. Labour had 13 years in which to implement such measures, and did very little. In fact, the tax gap under the previous Labour Government was such that if we had it today, we would be over £12 billion short every single year—enough to fund every policeman and woman in England and Wales. We will continue to bear down, as appropriate and with vigour, on tax evasion and avoidance to ensure a fair and civilised society where those who are due to pay their fair share do so, to support our public services. I urge the Committee to reject new clause 8.

5.30 pm

**Anneliese Dodds:** It is a pleasure to serve under your chairmanship, Sir Roger.

First, let me respond to the Minister's comments. I said before that it feels a little like groundhog day, although that is in February rather than at Christmas time. While I have a huge amount of respect for the Minister, and I am very grateful for his gracious comments, I suggest that in a moment he may be in the position of the Mayor of Wisconsin, who, he may remember, was nipped by the groundhog on groundhog day. I fear that the Minister is going to be nipped slightly after saying that Labour in government did very little on tax avoidance and tax evasion. He will be very much aware, because I have said this many times to him and to other Government Members, of the huge role that was played by Dawn Primarolo when she chaired the Code of Conduct Group. *[Interruption.]* The hon. Member for Beverley and Holderness (Graham Stuart) makes a comment about the tax gap. We have already discussed some of the conflicts around the calculation of the tax gap, such as the fact that, sadly, it does not include international profit shifting. If it did, we would have a much larger tax gap.

I have mentioned the role of Dawn Primarolo, for Labour, chairing the Code of Conduct Group, which identified, published and eliminated 68 harmful tax measures. I can now reveal that there is much, much more that Labour Governments did. Perhaps, regrettably, the Minister has not been given sight of the letter to the

Chancellor by my hon. Friend the Member for Walsall South (Valerie Vaz), the shadow Leader of the House. When she asked the House of Commons Library exactly what Labour Governments had achieved in the field of tax avoidance and evasion, it provided very full information, which she has sent on to the Chancellor. The Library made it very clear that under Labour Administrations there were 14 Budget reports, each of which included measures on preventing tax dodging. As well as those instances of action, there was the introduction of the disclosure regime and the Primarolo statement, which, in practice, revolutionised HMRC's ability to tackle tax dodging. Labour Members will not take lessons from Government Members when we have a strong record in this area.

The Minister did not make clear what the Government's approach will be to the inclusion of business-like trusts in registers of beneficial ownership, as is now EU policy. Will that be the UK's policy? That has been resisted by Conservatives so far; I hope that they will now change their tune. He also did not enlighten us on his opinion of the legal action that is being taken against a British newspaper and the British Broadcasting Corporation because of their revealing the reality of international tax planning by some actors who are giving others in that area a terrible name. I regret that he did not respond to my direct questions on those matters.

I would like to respond briefly to comments made by other Members. The hon. Member for Cheltenham (Alex Chalk), when asked about whether HMRC's figure on the tax gap included international profit shifting, refused to respond, sadly. I want to respond to the point about whether the Finance Bill protects governmental revenue. I do not want to go over the debates that we had yesterday and the many comments made by Labour Members, but I regret that in their new approach to the bank levy—reducing its rate and scope, and imposing an inadequate surcharge—the Government have decided voluntarily to reduce by a third the funds that come from the banking sector. Conservative Members can broadcast as much as they like about the additional tax that has arisen because of the banks' profitability, but that is a natural consequence of the British economy's return to profitability after the financial crisis. In practice, the Finance Bill does not act up to those goals in any sense.

My hon. Friend the Member for Luton North (Kelvin Hopkins) has campaigned on tax transparency for many years, and he made several prescient points. The hon. Member for Aberdeen North (Kirsty Blackman) referred to the personnel challenges being experienced by HMRC. They are of enormous concern, as she said, in the context of Brexit, as a result of which we may have more customs challenges. There has been a substantial reduction in HMRC's headcount of, I believe, around a fifth since 2010. I take on board the points that the Minister made about having the right capabilities and the right technical facility. However, when I look back at the Home Affairs Committee's discussion of whether HMRC would be ready with the new CHIEF system and have the capability to deliver it, I am filled, I am sad to say, with concern rather than confidence.

At this point, I will finish my remarks by commending to the Committee our new clause, which asks for a review of the provisions and whether they genuinely tackle tax dodging.

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

*The Committee divided: Ayes 271, Noes 311.*

**Division No. 78]**

**[5.36 pm**

**AYES**

Abbott, rh Ms Diane  
 Abrahams, Debbie  
 Alexander, Heidi  
 Ali, Rushanara  
 Allin-Khan, Dr Rosena  
 Amesbury, Mike  
 Antoniazzi, Tonia  
 Ashworth, Jonathan  
 Bailey, Mr Adrian  
 Barron, rh Sir Kevin  
 Beckett, rh Margaret  
 Benn, rh Hilary  
 Betts, Mr Clive  
 Blackford, rh Ian  
 Blackman, Kirsty  
 Blomfield, Paul  
 Brabin, Tracy  
 Bradshaw, rh Mr Ben  
 Brake, rh Tom  
 Brennan, Kevin  
 Brock, Deidre  
 Brown, Alan  
 Brown, Lyn  
 Brown, rh Mr Nicholas  
 Bryant, Chris  
 Buck, Ms Karen  
 Burden, Richard  
 Burgon, Richard  
 Butler, Dawn  
 Byrne, rh Liam  
 Cable, rh Sir Vince  
 Cadbury, Ruth  
 Cameron, Dr Lisa  
 Campbell, rh Mr Alan  
 Campbell, Mr Ronnie  
 Carden, Dan  
 Champion, Sarah  
 Chapman, Douglas  
 Charalambous, Bambos  
 Cherry, Joanna  
 Coaker, Vernon  
 Coffey, Ann  
 Cooper, Rosie  
 Cooper, rh Yvette  
 Corbyn, rh Jeremy  
 Cowan, Ronnie  
 Coyle, Neil  
 Crausby, Sir David  
 Creasy, Stella  
 Cruddas, Jon  
 Cryer, John  
 Cummins, Judith  
 Cunningham, Alex  
 Cunningham, Mr Jim  
 Dakin, Nic  
 Davey, rh Sir Edward  
 David, Wayne  
 Davies, Geraint  
 De Cordova, Marsha  
 De Piero, Gloria  
 Dent Coad, Emma  
 Dhesi, Mr Tanmanjeet Singh  
 Docherty-Hughes, Martin  
 Dodds, Anneliese  
 Doughty, Stephen  
 Dowd, Peter

Drew, Dr David  
 Dromey, Jack  
 Duffield, Rosie  
 Eagle, Ms Angela  
 Eagle, Maria  
 Edwards, Jonathan  
 Efford, Clive  
 Elliott, Julie  
 Ellman, Mrs Louise  
 Elmore, Chris  
 Esterson, Bill  
 Evans, Chris  
 Farrelly, Paul  
 Farron, Tim  
 Field, rh Frank  
 Fitzpatrick, Jim  
 Fletcher, Colleen  
 Flint, rh Caroline  
 Flynn, Paul  
 Fovargue, Yvonne  
 Foxcroft, Vicky  
 Frith, James  
 Furniss, Gill  
 Gaffney, Hugh  
 Gapes, Mike  
 Gardiner, Barry  
 George, Ruth  
 Gethins, Stephen  
 Gibson, Patricia  
 Gill, Preet Kaur  
 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  
 Hamilton, Fabian  
 Hanson, rh David  
 Hardy, Emma  
 Harman, rh Ms Harriet  
 Harris, Carolyn  
 Hayes, Helen  
 Hayman, Sue  
 Healey, rh John  
 Hendry, Drew  
 Hepburn, Mr Stephen  
 Hermon, Lady  
 Hill, Mike  
 Hobhouse, Wera  
 Hodge, rh Dame Margaret  
 Hodgson, Mrs Sharon  
 Hoey, Kate  
 Hollern, Kate  
 Hopkins, Kelvin  
 Hosie, Stewart  
 Howarth, rh Mr George  
 Huq, Dr Rupa  
 Hussain, Imran  
 Jardine, Christine  
 Jarvis, Dan

Jones, Gerald  
 Jones, Graham P.  
 Jones, Mr Kevan  
 Jones, Sarah  
 Jones, Susan Elan  
 Kane, Mike  
 Kendall, Liz  
 Khan, Afzal  
 Killen, Ged  
 Kinnock, Stephen  
 Kyle, Peter  
 Laird, Lesley  
 Lake, Ben  
 Lammy, rh Mr David  
 Lavery, Ian  
 Law, Chris  
 Lee, Ms Karen  
 Leslie, Mr Chris  
 Lewell-Buck, Mrs Emma  
 Lewis, Clive  
 Linden, David  
 Lloyd, Stephen  
 Lloyd, Tony  
 Long Bailey, Rebecca  
 Lucas, Caroline  
 Lucas, Ian C.  
 Lynch, Holly  
 MacNeil, Angus Brendan  
 Madders, Justin  
 Mahmood, Mr Khalid  
 Mahmood, Shabana  
 Malhotra, Seema  
 Mann, John  
 Marsden, Gordon  
 Martin, Sandy  
 Maskell, Rachael  
 Matheson, Christian  
 McCabe, Steve  
 McCarthy, Kerry  
 McDonagh, Siobhain  
 McDonald, Andy  
 McDonald, Stuart C.  
 McDonnell, rh John  
 McFadden, rh Mr Pat  
 McGovern, Alison  
 McInnes, Liz  
 McKinnell, Catherine  
 McMahan, Jim  
 McMorrin, Anna  
 Mearns, Ian  
 Monaghan, Carol  
 Moon, Mrs Madeleine  
 Moran, Layla  
 Morden, Jessica  
 Morgan, Stephen  
 Morris, Grahame  
 Murray, Ian  
 Nandy, Lisa  
 Newlands, Gavin  
 Norris, Alex  
 O'Hara, Brendan  
 Onasanya, Fiona  
 Onn, Melanie  
 Onwurah, Chi  
 Osamor, Kate  
 Peacock, Stephanie  
 Pearce, Teresa  
 Pennycook, Matthew  
 Perkins, Toby  
 Phillips, Jess  
 Phillipson, Bridget  
 Pidcock, Laura

Platt, Jo  
 Pollard, Luke  
 Pound, Stephen  
 Powell, Lucy  
 Rashid, Faisal  
 Rayner, Angela  
 Reed, Mr Steve  
 Rees, Christina  
 Reeves, Ellie  
 Reeves, Rachel  
 Reynolds, Jonathan  
 Rimmer, Ms Marie  
 Rodda, Matt  
 Rowley, Danielle  
 Ruane, Chris  
 Russell-Moyle, Lloyd  
 Ryan, rh Joan  
 Saville Roberts, Liz  
 Shah, Naz  
 Sharma, Mr Virendra  
 Sheerman, Mr Barry  
 Sheppard, Tommy  
 Sherriff, Paula  
 Shuker, Mr Gavin  
 Skinner, Mr Dennis  
 Slaughter, Andy  
 Smeeth, Ruth  
 Smith, Angela  
 Smith, Cat  
 Smith, Eleanor  
 Smith, Jeff  
 Smith, Laura  
 Smyth, Karin  
 Snell, Gareth  
 Spellar, rh John  
 Starmer, rh Keir  
 Stephens, Chris  
 Stevens, Jo  
 Stone, Jamie  
 Streeting, Wes  
 Sweeney, Mr Paul  
 Swinson, Jo  
 Tami, Mark  
 Thewliss, Alison  
 Thomas-Symonds, Nick  
 Thornberry, rh Emily  
 Timms, rh Stephen  
 Trickett, Jon  
 Twigg, Derek  
 Twigg, Stephen  
 Twist, Liz  
 Umunna, Chuka  
 Vaz, Valerie  
 Walker, Thelma  
 Watson, Tom  
 West, Catherine  
 Western, Matt  
 Whitehead, Dr Alan  
 Whitfield, Martin  
 Whitford, Dr Philippa  
 Williams, Hywel  
 Williams, Dr Paul  
 Williamson, Chris  
 Wilson, Phil  
 Wishart, Pete  
 Yasin, Mohammad  
 Zeichner, Daniel

**Tellers for the Ayes:**

**Thangam Debbonaire and  
 Nick Smith**

## NOES

Adams, Nigel  
 Afolami, Bim  
 Afriyie, Adam  
 Aldous, Peter  
 Allan, Lucy  
 Allen, Heidi  
 Amess, Sir David  
 Argar, Edward  
 Atkins, Victoria  
 Bacon, Mr Richard  
 Badenoch, Mrs Kemi  
 Baker, Mr Steve  
 Baldwin, Harriett  
 Barclay, Stephen  
 Baron, Mr John  
 Bebb, Guto  
 Bellingham, Sir Henry  
 Benyon, rh Richard  
 Beresford, Sir Paul  
 Berry, Jake  
 Blackman, Bob  
 Blunt, Crispin  
 Boles, Nick  
 Bone, Mr Peter  
 Bottomley, Sir Peter  
 Bowie, Andrew  
 Bradley, Ben  
 Bradley, rh Karen  
 Brady, Mr Graham  
 Bridgen, Andrew  
 Brine, Steve  
 Brokenshire, rh James  
 Bruce, Fiona  
 Buckland, Robert  
 Burghart, Alex  
 Burns, Conor  
 Burt, rh Alistair  
 Cairns, rh Alun  
 Cartlidge, James  
 Cash, Sir William  
 Caulfield, Maria  
 Chalk, Alex  
 Chishti, Rehman  
 Chope, Mr Christopher  
 Churchill, Jo  
 Clark, Colin  
 Clark, rh Greg  
 Clarke, rh Mr Kenneth  
 Clarke, Mr Simon  
 Cleverly, James  
 Clifton-Brown, Geoffrey  
 Coffey, Dr Thérèse  
 Collins, Damian  
 Costa, Alberto  
 Courts, Robert  
 Cox, Mr Geoffrey  
 Crabb, rh Stephen  
 Crouch, Tracey  
 Davies, Chris  
 Davies, David T. C.  
 Davies, Glyn  
 Davies, Mims  
 Davies, Philip  
 Davis, rh Mr David  
 Dinanage, Caroline  
 Djanogly, Mr Jonathan  
 Docherty, Leo  
 Dodds, rh Nigel  
 Donaldson, rh Sir Jeffrey M.  
 Donelan, Michelle  
 Double, Steve

Dowden, Oliver  
 Doyle-Price, Jackie  
 Drax, Richard  
 Duddridge, James  
 Duguid, David  
 Duncan, rh Sir Alan  
 Duncan Smith, rh Mr Iain  
 Dunne, Mr Philip  
 Ellis, Michael  
 Ellwood, rh Mr Tobias  
 Eustice, George  
 Evans, Mr Nigel  
 Evennett, rh David  
 Fabricant, Michael  
 Fallon, rh Sir Michael  
 Fernandes, Suella  
 Field, rh Mark  
 Ford, Vicky  
 Foster, Kevin  
 Fox, rh Dr Liam  
 Francois, rh Mr Mark  
 Frazer, Lucy  
 Freeman, George  
 Freer, Mike  
 Fysh, Mr Marcus  
 Garnier, Mark  
 Gauke, rh Mr David  
 Ghani, Ms Nusrat  
 Gibb, rh Nick  
 Gillan, rh Mrs Cheryl  
 Girvan, Paul  
 Glen, John  
 Goldsmith, Zac  
 Goodwill, Mr Robert  
 Gove, rh Michael  
 Graham, Luke  
 Graham, Richard  
 Grant, Bill  
 Grant, Mrs Helen  
 Gray, James  
 Grayling, rh Chris  
 Green, Chris  
 Green, rh Damian  
 Greening, rh Justine  
 Grieve, rh Mr Dominic  
 Griffiths, Andrew  
 Gyimah, Mr Sam  
 Hair, Kirstene  
 Halfon, rh Robert  
 Hall, Luke  
 Hammond, rh Mr Philip  
 Hammond, Stephen  
 Hancock, rh Matt  
 Hands, rh Greg  
 Harper, rh Mr Mark  
 Harrington, Richard  
 Harris, Rebecca  
 Harrison, Trudy  
 Hart, Simon  
 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  
 Hollingbery, George  
 Hollinrake, Kevin  
 Hollobone, Mr Philip

Holloway, Adam  
 Howell, John  
 Huddleston, Nigel  
 Hughes, Eddie  
 Hunt, rh Mr Jeremy  
 Hurd, Mr Nick  
 Jack, Mr Alister  
 James, Margot  
 Javid, rh Sajid  
 Jayawardena, Mr Ranil  
 Jenkin, Mr Bernard  
 Jenrick, Robert  
 Johnson, rh Boris  
 Johnson, Dr Caroline  
 Johnson, Gareth  
 Johnson, Joseph  
 Jones, Andrew  
 Jones, rh Mr David  
 Jones, Mr Marcus  
 Kawczynski, Daniel  
 Keegan, Gillian  
 Kennedy, Seema  
 Kerr, Stephen  
 Knight, rh Sir Greg  
 Knight, Julian  
 Kwarteng, Kwasi  
 Lamont, John  
 Lancaster, Mark  
 Latham, Mrs Pauline  
 Leadsom, rh Andrea  
 Lee, Dr Phillip  
 Lefroy, Jeremy  
 Leigh, Sir Edward  
 Letwin, rh Sir Oliver  
 Lewer, Andrew  
 Lewis, rh Brandon  
 Lewis, rh Dr Julian  
 Lidington, rh Mr David  
 Little Pengelly, Emma  
 Lopez, Julia  
 Lopresti, Jack  
 Lord, Mr Jonathan  
 Loughton, Tim  
 Mackinlay, Craig  
 Maclean, Rachel  
 Main, Mrs Anne  
 Mak, Alan  
 Malthouse, Kit  
 Mann, Scott  
 Masterton, Paul  
 Maynard, Paul  
 McLoughlin, rh Sir Patrick  
 McVey, rh Ms Esther  
 Menzies, Mark  
 Mercer, Johnny  
 Merriman, Huw  
 Metcalfe, Stephen  
 Miller, rh Mrs Maria  
 Milling, Amanda  
 Mills, Nigel  
 Milton, rh Anne  
 Mitchell, rh Mr Andrew  
 Moore, Damien  
 Mordaunt, rh Penny  
 Morgan, rh Nicky  
 Morris, Anne Marie  
 Morris, David  
 Morris, James  
 Morton, Wendy  
 Mundell, rh David  
 Murray, Mrs Sheryll  
 Neill, Robert

Newton, Sarah  
 Nokes, Caroline  
 Norman, Jesse  
 O'Brien, Neil  
 Offord, Dr Matthew  
 Opperman, Guy  
 Paisley, Ian  
 Parish, Neil  
 Patel, rh Priti  
 Paterson, rh Mr Owen  
 Pawsey, Mark  
 Penrose, John  
 Percy, Andrew  
 Perry, Claire  
 Philp, Chris  
 Pincher, Christopher  
 Pow, Rebecca  
 Prentis, Victoria  
 Prisk, Mr Mark  
 Pritchard, Mark  
 Pursglove, Tom  
 Quin, Jeremy  
 Quince, Will  
 Raab, Dominic  
 Redwood, rh John  
 Rees-Mogg, Mr Jacob  
 Robertson, Mr Laurence  
 Robinson, Gavin  
 Robinson, Mary  
 Rosindell, Andrew  
 Ross, Douglas  
 Rowley, Lee  
 Rudd, rh Amber  
 Rutley, David  
 Sandbach, Antoinette  
 Scully, Paul  
 Seely, Mr Bob  
 Selous, Andrew  
 Shannon, Jim  
 Shapps, rh Grant  
 Sharma, Alok  
 Shelbrooke, Alec  
 Simpson, David  
 Simpson, rh Mr Keith  
 Skidmore, Chris  
 Smith, Chloe  
 Smith, Henry  
 Smith, rh Julian  
 Smith, Royston  
 Soames, rh Sir Nicholas  
 Soubry, rh Anna  
 Spelman, rh Dame Caroline  
 Spencer, Mark  
 Stevenson, John  
 Stewart, Bob  
 Stewart, Iain  
 Stewart, Rory  
 Streeter, Mr Gary  
 Stride, rh Mel  
 Stuart, Graham  
 Sturdy, Julian  
 Sunak, Rishi  
 Swayne, rh Sir Desmond  
 Swire, rh Sir Hugo  
 Thomas, Derek  
 Thomson, Ross  
 Throup, Maggie  
 Tolhurst, Kelly  
 Tomlinson, Justin  
 Tomlinson, Michael  
 Tracey, Craig  
 Tredinnick, David

Trevelyan, Mrs Anne-Marie  
 Truss, rh Elizabeth  
 Tugendhat, Tom  
 Vaizey, rh Mr Edward  
 Vara, Mr Shailesh  
 Vickers, Martin  
 Villiers, rh Theresa  
 Walker, Mr Charles  
 Walker, Mr Robin  
 Wallace, rh Mr Ben  
 Warburton, David  
 Warman, Matt  
 Watling, Giles  
 Whately, Helen

Wheeler, Mrs Heather  
 Whittaker, Craig  
 Whittingdale, rh Mr John  
 Wiggin, Bill  
 Williamson, rh Gavin  
 Wilson, Sammy  
 Wollaston, Dr Sarah  
 Wood, Mike  
 Wragg, Mr William  
 Wright, rh Jeremy  
 Zahawi, Nadhim

**Tellers for the Noes:**  
 Stuart Andrew and  
 Andrew Stephenson

*Question accordingly negatived.*

*The Deputy Speaker resumed the Chair.*

*Bill (Clauses 8, 33, 40 and 41, and schedules 9 and 11) reported, without amendment, and ordered to lie on the Table.*

## Prevention and Suppression of Terrorism

5.51 pm

**The Minister for Security (Mr Ben Wallace):** I beg to move,

That the draft Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2017, which was laid before this House on 18 December, be approved.

The threat level in the United Kingdom, which is set by the joint terrorism analysis centre, remains at severe. This means that a terrorist attack on our country is highly likely and could occur without warning. We can never entirely eliminate the threat from terrorism, but we are determined to do all we can to minimise the threat to the United Kingdom and our interests abroad, as well as to disrupt those who would engage in it. Recognising that terrorism is a global threat that is best tackled in partnership, it is also important that we demonstrate our support for other members of the international community in their efforts to tackle terrorism wherever it occurs.

Proscription is an important part of the Government's strategy to disrupt the activities of terrorist groups and those who provide support to them. The order would add four groups to the list of proscribed organisations by amending schedule 2 of the Terrorism Act 2000: al-Ashtar Brigades, including its aliases Saraya al-Ashtar, Wa'ad Allah Brigades, Islamic Allah Brigades, Imam al-Mahdi Brigades and al-Haydariyah Brigades; al-Mukhtar Brigades, including Saraya al-Mukhtar; Hasam, including Harakat Sawa'd Misr and Harakat Hasm; and Liwa al-Thawra. This is the 22nd proscription order under the 2000 Act.

The proscriptions send a strong message that terrorist activity is not tolerated wherever it happens. Under section 3 of the Act, the Home Secretary has the power to proscribe an organisation if she believes it is concerned in terrorism. If the statutory test is met, the Home Secretary may then exercise her discretion to proscribe the organisation. The Home Secretary takes into account a number of factors in considering whether to exercise that discretion. These include: the nature and scale of an organisation's activities; and the need to support other members of the international community in tackling terrorism.

The effect of proscription is that a listed organisation is outlawed and unable to operate in the United Kingdom. It is a criminal offence for a person to belong to, invite or provide support for, or arrange a meeting in support of, a proscribed organisation. It is also an offence to wear clothing or carry articles in public, such as flags that arouse reasonable suspicion that an individual is a member or a supporter of a proscribed organisation.

Proscription sends a strong message to deter fundraising and recruitment for proscribed organisations. The assets of a proscribed organisation can become subject to seizure as terrorist assets. Proscription can also support other disruptions of terrorist activity, including for example the use of immigration powers such as exclusion from the UK where the individual is linked to a proscribed organisation and their presence in the United Kingdom would not be in the public interest. Given its wide-ranging impact, the Home Secretary only exercises her powers to proscribe after thoroughly reviewing the available evidence of an organisation. This includes information from both open sources and sensitive intelligence, as well as advice that reflects consultation across Government,

including with the intelligence and law enforcement agencies. The cross-Government proscription review group supports the Home Secretary in this decision-making process. The Home Secretary's decision to proscribe is taken only after great care and consideration of each case, but given the impact the power can have, it is appropriate that proscription must be approved by both Houses. Having carefully considered all the evidence, the Home Secretary believes that al-Ashtar Brigades, al-Mukhtar Brigades, Hasam and Liwa al-Thawra are currently concerned in terrorism.

Although I am unable to comment on specific intelligence, I can provide a summary of each group's activities in turn. The first group the order proscribes is al-Ashtar Brigades and its aliases. It is a Bahrain-based Shi'a militant organisation established in 2013. Its aim is to overthrow the Bahraini al-Khalifa ruling family through violent militant operations. It lists the ruling al-Khalifa family, Bahraini security forces and Saudi Arabia as targets for attacks. The group has claimed responsibility for numerous attacks in Bahrain, including a jail break of 10 convicted terrorists that led to the death of a police officer in January 2017; an improvised explosive device attack in a bus station in Sitrah, which was claimed by the group under the name Wa'ad Allah Brigades in February; and an attack on a police vehicle near the village of al-Qadeem in July. More generally, the group has incited violent activity against the Bahraini Government, as well as the British, American and Saudi Arabian Governments on social media.

The second group the order proscribes is al-Mukhtar Brigades, also known as Saraya al-Mukhtar, a Bahrain-based Shi'a militant organisation established in 2013. It lists the al-Khalifa ruling family, Bahraini security forces and Saudi Arabia as targets for attacks. The group's activities include the continued promotion and glorification of terrorism via social media throughout 2017.

The third group to be proscribed is Hasam and its aliases. Hasam is an extremist group targeting Egyptian security forces and the overthrow of the Egyptian Government. It announced its creation on 16 July 2016, following an attack conducted in Fayoum Governorate in Egypt. In September 2016, the group claimed responsibility for the attempted assassination of Assistant Prosecutor General Zakaria Abdel-Aziz and the attempted assassination of former Grand Mufti of Egypt Ali Gomaa a month earlier. The group has claimed responsibility for over 15 attacks between March and September this year in Cairo. It carried out small arms fire attacks in March, May and July, and bomb attacks in March, June and September, the latter exploding close to the Myanmar embassy in Cairo.

The final group to be proscribed is Liwa al-Thawra, another extremist opposition group using violent tactics against Egyptian security forces and aiming at the end of the Egyptian Government. It announced its creation on 21 August 2016, following an attack in Monofeya. The group has claimed responsibility for attacks, including bombings and assassinations, including the attack in Monofeya in Egypt, the assassination of Egyptian Brigadier General Adel Regali in October 2016, and in April 2017 the bombing of the Egyptian police training centre in Tanta, Egypt.

In addition to adding these groups, we propose to remove Hezb-e Islami Gulbuddin from the list of proscribed organisations. The HIG—for short—is an offshoot of

the political Hezb-e Islami party and was formed in 1977 in response to the Soviet invasion of Afghanistan. You must forgive me, Madam Deputy Speaker, for my mix of Arabic and Lancashire—it does not make for the best dialect of Arabic or Pashtun, but we will get there. The HIG—I will go easy on people's ears—is anti-western and seeks the creation of a fundamentalist Islamic state in Afghanistan. Since 2001, its main objective has been the removal of western forces and influence in Afghanistan as well as restoring Islamic law.

The HIG has been proscribed in the UK since October 2005. However, on 22 September 2016, the group agreed to a peace deal with Afghanistan's Government. After careful consideration, the Home Secretary has concluded that there is not sufficient evidence to support a reasonable belief that the HIG continues to be concerned in terrorism as defined by section 3(5) of the Terrorism Act 2000. Under that section, the Home Secretary has the power to remove an organisation from the list of proscribed organisations if she believes that it no longer meets the statutory test for proscription. Accordingly the Home Secretary has brought forward this order. If the order is approved, HIG will be removed from the list of proscribed organisations, which means that being a member of HIG, or inviting or providing support for it, will cease to be a criminal offence on the day that the order comes into force.

**Mike Gapes** (Ilford South) (Lab/Co-op): I broadly support the Minister's proposals, but how can we be sure that adding organisations to the list in any way makes our authorities effective in combating them, given that in the last few months terrorist organisations have been parading openly with their flags—in Arabic—in the centre of London, and prosecutions have not occurred?

**Mr Wallace:** Proscription opens up a whole new level of offences for which people can be prosecuted. Proscribing an organisation allows asset-freezing and prosecution, but other offences can be linked to such activity. The hon. Gentleman is right to point out that it is often hard to prove membership—very few of these organisations have membership cards and joining ceremonies—but the order gives our law enforcement agencies more powers with which to prosecute a campaign against them.

The hon. Gentleman also mentioned flags, no doubt referring to Hezbollah and Hamas. Those organisations are not proscribed in their entirety. Their military wings are proscribed, but as Hezbollah forms part of the Government in Lebanon and Hamas plays an active role in its part of the region as a member of a Government, the proscription applies only to the military wing. In some cases the flags are identical, but that does not mean that if people participate in Hezbollah-supporting actions here that constitute terrorism or anything linked to it, our police and law enforcement agencies will not act. We have acted in respect of Hezbollah and Hamas in the past, either to disrupt activity or to bring prosecutions.

We do not condone any terrorist activity, and we always take a cautious approach to de-proscription. De-proscription of a particular group should not be interpreted as the UK Government's condoning any previous activities of that group. We have always been clear about the fact that HIG was a terrorist organisation. Groups that do not meet the threshold for proscription must remain within the law, and are not free to spread

[*Mr Wallace*]

hatred, fund terrorist activity or incite violence as they please. The police have comprehensive powers to take action against individuals who engage in such activity, under the criminal law. We are determined to detect and disrupt all terrorist threat, whether home-grown or international. Proscription is just one weapon in the considerable armoury that is at the disposal of the Government, the police and the security services to disrupt terrorist activity.

The Government continue to exercise the proscription power in a proportionate manner, in accordance with the law. We recognise that proscription potentially interferes with individuals' rights, particularly those protected by article 10—freedom of expression—and article 11—freedom of association—of the European convention on human rights, and should be exercised only when absolutely necessary. The order demonstrates that when proscription is no longer necessary, we are prepared to act to de-proscribe groups that are no longer “concerned in terrorism”.

I believe that it is right to add these four groups—al-Ashtar Brigades, al-Mukhtar Brigades, Hasam and Liwa al-Thawra Brigade—and their aliases to the list of the proscribed organisations in schedule 2 of the Act, and, equally, that it is proportionate to remove HIG from the list. Subject to the agreement of both Houses, the order will come into force on Friday 22 December.

6.3 pm

**Nick Thomas-Symonds** (Torfaen) (Lab): I am grateful to the Minister for his remarks. I also ask him to pass on our thanks to the Home Secretary for the letter that she sent yesterday to my right hon. Friend the Member for Hackney North and Stoke Newington (Ms Abbott), the shadow Home Secretary, setting out this decision.

Let me make it absolutely clear that the Opposition support the motion. We support the decision to proscribe the four groups that the Minister mentioned, and the de-proscription of HIG. Any Government's first duty is to protect the public, and Labour Members appreciate the difficult balance that has to be struck when considering the application of the test in section 3 of the 2000 Act.

I turn to the four groups to be proscribed. We certainly hope that that decision will assist in tackling terror activity and send from this House a powerful signal of condemnation of the activities of those groups. I would, however, make three observations, and I hope the Minister will take them in the constructive spirit in which they are intended.

First, public confidence in this process is very important and, although I of course appreciate that some matters have to remain confidential for reasons of national security, to the extent that it is possible, transparency is important. The Minister will be aware that the former independent reviewer of the terror legislation, David Anderson QC, made various suggestions in successive reports, including when considering these matters, looking at the cohesion and capability of organisations. It would be useful if the Government could respond in due course to David Anderson's 2016 report and the suggestions made therein.

My second observation relates to a point made by my hon. Friend the Member for Ilford South (Mike Gapes): proscription is of course only one of the measures

available, and our ability to tackle terrorism, at whatever level and wherever it comes from, depends on proper resourcing of not only counter-terrorist policing but mainstream policing. When these terrible major incidents happen, it is not only counter-terror policing that is affected; resources are inevitably drawn in from mainstream policing as well. In addition, I commend neighbourhood policing, which not only provides reassurance in our communities, but can provide vital local intelligence in the fight against terrorism.

Thirdly, as we move on to the next stage of the Brexit negotiations, I hope that the Minister will speak to the Secretary of State for Exiting the European Union about the toolkit available to us from the European arrest warrant and Europol to ensure that that is a high priority in this stage of the negotiations to enable us to tackle terrorism across the continent.

On the decision to de-proscribe HIG, as the Minister has set out, de-proscription is appropriate in some cases. Where it is appropriate, it should be promptly dealt with when the statutory test is no longer met. Again, however, I commend to the Minister as much transparency as possible on this decision. As recently as June of this year, a House of Commons Library briefing stated that HIG was believed to have some UK-based supporters, and there were indications that HIG had conducted attacks on Afghan and indeed western targets. Clarification of when the application to de-proscribe was made, when the statutory test ceased to be met and that this situation will be kept under review would be reassuring to Members across the House.

Above all, our counter-terror policy needs to be carefully thought out. Above everything else, it needs to be effective. The incidents this year at Westminster bridge, London bridge, Finsbury Park, Parson's Green and the Ariana Grande concert in Manchester are a reminder of the terrible threat these callous acts cause to our society, but they also show the tremendous efforts of our emergency services, and the resolve and strength our communities have shown in the face of these threats should give us cause for great optimism.

6.8 pm

**Stuart C. McDonald** (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): I am grateful to the Minister for setting out the background to the order and I am pleased to confirm that my party supports approving it this evening.

Our task in scrutinising draft instruments of this nature is not always straightforward, for the simple reason that the Secretary of State has access to information and intelligence that we as MPs for very good reasons cannot have access to. However, given what the Minister has said this evening, there is no reason for me to doubt that the Secretary of State has exercised her discretion appropriately in deciding to proscribe two groups in Bahrain and two in Egypt; nor, indeed, to doubt her conclusion on de-proscription, given the developments in Afghanistan, although the shadow Minister raised a couple of sensible questions on that issue.

I want to make two short points. First, this de-proscription again raises the question of why proscription orders never lapse, despite recommendations from the former independent reviewer of terrorism and the Home Affairs Committee, and despite the fact that the Home Office itself has acknowledged that at least 14 proscribed organisations no longer meet the statutory test.

Secondly, I accept that, when deciding whether to exercise powers under the Terrorism Act 2000, it is right for the Secretary of State to take into account the need to support other members of the international community in tackling terrorism, but we have to look at the broader context in those countries as well. I echo the statement issued by the US State Department in June, when it too was taking action against individuals associated with the al-Ashtar Brigades in Bahrain. The statement said of the Government of Bahrain that

“we encourage the government to clearly differentiate its response to violent militia groups from its engagement with peaceful political opposition”.

There are no excuses for the grave human rights abuses being perpetrated by the Governments in both Bahrain and Egypt. If anything, those human rights abuses risk assisting the recruiters for the very terrorist organisations that we are seeking to clamp down on.

6.10 pm

**Mr Charles Walker** (Broxbourne) (Con): I thank the Minister for Security for his speech. It is much appreciated by my constituents that he and his team are working so hard to ensure their safety. This is an incredibly difficult challenge, because the threat keeps changing and it is always difficult for our security forces to identify the threat at each stage of its development. However, they are doing a fantastic job. It is important for the Minister to know that, when talking to our constituents, we all come across people who understand the enormity of the task that our security forces face and who respect the diligence with which they go about their business.

We face an incredibly difficult challenge. I look around the Chamber and see all my colleagues on electronic devices. We were talking yesterday about how electronic devices can spread hate and division. I know it is difficult for my right hon. Friend the Minister to be in everybody's pocket, if that makes sense. It is difficult to have a police officer in everyone's pocket, keeping an eye on what they are doing through social media, but these are the challenges that this country faces.

**Stephen Kerr** (Stirling) (Con): I support the points that my hon. Friend is making. At this time of year, when we are all preparing for the Christmas and new year holidays, this statement is a great reminder to us all that there are, thankfully, men and women in our security services who are diligent and ceaseless in their surveillance and assessment of risk, to the point that this kind of measure can be brought to the House.

**Mr Walker:** My hon. Friend makes an excellent point. The people who work in our security forces do not get a day, an hour or even a minute off. They are constantly vigilant. I imagine that, even when they are not on duty, they take home their concerns and their enormous sense of responsibility to society. We should congratulate them and respect them for that.

We talked about the responsibility of the tech companies yesterday, we are talking about it today, and will probably go on talking about it tomorrow. They simply cannot say, “It's nothing to do with us, gov”. We just provide the platform.” That is no longer a sufficient excuse. Politicians around the world—particularly the free western world—are now identifying the fact that, if the tech

companies are not willing to address the problem or to challenge those who use their technology for nefarious and dangerous purposes, we as legislators are going to have to do that for them.

6.14 pm

**Jim Shannon** (Strangford) (DUP): I thank the Minister for his statement and particularly congratulate him on his Arabic pronunciation. If he had my Ulster Scots accent, the challenge would perhaps have been greater, but that is by the way.

I am pleased with and can support the legislation the Minister is bringing forward today and the information that he has laid before us. He mentioned social media, as did other Members, including the hon. Member for Broxbourne (Mr Walker), and we perhaps need a bit more information on that. We all know that there are methods of recruiting terrorists, influencing terrorists, and influencing people who are not terrorists but who could be terrorists, so what resources are available to ensure that the influence that some people can have through social media is spent? I read in the press yesterday that a far-right group had been removed by one of the big social media companies, so if they are able to do that with far-right groups, they should be able to do that with all terrorist groups. I am unsure whether cyber-security comes under the Minister's remit, but we have to ensure that things are being done the right way. The Minister did not indicate where far-right groups stand, so perhaps he will confirm whether the Government are keeping an eye on their activities and on what they are doing and saying online, of which we should be ever mindful.

I want to reinforce a point made by the hon. Member for Ilford South (Mike Gapes), who is not currently in the Chamber to hear this. I went before the Backbench Business Committee today with the hon. Member for Liverpool, Riverside (Mrs Ellman) and the right hon. Member for Enfield North (Joan Ryan) to ask for a debate on the proscription of Hezbollah, and reference was made to the flags of proscribed organisations that were flown in central London. When that matter was referred to the police, they said that they could not take action due to some disparity over the rule of law. Many of us will be of the opinion that Hezbollah should be on the list and that the flying of its flag anywhere in this country, but particularly in London, should not be allowed, because Hezbollah sows a distinct hatred for Israel, for Israelis and for many others.

The Minister also referred to the Muslim Brotherhood. I am ever mindful that we have a good working relationship with President el-Sisi and the Egyptian Government, and my right hon. Friend the Member for Lagan Valley (Sir Jeffrey M. Donaldson) is the Prime Minister's trade envoy to Egypt. He does good work, and we are pleased to see him in that position. From what the Minister says, I understand that we work closely alongside the Egyptian Government on matters relating to proscription, but will he reinforce our understanding of the Muslim Brotherhood?

**Stephen Kerr:** I am listening with great interest to the hon. Gentleman's comments, particularly those relating to the paraphernalia of extremism, which is all too often on public display. Will he add to his comments about social media? Social media platforms seem to

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wash their hands of full responsibility for the things that are published, but that washing of hands would not be appropriate for any other publication or source of publishing. What would the hon. Gentleman like to see done?

**Jim Shannon:** I thank the hon. Gentleman. I want to see what has happened to the far-right groups. I want groups that espouse evil words and terrorist acts to be taken off social media. That is the action that we want, and I think the Minister is probably saying that, so we look forward to it.

Returning to the Muslim Brotherhood, it continues to be a difficult group that tends to try to undermine the Egyptian Government and President el-Sisi, and I want to make sure that we are doing everything that we can to ensure that democratic stability in the middle east can continue.

**Wendy Morton** (Aldridge-Brownhills) (Con): When we think about terrorism and counter-terrorism, it is easy to think in terms of world politics beyond our local communities. Does the hon. Gentleman agree that the events of the past year show the importance of the work of our security services in keeping all our constituents safe? Also, will he join me in welcoming the Government's recent announcement of extra funding for counter-terrorism?

**Jim Shannon:** Of course I welcome that announcement. I support our Government entirely in what they are doing. We would never do otherwise

**John Spellar** (Warley) (Lab): I thank the hon. Gentleman—who, from his service with me on the Select Committee on Defence, I refer to as my hon. Friend—for giving way. Does he share my concern that there is a degree of complacency regarding the Muslim Brotherhood? Some organisations see the Muslim Brotherhood as running counter to terrorism, rather than, as in many cases, facilitators and inspirers of terrorism.

**Jim Shannon:** That is exactly the point I am trying to make to the Minister. We are very concerned about the influence of the Muslim Brotherhood, and we all look to the Minister and our Government to respond in a satisfactory fashion.

To return to the point made by the hon. Member for Aldridge-Brownhills (Wendy Morton), I put on record our thanks to all our security forces, our police, MI5 and every one of the emergency services that have contributed so much over the past year. Both inside and outside the House, we owe them an eternal debt.

6.21 pm

**Rachel Maclean** (Redditch) (Con): I also congratulate my right hon. Friend the Minister on his speech and on his work, a lot of which is completely unseen by our constituents.

My constituents in Redditch want to feel safe and secure at all times. We often see the high-profile plots—when those plots go tragically to plan, we all see the evil that is done on our streets—and we sometimes hear of the plots that are foiled, but I imagine most of us in this

House will not know of the many, many more plots that are continually foiled and of the work that goes on all the time.

**Stephen Kerr:** My hon. Friend mentions the occasions when the intelligence services have foiled the plotters and their dastardly plans. Will she comment on the importance of co-operation with the intelligence services of our friends and partners in Europe, in North America and across the world, and on the important part that passing intelligence between those agencies plays in making the picture more complete so that action can be taken to prevent loss of life in such incidents?

**Rachel Maclean:** My hon. Friend touches on the critical point that, even as we leave the European Union, we must seek to cement our deep and special partnership on all these matters—and with our friends in the United States, too—because it is clear that these are the relationships that are keeping all our constituents safe, day in, day out.

We cannot imagine what it must be like to work in the intelligence services. I cannot even begin to imagine for one second what it must be like to face such threats and such terror, how frightening it must be and how brave those men and women must be to face it every single day. I add my thanks to those of Members on both sides of the House who have put on record their thanks to those brave men and women who go out of their way every day to keep us safe, and I know my constituents in Redditch thank them, too.

While I am welcoming announcements, it is great to see that additional funding has been announced for the police service today. Significant funding has been pledged to my West Mercia region, which will undoubtedly help our police forces to work in partnership.

**Mr Kevan Jones** (North Durham) (Lab): The hon. Lady should look at the detail of today's announcement. No extra Government funding has been announced at all. What is happening is that the cash from central Government is being kept flat and her local taxpayers will be asked to fund the gap.

**Madam Deputy Speaker (Dame Rosie Winterton):** Order. The hon. Member for Redditch (Rachel Maclean) will stick to the subject of this debate, which is not actually police funding.

**Rachel Maclean:** I thank the hon. Gentleman for his intervention and I will return to the subject of my remarks, Madam Deputy Speaker.

I also want to put on record the importance of education in our schools. We have heard Members from both sides of the House mention the work our schools do in talking to young people about terrorism and the sorts of extremist threats we are seeing in our communities. At this time, it is also important to recognise the work of my local communities in Redditch. I am sure everyone will have seen the way in which local communities come together proactively when we are facing some of the most tragic events in our country. I saw that myself in Redditch in an all-faith service and celebration at my local mosque, where it was so inspiring to see everybody coming together in the face of these threats.



**Wendy Morton:** Does my hon. Friend agree that in the face of terrorism it is often so important that we, as communities and as a nation, demonstrate our coming together and our strength as a nation in our fight against terrorism and all that it holds?

**Rachel Maclean:** I thank my hon. Friend for that intervention. She rightly celebrates that human spirit that is inside all of us. Sometimes it can take a tragic, awful, terrifying event to see the best of our human spirit shine forth. When I see that, I find it incredibly inspiring, and we should celebrate and recognise it.

It is also relevant to mention, as my hon. Friend the Member for Broxbourne (Mr Walker) did, yesterday's statement, when we looked at the role of intimidation and abuse, and the link it can sometimes have to extremism when it is taken too far. It is important that we recognise that in the round of the work that the Minister is doing in his Department to combat terrorism in all the forms it takes. I am sure he is looking at the role social media companies play. It is absolutely right that they play a role; we face a holistic threat, so we need a holistic response. One problem with the social media companies is that their business model is completely wrong, because they rely on the clickbait they put out on their platforms to whip up hatred. That is how they make their money; they actually receive revenue from clicks. They do not have any regard to what they are disseminating into the public's mind. It can spread into schools and communities, among young people. We should all be aware of that. The work the Home Secretary and her Department is doing needs to look at all these issues together. The tech companies have a really important role to play and I am pleased to see that the Government are taking further action here.

As the hon. Member for Strangford (Jim Shannon) said, we have to look at far-right groups. We have to look at all groups that pose a threat to our communities and our society. We have seen disgusting examples of this recently, so I am delighted to hear that the Government are looking at all the threats together and I congratulate the Minister on today's statement.

6.28 pm

**Stephen Kerr** (Stirling) (Con): I rise to add a few words of appreciation to the Minister for bringing this measure to the House and to compliment Members on how it has been received. I wish to pay a specific tribute to a number of different groups that are making our country safe. Mention has been made of our security services. It was said that the submariners represented the silent service, but in fact we have a modern-day silent service: those who are carefully and studiously monitoring what is going on, both online and all around us. So I pay tribute to our security services, and I do so on behalf of my constituents, who are the beneficiaries of their service, which, as has been mentioned, is a 365-day-a-year operation, day and night. That professionalism is what is keeping us safe. I join others in paying tribute to the security services—MI5 and MI6 were specifically mentioned, but many other branches of the security services are working together. It is because of their good work and the levels of co-operation between the national agencies not only of this country and our immediate allies but around the world that this order is possible.

I pay tribute to the work that is done locally to prepare for the eventualities that we all dread, fear and hope will never happen. Since becoming the Member of Parliament for Stirling, I have had the opportunity to spend time with the Police Scotland officers in my constituency. I have been hugely impressed with their professionalism and how they carefully and diligently prepare themselves for any eventuality. It is humbling to listen to what they are doing day in, day out in anticipation of an event that we all dread. As it expands the range of services it offers, under excellent national and local leadership, the fire and rescue service in Scotland is also being prepared and trained to respond to the type of incidents that, as Members have reminded us, have taken place in our country this year. Those events have deeply shocked and shaken us.

The third group of people who deserve to be mentioned in the context of the resilience and resolution the country has shown is the British public. The perfect answer to all the events of this year and to the ever-present threat that the Minister mentioned in his speech is that when these events happen, or when it is reported that they have been averted, the British public's response is to just get up and carry on. That is the full measure of the spirit of the people of these islands and it has been demonstrated and exemplified time and again.

Several agencies are doing excellent work to continue to raise public awareness of the threat of terrorism. As a regular user of the national rail network, I wish to mention a successful awareness-raising campaign mounted by British Transport police called "See It. Say It. Sorted.", which is intended to activate and engage the British public in their role as the eyes and ears of the security forces on the ground, both locally and nationally.

I welcome the evidence of the intelligence services' continuous assessment of the environment in which we all live and operate. We should remember the bravery and courage of those who this year have shown again the British people's resilience, especially in response to the events we sadly witnessed that took place very close to the Chamber, before my time in Parliament.

**Wendy Morton:** My hon. Friend is making a great case and setting out the important contribution that so many people make to keep us safe. Does he also recognise the volunteers who make up local neighbourhood watch groups—I am sure you have some in your constituency, Madam Deputy Speaker—because although they may not be at the forefront of counter-terrorism work, they are still part of the effort to gather intelligence and keep abreast of what is going on?

**Stephen Kerr:** I am grateful for my hon. Friend's intervention, because it is a reminder of the point that I wish to make and enforce. When it comes to counter-terrorism, intelligence gathering and the sharing of information, we have an important part to play as individual citizens. My hon. Friend has just described the great tradition of our doing that in this country.

**John Spellar:** The overwhelming evidence from senior counter-terrorism officers is that much of the useful information they gather comes from ordinary beat police officers who are involved in their local communities. Is not it therefore deplorable that the Government have cut funding to the Metropolitan police in particular and are thereby denuding that capability?

**Stephen Kerr:** I am a Scottish Member of Parliament, but I understand that matters relating to the budgets of the Metropolitan police may be decided by the Mayor of London, just as similar such budgets in Scotland are decided by the Scottish Government. I do not want to introduce any controversy to the things that I am trying to say, because this is not necessarily a moment for any kind of party posturing.

**Kevin Foster:** Does my hon. Friend agree that this is about not just funding, but the powers that the police have and the regulatory system that has been set up? All too often we have seen opposition to some of those powers by the Labour party, even though we might get some welcome consensus on these powers in relation to proscribed groups.

**Stephen Kerr** *rose—*

**Madam Deputy Speaker (Dame Rosie Winterton):** Order. I strongly urge the hon. Member for Stirling (Stephen Kerr) to return to the motion before us.

**Stephen Kerr:** Thank you, Madam Deputy Speaker. I would like to conclude my remarks if I may by referring back to the comments of the hon. Member for Strangford (Jim Shannon) when he responded to my intervention about social media. I feel very strongly that the time has come for social media companies, with all their resources, to do something more than they have been doing in this area. For too long, too much has gone on to those platforms without appropriate intervention. I feel very strongly that they are things that we would not permit to be published in mainstream, traditional, and old-fashioned material. Why on earth would we turn a blind eye to it when it is on Facebook, Twitter, YouTube or whatever? There are other social platforms as well. The Minister's statement has brought home again the importance of dealing with that issue. I know that the Government are dealing with it and that they are stepping up their discussions with these social media companies. I appreciate that much is improving and changing, but, again, I am reminded today that perhaps for too long we have been guilty of that traditional British virtue of being too tolerant about some things for which, really, there must be zero tolerance.

6.37 pm

**Mr Wallace:** With the leave of the House, I will reply to the points made by hon. and right hon. Members. I will, if I may, reflect on the tributes that have been made by my hon. Friends the Members for Stirling (Stephen Kerr) and for Broxbourne (Mr Walker) and by other Members of the House to the people who are working, as we speak, to keep us safe.

This morning, in Sheffield and in other parts of the north of England, there were a number of raids in which the police and security services disrupted what potentially was the 10th plot to cause us harm by some pretty determined terrorists, and they will keep going. The results of that raid will mean that investigators and detectives will have to work throughout Christmas and new year. In offices up and down the country, there will be people on duty—I am talking about the emergency services, the police, and intelligence officers. Even a Minister will be on duty at Christmas and new year as well. These people carry out their job unseen, often in

some of the harshest conditions. They often have to deal with the aftermath for the rest of their lives, especially if they are first responders, ambulance personnel or police who are on the scene when an attack happens.

Over the past year, I have spent a lot of time in Manchester, meeting some quite remarkable people who were present when the bomb went off and throughout the process. They have never stopped trying to bring justice and comfort to the victims. At the same time, they have to live with the things they saw on that day. Those people not only demand but deserve our respect and support.

The Home Secretary and I strongly believe that al-Ashtar Brigades, al-Mukhtar Brigades, Hasam and Liwa al-Thawra should be added and that HIG should be removed from the list of proscribed organisations in schedule 2 of the Terrorism Act 2000.

In answer to some of the points raised by Members on the Opposition Front Bench, the request for de-proscription of HIG was on 19 September 2017. I cannot comment on who made that request, but there was an application and we responded to it.

I totally agree with the point made by the hon. Member for Torfaen (Nick Thomas-Symonds) about the comments made by the former reviewer of terrorism legislation. For the rule of law and this law itself to be valid, we have to show that we change when the evidence changes. People may be particularly distasteful but when they move into violence or terrorism, we must act. We must also be in a position to help our friends and allies around the world who are sometimes the victims of terrorist organisations, and ensure that their concerns are heard.

Hon. Members have mentioned Hezbollah, Hamas, the Muslim Brotherhood and other groups. Groups such as those are constantly under review to see whether they engage in terrorism. If they do—for example, if the non-military wing is viewed as not separate—we will review the situation, use the law and take the required steps. Proscription works: 51 people have been charged with membership of proscribed groups and 32 have been convicted. There are currently 71 proscribed international groups and 14 Northern Ireland groups. The law enforcement agencies often tell us how useful proscription is, and we will always listen to any changes they request. Indeed, we would also listen if they felt that the regime did not work. I am sure that Opposition Front Benchers would do exactly the same. Proscription is a tool for us to stay within the rule of law.

Over the past few weeks and months, we have heard a lot about dealing with terrorism. The big thing that we have heard on the difference between us and terrorists is that we believe in the rule of law with the oversight of this House. We make sure that we are better than them. Measures such as proscription are very important in forcing the Government, quite rightly, to mark out why they think something should be proscribed, and in holding those groups to account. But when the evidence changes, we change with it.

Hon. Members mentioned Brexit. As we have said and will continue to say, we seek tools similar to the European arrest warrant, which we find incredibly useful. It helps us and our law enforcement agencies. The Home Office and the Department for Exiting the European Union published a security paper that made many of those points clear.

The hon. Member for North Durham (Mr Jones) said that there are no new resources for the police. I am sorry to correct him, but today we announced £71 million more money for counter-terrorism policing. That is new money, on top of the £24 million increase we gave the police in response to the attacks and the £144 million armed uplift that we gave them post-Nice to ensure that our armed police are well-equipped to deal with threats.

**Mr Kevan Jones:** Yes, I recognise that—

**The Lord Commissioner of Her Majesty's Treasury (Andrew Griffiths):** But you were wrong.

**Mr Jones:** From a sedentary position on the Treasury Bench, the hon. Gentleman says that I was wrong, but I was not. In Durham and other places, the flat budget for police funding from central Government will have to be made up by local taxpayers. Taking into account the pay increase and inflation, that will amount to a real-terms cut.

**Mr Wallace:** I heard the hon. Gentleman during the statement earlier. The question I could ask about the police funding settlement is: will police have more to spend on policing in their force areas after the statement today by the Minister for Policing and the Fire Service? The answer is yes. We can argue about whether this is from the core grant plus the precept, but the reality is that the police will be spending more on policing in the next year than they were last year. That is a fact.

**Mr Jones:** Will the Minister give way?

**Mr Wallace:** I will, but this is about proscription.

**Madam Deputy Speaker (Dame Rosie Winterton):** Order. I really want to ensure that we return to the subject of this debate.

**Mr Jones:** For counter-terrorism, the Minister is correct; there will be more money for counter-terrorism. But unless he can read the tea leaves and predict that every single policy authority will put the maximum on local precepts, he cannot give the undertaking on frontline policing that he has just given.

**Mr Wallace:** No Minister at this Dispatch Box can ever guarantee what a police force will do, because the police have independence in their forces. If the hon. Gentleman were on this side of the debate, he would not be able to give guarantees because he would know that police forces have operational independence. How much is spent is a matter for the police and crime commissioner and the police. That is why some forces have grown their reserves—some by over 100%. *[Interruption.]* Not Durham. I think it is the one force that probably has not. That is because the chief constable is from Lancashire; he is a proper chief constable—it takes one to teach people.

On the points raised by the hon. Member for Strangford (Jim Shannon) about online, which was mentioned by many other Members, the Government recognise the real challenges. That is why, a number of years ago, we set up the CT referral unit, which has seen 300,000 pieces of offensive or terrorist material taken down on request.

It is a permanent unit that requests, and works with, communications service providers to take that material down.

However, of course we have said that we want the providers to do more. We want them to invest some of their very large profits in technologies to improve the speed of these things. We think they can do more, and that is why my right hon. Friends the Home Secretary and the Prime Minister, through the Global Internet Forum, are leading international efforts to deal with this issue.

One of the challenges, obviously, with online is that many of these people are based overseas, and as much as I would like to take immediate action in some areas, we simply do not have the power to do that in other countries. It is incredibly frustrating to the Government that, on National Action, which we proscribed almost this time last year, an internet company in the United States refuses to take down some of its propaganda and some of its material. I have not checked whether it has been taken down in the last few days, but that situation is incredibly frustrating, and we are working with the United States to apply more pressure in that space.

I have already answered the points around Hezbollah and Hamas. I would say to my hon. Friend the Member for Redditch (Rachel Maclean) that it is right that the point about what the services do is absolutely clear. That is why proscribing organisations gives the services extra power to their elbow to deal with them. It also means that people charged with terrorist offences—TACT offences—can and will often receive much more hefty sentences. That is why we are determined to continue at the moment to use this legislation.

I would like to put on record my thanks to the Labour party, the Scottish National party and the Democratic Unionist party for their support for this measure tonight. Proscription is not targeted at any particular faith or social group, but it is based on clear evidence that an organisation is concerned in terrorism. It is my and the Home Secretary's firm opinion that, on the basis of the available evidence, all four groups in the order meet the statutory test for proscription and that it is appropriate in each case for the Home Secretary to exercise her discretion to proscribe these groups. The proscription of these groups demonstrates our condemnation of their activities. Proscribing them will also enable the police to carry out disruptive action against any supporters in the UK and to ensure that they cannot operate here.

It is also our firm opinion that, on the basis of the available evidence, HIG no longer meets the statutory test for proscription. However, as with all groups, we will continue to monitor its activity to make sure that it stays within the rule of the law and abides by the law. It is therefore appropriate in this case for the Home Secretary to remove HIG from the list of proscribed organisations in accordance with the de-proscription process set out.

Madam Deputy Speaker, may I wish you, and all Members of the House, a safe and secure Christmas? May I ask that Members remind their constituents to be vigilant over the festive period? Unfortunately, the threat has not gone away. However, I hope that, by being vigilant and by supporting our law enforcement agencies, our intelligence services and our other emergency services, all Members have a safe and happy Christmas. Therefore, I commend the order to the House.

*Question put and agreed to.*

*Resolved,*

That the draft Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2017, which was laid before this House on 18 December, be approved.

## **Law Enforcement Co-operation and Border Control: Schengen Information System**

6.48 pm

**The Minister for Policing and the Fire Service (Mr Nick Hurd):** I beg to move,

That this House takes note of European Union Documents No. 15812/16, a Proposal for Regulation of the European Parliament and of the Council on the use of the Schengen Information System for the return of illegally staying third-country nationals, and No.15814/16, a Proposal for a Regulation of the European Parliament and of the Council on the establishment, operation and use of the Schengen Information System (SIS) in the field of police co-operation and judicial co-operation in criminal matters, amending Regulation (EU) No 515/2014 and repealing Regulation (EC) No 1986/2006, Council Decision 2007/533/JHA and Commission Decision 2010/261/EU; agrees with the Government's decision not to opt in to proposals on the use of the Schengen Information System for the return of illegally staying third-country nationals; and further agrees with the Government's decision not to opt out of proposals on the establishment, operation and use of the Schengen Information System in the field of police co-operation and judicial co-operation in criminal matters.

I thank the European Scrutiny Committee for calling this debate, which is about the EU's second-generation Schengen information system, known more commonly as SIS II. I am also grateful to the Committee for the report it published last Friday to inform our debate tonight. I expect that many of the points made in that report will be raised this evening. In any event, I will reply formally to the Committee in writing.

SIS II is the EU's automated system for circulating policing alerts to law enforcement officers across the EU and in non-EU countries that also take part in it. Alerts can be created in a number of categories, including people who are wanted under a European arrest warrant, suspected criminals, security risks on whom information is sought, and objects that need to be seized such as stolen vehicles and passports. We have taken part in SIS II since April 2015, although we operate only its police and judicial co-operation aspects and not those that support the passport-free Schengen area. We make SIS II alerts available to police officers in real time, and high-priority alerts are also made available at the border. This allows wanted people to be stopped and arrested on arrival, preventing them from posing a risk to the public. SIS II is therefore one of the most important EU policing tools that we have at our disposal.

Last December, the European Commission proposed three draft regulations to replace the legislation that currently governs SIS II. These consisted of one draft regulation to cover the police and judicial co-operation aspects of the system, one to govern its Schengen border control aspects, and a third that allows alerts to be circulated on non-EU nationals who have been subject to removal action in a member state. We are excluded from the regulation on border control as it builds on the aspects of the passport-free Schengen area that we do not take part in. The regulation on non-EU nationals subject to removal action would have applied to us only if we opted into it. The police and judicial co-operation measure would apply to us unless we opted out of it. The deadline for both opting in and opting out was 2 July. This means, as will be obvious to the House, that the Government have already had to take the decisions that we are debating, although I still hope that the House will endorse them.

Let me first explain the Government's decision not to opt into the proposal on circulating information on non-EU nationals subject to removal action—the so-called returns regulation. This draft regulation would allow member states to circulate alerts on non-EU nationals to whom they have issued a decision requiring them to leave their territory. There could be some benefits to knowing this, as it might give us information about the immigration history of someone who tries to enter the UK or who comes to the attention of law enforcement while here.

However, in the Government's view, the proposal is too closely linked to another piece of legislation that we do not take part in—the 2008 returns directive. This sets out common rules subject to Court of Justice of the European Union jurisdiction that govern the way in which member states return non-EU nationals who have no right to be in their countries. We do not take part in it because we think that these issues should remain under national control. The Commission has been very clear throughout the negotiations that we could not opt into the returns regulation without also joining the 2008 directive.

**Peter Grant** (Glenrothes) (SNP): Have the Government had legal advice to confirm the Commission's view, or are they simply accepting the Commission's view? Have they conducted any assessment to demonstrate the balance between the benefits to our safety and security from opting in compared with the benefits from complying with the Government's refusal to have anything to do with the European Court of Justice?

**Mr Hurd:** My understanding is that the Commission's decision was based on legal advice that we accept.

I hope that the House will agree with our decision not to opt into the returns regulation. The draft police co-operation regulation would replace the 2007 legislation that governs this aspect of SIS II and would bring in a number of useful changes. For example, it would allow pre-emptive alerts to be created for children who are in danger of going missing through parental abduction rather than allowing for alerts only after the child has disappeared, as now. It would also allow member states' law enforcement to ask specific questions of people on whom information is sought via an alert, and it would update SIS II's technical standards.

However, there were some aspects of the proposals that we were less happy with. For example, the original text proposed to make it compulsory to create alerts in cases involving terrorism, with implications for the autonomy of our police and security services. We wanted to be clear in the regulation that none of the new actions that it provides for would require police to act contrary to national law, but we felt that we would be better able to address these issues if we did not opt out and thus continued to participate fully in the negotiations with a vote.

**Robert Neill** (Bromley and Chislehurst) (Con): I welcome the Minister's pragmatic approach. The Justice Committee looked at the matter when we published our report in the last Parliament on the implications of Brexit for the legal system. It was very clear from the evidence given to us that a continuing involvement for SIS II in criminal justice and judicial matters is very much to our advantage, even though there may be some aspects that we will

need to discuss, so I support him in his approach. Will he bear in mind the important issue of making sure that we have the proper data arrangements to enable us lawfully to exchange such information, as we wish to?

**Mr Hurd:** I thank my hon. Friend for that intervention and for his support of the Government's position, based as it is on evidence received by the Justice Committee, which he chairs. I take on board fully his point about data.

I was saying that we had concerns about the proposal in the original text to make it compulsory to create alerts in cases involving terrorism. We felt in general that we would be better able to address the issues if we did not opt out, and thus continued to participate fully in the negotiations with a vote. Our feeling is that opting out at this stage would have sent the message that we sought to pull back from co-operating with our law enforcement and security partners after Brexit, and that is not the message that we want to give. On the contrary, we have always been clear that it is in the interests of both the UK and the EU that we continue to co-operate across borders through a range of tools, measures and agencies even after we have left the EU. My right hon. Friend the Prime Minister made the Government's position clear in her speech in Florence this September:

"It is our ambition to work as closely as possible together with the EU, protecting our people, promoting our values and ensuring the future security of our continent. The United Kingdom is unconditionally committed to maintaining Europe's security."

The exact details of our future relationship with the EU on internal security will need to be agreed in the negotiations.

**Robert Neill:** Again, I welcome the Government's pragmatic approach. The evidence to our Committee stressed not only that we should be looking at SIS II, but that it comes as part of a suite of measures that include access to Eurojust, to the other databases in the Schengen Information System, right across the piece, and to other information exchange arrangements and databases. Can the Minister confirm that it is our intention to seek a co-operative relationship across the raft of criminal justice co-operation measures?

**Mr Hurd:** I thank my hon. Friend for that constructive intervention and for his support for the principles that the Prime Minister laid out strongly. He will understand that the exact details of the future internal security relationship with the EU will need to be agreed in the negotiations. The Government's paper on the future partnership that we seek with the EU on security, law enforcement and criminal justice makes it clear that we value our current capability to share law enforcement and security alerts with EU countries. That capability is provided by SIS II, but how we might retain similar capability after Brexit is a matter for negotiation.

The exit negotiations are an opportunity to build on what we have already achieved through decades of collaboration and working together. The decision to opt out would suggest that we wished to move in the opposite direction and disengage from security co-operation with Europe. That is not, and cannot be, our position, so it would have been wrong to opt out.

Before I wind up, I want to touch on how the negotiations on these legislative proposals have progressed. The Council of Ministers has recently agreed a general approach on

[Mr Hurd]

all three draft regulations. That is an agreed Council position to form a basis for negotiations on the final text with the European Parliament. The police co-operation text was satisfactory in most respects. In particular, it gives member states sufficient discretion over whether to create alerts in counter-terrorist cases. But the Government voted against it because it did not address the restrictions on when alerts can be used for purposes other than those for which they were created.

In some limited circumstances, such an alert would be advisable; for example, where the alert shows that a person is particularly dangerous and needs to be kept out of the country. Unfortunately, the text on the general approach continues to make doing this too difficult, so we did not think it was ready for negotiation with the European Parliament. However, there was a qualified majority in favour of the text, and these negotiations are now under way. We expect the incoming Bulgarian presidency of the Council to try to conclude them in the first half of 2018. We will of course keep the European Scrutiny Committee updated.

The Government's decisions show that we are committed both to protecting our borders and to effective co-operation with our European partners on policing and security issues, and I hope that the House will endorse them tonight.

7 pm

**Louise Haigh** (Sheffield, Heeley) (Lab): I confirm that the Opposition support the motion before us, and I echo the Minister's thanks to the European Scrutiny Committee for bringing forward this debate, because the motion raises some important questions about our national security and the consequences and potential implications of Brexit.

Our security, and the apparatus on which it rests, is utterly dependent on co-operation with our European partners. The UK should be rightly proud of the role it has played in establishing and developing our shared security through Europol, the European arrest warrant and the Schengen information system. As the Minister says, SIS II is already proving its worth, helping to underpin the operation of the EAW and delivering 12,000 hits on suspected criminals and terrorists since its introduction in 2015. It has been a game-changer for policing leaders and for day-to-day policing.

We know what the Prime Minister makes of the SIS II system from what she told the House of Commons in November 2014, the month in which she also said that support for it is vital

“to stop foreign criminals from coming to Britain, deal with European fighters coming back from Syria, stop British criminals evading justice abroad, prevent foreign criminals evading justice by hiding here, and get foreign criminals out of our prisons”.

However, without an agreement and a commitment that this will be foremost in the Government's negotiating priorities, this apparatus will all fall away the second we Brexit.

Quite frankly, it is astonishing that the Government have given no guarantees that we will seek to retain full access to SIS II on our departure from the EU. Despite underlining its importance in the position paper earlier this year, in a letter to the European Scrutiny Committee, the Minister said it was “too early to say” whether

SIS II will be one of the measures that the Government will seek to include in a new post-Brexit agreement. The Committee has noted that

“there is no justification for this reticence.”

Our security depends on it, but we know why Ministers are showing such reticence. It is because of the role of the European Court of Justice and the EU charter of fundamental rights.

The Prime Minister has made it abundantly clear that there will be no permanent role for the ECJ, and the European Union (Withdrawal) Bill has explicitly dumped the EU charter. However, there is no precedent for a country to operate within SIS II—nor to operate the European arrest warrant, for that matter—without accepting that the ECJ will play a leading role. Indeed, the regulations before us explicitly prohibit third-country access to SIS II data. In his letter to the European Scrutiny Committee, the Minister attempted to suggest areas where countries do not submit directly to the jurisdiction of the ECJ, but in the case of SIS II, the precedent is clear: whether direct or indirect, the determinations of the European Court are final.

**Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): My hon. Friend is making some very important points. Does she not agree that this puts paid to the crazy suggestion of having no deal, because getting a deal on a security treaty will be absolutely crucial to the safety and security of this nation?

**Louise Haigh:** My hon. Friend is absolutely right that no deal is simply not acceptable for security or for data, which I will come on to shortly.

The Minister mentioned that four non-EU countries are members of SIS II, which is absolutely right. Iceland, Norway, Switzerland and Liechtenstein participate by virtue of their membership of Schengen. These non-EU member states are bound to avert any substantial differences in the case law of the ECJ, and they are required to implement structures and procedures that keep pace with changes in the Schengen rulebook. If they do not do so, their agreements will be terminated.

**Robert Neill:** I understand precisely where the hon. Lady is coming from, but in fairness to the Minister, this may be a question about the direct nature or otherwise of the jurisdiction. Does she agree that the evidence to the Justice Committee was most compelling about the practical need to get the data regulations aligned so that data can lawfully be passed from EU member states to us as a third country in the same way that they are passed to the four non-EU countries she has mentioned?

**Louise Haigh:** I am grateful to the hon. Gentleman, because he pre-empts my next point.

At the heart of these strictures is the issue of data. All SIS II systems operate on a hub-and-spoke model, with a central SIS II hub exchanging data from national servers in each participating member state. The European Commission is very clear that this is European data. Although the police may have some leeway on the speed at which they create an alert, once they do, the data passes to the central SIS II hub. Therefore, without an

agreement on data transfers, we simply cannot participate in this critical information-sharing system. That is the insanity of having no deal.

The proposals before the House require compliance with EU data protection laws and fundamental rights enshrined in the EU charter. The EU will insist on these rights being protected in order for the UK to share information, so what exactly do the Government propose? Can the Minister reassure the House that no arbitrary red lines, on the ECJ or otherwise, will be put before the safety and security of the British public? Will he confirm that it is the UK's negotiating aim to retain full access to SIS II? If not, can he explain how after Brexit we would track the hundreds, if not thousands, of serious criminals, foreign fighters and those who pose a threat to our national security who are flagged by the system every month? There are few areas in which the UK is more dependent on agreement than security co-operation as we Brexit. The consequences of failure are scarcely imaginable.

The regulations are necessary to maintain our membership of SIS II for the time being and for our negotiating position, but they signify the huge risk that Brexit poses to our national security and the gaping holes in the Government's approach to negotiations. We will support the motion and any and all of the Government's efforts to maintain access to such security systems and close co-operation with our European partners, but we will continue to hold the Government to account on their approach to negotiations that are so fundamental to our national security.

7.6 pm

**Sir William Cash (Stone) (Con):** This is the first of the European Scrutiny Committee's reports to be debated on the Floor of the House in this Parliament. It is a great pity that the Committee was not set up somewhat earlier, but we have lived with that and managed to get through all the documents. We are now having this first debate.

In a nutshell, I have 16 questions for the Minister. He will be glad to know that I am happy to write to him with the details of the questions, many of which are set out in our report, so I do not need to go through them all now. They are important questions and I am absolutely sure that he will reply. If we have any further questions, we will continue to ask them until we get the right answers. There are, however, one or two matters that I want to deal with now.

The first matter relates to what the Minister said about the European Court of Justice. He said:

"There is...significant precedent for the EU to cooperate with third countries"—

which of course is what we will become—

"including in fields closely aligned to areas of EU law. There is no precedent for a third country to submit to the jurisdiction of the CJEU"

He of course is completely right. I made that point only a few weeks ago in a debate on the European Union (Withdrawal) Bill, when I invoked the former Belgian member of the European Court who said that there was no precedent for a third country submitting to the jurisdiction of that Court.

The Minister referred to the agreement between the EU and Iceland and Norway. There are other examples. Dispute settlement procedures in EU agreements with

Ukraine, Georgia and Moldova involve an arbitration panel that is required to seek a ruling from the Court of Justice on questions concerning the interpretation of relevant EU law provisions. The Prime Minister referred to that indirectly in her statement yesterday, but what form of arbitration panel we will have is part of the ongoing negotiations. I have raised this myself several times on the Floor of the House in the past few months. Martin Howe, who is a great and distinguished QC, has put forward various proposals and we know that they are under active consideration by the Government.

The Committee highlights those examples to illustrate the point that there is a wide spectrum of possible outcomes on the role and jurisdiction of the Court. We ask the Minister to indicate which the Government would prefer or rule out in any future agreement between the EU and the UK on security, law enforcement and criminal justice co-operation.

On the charter, the proposed police co-operation regulation, which we are primarily concerned with today, introduces a recital stating—this is important—that it

"respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union."

The Minister tells us that

"matters such as complying with the EU Charter"

will need to be addressed during the expected negotiations. As we well know, because we have passed that point in the passage of the withdrawal Bill, under the Bill as currently drafted the charter will not form part of domestic law on or after exit day. We therefore ask the Minister to explain how the Government intend to address the charter as part of the UK's exit negotiations.

Various questions remain outstanding. We take the view that this is an important issue and that there are ongoing questions about the European arrest warrant. I have the 16 questions I will be sending to the Minister. We will publish both the questions and the Minister's replies in due course, so the House may be properly informed as to where this is going, which is, at the moment, part and parcel of the negotiations.

7.11 pm

**Peter Grant (Glenrothes) (SNP):** I am grateful for the chance to contribute to this debate. I am also immensely grateful to the many Members who did not speak earlier, as it means that we have got to this motion about four and a half hours earlier than we had at one point feared. We should not allow that to detract from the importance of the subjects we are debating today.

The Scottish National party's position is that membership of the European Union makes us safer, and it supports co-operation between law enforcement and security services throughout democratic western Europe. Anything that weakens that co-operation is to be at least regretted and resisted if at all possible. I welcome the decision to opt in to one of these EU documents, and we will not oppose the decision to opt out, but it is disappointing that we did not have time for a fuller debate on the decision when there was still time to change it. As a former member of the European Scrutiny Committee under the very capable chairmanship of the hon. Member for Stone (Sir William Cash), I believe that there is still a degree of frustration at the Government's reluctance to grant debates, either in the Chamber or in Committee,

[Peter Grant]

timeously at the request of the Committee. The situation is not as bad as it was, but there is still an issue around the Government not complying properly with the procedures that the House has put in place, so that Parliament can scrutinise what the Government are doing on our behalf on the European Union.

I want first to talk about the document that relates to the operation of European arrest warrants and related matters. It is important to realise just why the warrant is such a vital part of our protection against terrorism and organised crime, and why it is important that the system continues after we leave the European Union.

Since 2011, there have been 541 cases in Scottish courts, where proceedings were taken after an arrest under the European arrest warrant scheme. A total of 367 people were extradited from Scotland to face justice elsewhere and 45 people were brought back to Scotland to face justice in the Scottish courts. That is over 400 people across Europe who were wanted for serious crimes and tried to use international borders to hide from the law, but who found that the European arrest warrant prevented them from doing that. The warrant allowed every one of those 400-plus people to be extradited to face trial much more quickly, and with far fewer opportunities for legal loopholes, than previous extradition treaties alone would have allowed. It will not be enough if the European arrest warrant is replaced with extradition treaties. We need to make sure the European arrest warrant continues in no weaker a form than its current one.

The figures I quoted have already increased in the very short time that SIS II has been in place in the UK. In the first full year of its operation, there was a 25% increase in the number of people arrested in the UK under an EAW, simply because the police had much more detailed, accurate and—most importantly—more rapidly available information on the people they were dealing with. That is more than one additional arrest in the UK every day of the year. Over 400 suspected criminals a year are being taken off our streets who might still be on them if SIS II was not in operation. That is the scale of the benefit we derive from the system and the scale of the risk we face if it is not replaced by something equally effective after we leave the EU.

We therefore welcome the decision to opt into participation in SIS II, but we remain concerned about the longer-term implications of leaving the EU, particularly on the terms the Government have set out so far. On the continued decision not to opt into the draft returns regulation, document No. 15812/16, the Minister told the European Scrutiny Committee in his letter of 20 July this year that opting in

“would pose a risk to national control over how we remove people with no right to be here”.

He expanded on that by referring to the Government’s reluctance to have anything subject to the Court of Justice of the European Union.

Clearly this is not the place or time to challenge the Government’s position on the jurisdiction of the Court of Justice, but their inflexibility over the status of the Court prevents us from deriving the additional benefits we would enjoy if we were part of the new returns regulation. In the Minister’s own words to the Committee earlier in the year,

“in principle there would be some benefit in knowing whether individuals seeking entry to the UK, or who had come here illegally, had been ordered to leave another Member State”.

That should not come as any surprise. Any licence holder of a pub could tell us that, if they are given information on people thrown out of other places, it is easier to keep them out of their place so that they cannot cause trouble there. It is easy to see that it would be useful to know that somebody had only pitched up at the UK border because they had been thrown out of every other decent country in western Europe.

The Government are willing, however, to sacrifice that additional assurance simply because they do not want us to have anything to do with the Court of Justice of the European Union. I will ask the Minister again the question he did not answer when I intervened on him earlier: what assessment have the Government made to show the benefits for security and safety that we might gain from opting in, compared with the benefits they claim we will achieve by opting out in its entirety from the European Court of Justice?

I have several other concerns about what the Government are proposing to replace SIS II after we have left the EU. I will not go into these in detail, however, because the hon. Member for Sheffield, Heeley (Louise Haigh) summed them up very well. At the moment, as with so much else on Brexit, we know what we are leaving, but we have absolutely no idea where we are going. On the safety and security of our citizens, we are getting close to the time when we really need certainty and answers.

We have asked the Minister to tell us what assessment has been made of the potential benefits of opting in. The hon. Member for Stone has asked this. If not the European Court of Justice, what dispute resolution mechanism will the Government support that will allow citizens of the UK or other EU countries to challenge the legality of data sharing in relation to criminal matters? We know what they do not want; it is high time they told us what they do want and gave us an indication that the Europeans are willing to give them what they do want. Will the UK Government be seeking a data adequacy decision from the EU before the end of the article 50 negotiations? What is plan B if that decision is not forthcoming or goes against us? If we do not get a data adequacy decision before we leave the EU, data sharing cannot happen. What happens then?

On the concerns that the Minister raised about the earlier draft of the regulations, I am puzzled to know in what circumstances we would want the police to do anything other than alert their colleagues in other European countries if they were dealing with a case involving terrorism. I thought that the whole point of the Schengen information system, and other data sharing among law enforcement agencies, was that crime and terrorism do not respect international borders. If policing is to be effective, the police must sometimes cross borders as well. That does not mean that they will physically chase people across borders as a matter of routine, but information sharing across borders must be made as easy, as free of bureaucracy and as free of legal challenge as possible. The reason the European arrest warrant works more effectively than a simple extradition treaty is that the process is so much faster. People can be returned to the jurisdiction where they are wanted and put on trial much more quickly—sometimes years more quickly—than was possible previously.



We will not force the motion to a vote. We do not want to oppose what the Government are doing, but at present they are not doing enough. We will need to see something very definite very quickly, so that people can rest assured that leaving the European Union will not produce the reduction in our safety and security that it currently seems it might well produce.

7.20 pm

**Kate Green** (Stretford and Urmston) (Lab): I shall speak only briefly, and very specifically, about the implications of SIS II and the new regulation on the protection of children.

Police and judicial co-operation and the necessary cross-border infrastructures and mechanisms referred to earlier by the hon. Member for Bromley and Chislehurst (Robert Neill), the Chair of the Justice Committee, are very important to child protection. Increasingly, victims of complex cross-border crime are children: they are victims of, for example, trafficking, sexual exploitation and online abuse. As the Minister said, the new regulation will support a more proactive alert system in relation to children who are at risk of going missing, and that includes cases of parental abduction. It will mean that pre-emptive alerts can be placed on the system to enable the authorities to act before a child goes missing rather than afterwards.

While I welcome the Government's decision not to opt out of this part of the SIS and the increased protection for children, I am—like my hon. Friend the Member for Sheffield, Heeley (Louise Haigh)—concerned about the position if we leave the European Union in March 2019, and the possible uncertainty about the security and crime co-operation arrangements that will then be in place. I understand that the new measures that are currently being discussed in the EU are likely to be agreed before the Government's intended exit date, but unlikely to be implemented until later. It is not clear whether they might be implemented during a potential two-year transition period, or even after that.

The Minister said that the Government want to be able to negotiate new arrangements for security law enforcement and criminal justice co-operation, but, as we heard from my hon. Friend the Member for Sheffield, Heeley, my good friend the hon. Member for Stone (Sir William Cash), who chairs the European Scrutiny Committee, has received a letter from the Minister which leaves us none the wiser about what specific measures such an arrangement might include.

Let me say very strongly to the Minister that the protection and welfare of children must be paramount in any new arrangements that are negotiated, and that includes seeking to maintain the benefits that we currently secure from our participation in SIS II and the stronger protections that the new regulation will introduce. There are practical questions about how that will be achieved. We heard about some of the circumstances relating to third countries that cannot create or enter alerts in SIS II, or use the infrastructure to search the system and exchange information. I understand that under article 62 of the proposed regulation, that will continue to be the case, and that, post Brexit, the UK would not be able to benefit from the data that some offer, and to lodge data as we can now.

It is true, as we heard, that other countries have been able to agree specific access arrangements with the European Union. Does the Minister think that the UK

could follow a similar route to maintain access, particularly in relation to child protection, and thus effectively remain within the ambit of SIS II? In that case, article 62 would have to be amended, or is the Minister thinking of some other arrangement for the UK to access and enter information? Failing such an arrangement with the EU if we leave in March 2019, does the Minister think it will be necessary, or indeed possible, for us to have bilateral arrangements with each of the 27 EU countries? If that is the route that he envisages we might have to follow, what assessment has he made of the risks it would pose to children and how would they be mitigated?

Finally, even if we are able to remain in some way within the SIS II system and continue to share and deposit information, there would be gaps in protecting children if we leave the EU and lose the provisions of Brussels II in relation to family law. Yesterday's written ministerial statement in response to the Justice Committee report on the implications of Brexit for the justice system was quite complacent about alternatives to Brussels II. There are potentially catastrophic consequences for children and families as we face considerable uncertainty about the loss of provisions in Brussels II that govern choice of law and enforcement.

We are not talking about whether the EU is dictating and making our laws; we are talking about mechanisms that enable us to ensure that protections and enforcement measures, and access to information and the sharing of information, can continue to be used and enforced if we leave the EU. In particular, mechanisms must be put in place to ensure that there is no weakening of the protection currently available to ensure the safeguarding of children. I hope the Minister will in his concluding remarks be able to give some assurances that that will remain paramount in the Government's thinking.

7.26 pm

**Jim Shannon** (Strangford) (DUP): I thank the Minister for his remarks, and want to state clearly for the record that my party and I will support the Government's position on this matter.

I have debated the Schengen agreement before, not in this House but wearing a different hat in the Northern Ireland Assembly. At that time, I was discussing the merits of Schengen in relation to the common travel area with the Republic of Ireland. Bertie Ahern, who was then in office—that shows we are going a fair way back in time, and shows, too, my age—had determined that Schengen was not necessary for the Republic and felt that our cross-border co-operation was more than adequate. Bertie Ahern might have moved on and there might be a completely different man in his place, but the facts that prevented us from taking Schengen then apply now. We need no hard border, but if the Republic needs one, it can feel free to erect and pay for that on its side. We are a part of the UK and there is no back door to Ireland through any European proposal coming our way.

I am not going to pretend that there is no issue in leaving Schengen behind completely; it is useful to share criminal information among police forces, and I know that we will be working hard to secure some form of information sharing at the same level. The second-generation Schengen information system, which features highly in any argument about the merits of Schengen co-operation, is a database of real-time alerts about individuals and objects—such as vehicles—of interest

[Jim Shannon]

to EU law enforcement agencies. It includes information on people wanted under a European arrest warrant, suspected foreign fighters returning from Syria or elsewhere, and missing people. It contains some 70 million alerts on individuals or objects likely to be of interest to border control and law enforcement authorities. Alerts created in any of the 29 countries operating SIS II are stored in a central database and are immediately accessible to around 2 million end users. This is of great importance to our decision making. There is no doubt that it is of benefit, and we must attempt to secure a shared information system that is beneficial to Europe as well as the United Kingdom of Great Britain and Northern Ireland, but we are leaving Europe and to enhance Schengen and adopt these resolutions at this time is sheer madness. That is why I believe the Government are right to consider only adopting regulation 3 pertaining to police co-operation.

This is a two-way street, and let us not underestimate or undervalue the role of our intelligence agencies throughout Europe and across the world. We have premier policing and intelligence capabilities, and access to it for matters of cross-border security are not simply important to us but necessary to the safety of those in Europe. That is why we are happy to continue to share the information in the way that we have previously done, while still holding on to our sovereign right to determine who goes and who stays, and when they go and when they stay.

My party, the Democratic Unionist party, and I support the Government on this issue. The proposal is sensible and necessary, and this is another simple message to Europe that we are taking our sovereignty back, but that we still wish to be good neighbours and play the game that benefits us all.

*Question put and agreed to.*

*Resolved,*

That this House takes note of European Union Documents No. 15812/16, a Proposal for Regulation of the European Parliament and of the Council on the use of the Schengen Information System for the return of illegally staying third-country nationals, and No. 15814/16, a Proposal for a Regulation of the European Parliament and of the Council on the establishment, operation and use of the Schengen Information System (SIS) in the field of police cooperation and judicial cooperation in criminal matters, amending Regulation (EU) No 515/2014 and repealing Regulation (EC) No 1986/2006, Council Decision 2007/533/JHA and Commission Decision 2010/261/EU; agrees with the Government's decision not to opt in to proposals on the use of the Schengen Information System for the return of illegally staying third-country nationals; and further agrees with the Government's decision not to opt out of proposals on the establishment, operation and use of the Schengen Information System in the field of police cooperation and judicial cooperation in criminal matters.

## Business without Debate

### ELECTORAL COMMISSION

*Motion made,*

That the Motion in the name of Andrea Leadsom relating to the Electoral Commission shall be treated as if it related to an instrument subject to the provisions of Standing Order No. 118 (Delegated Legislation Committees) in respect of which notice has been given that the instrument be approved.—(Chris Heaton-Harris.)

**Hon. Members:** Object.

### DELEGATED LEGISLATION

**Madam Deputy Speaker (Dame Rosie Winterton):** With the leave of the House, I should like to take motions 6 to 12 together—

**John Spellar (Warley) (Lab):** On a point of order, Madam Deputy Speaker. May I suggest that, while some of the motions might be unexceptionable, motions 9 and 10 might excite controversy and that it might therefore be better to take those together, with the others in a different grouping?

**Madam Deputy Speaker:** In that case, I will take them all separately.

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

### CONSTITUTIONAL LAW

That the draft Scotland Act 1998 (Specification of Devolved Tax) (Wild Fisheries) Order 2017, which was laid before this House on 14 September, be approved.—(Chris Heaton-Harris.)

*Question agreed to.*

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

### GOVERNMENT RESOURCES AND ACCOUNTS

That the draft Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2017, which was laid before the House on 11 September, be approved.—(Chris Heaton-Harris.)

*Question agreed to.*

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

### TOWN AND COUNTRY PLANNING

That the draft Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) (Amendment) Regulations 2017, which were laid before this House on 19 October, be approved.—(Chris Heaton-Harris.)

*Question agreed to.*

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

### LOCAL GOVERNMENT

That the draft Local Authorities (Mayoral Elections) (England and Wales) (Amendment) Regulations 2017, which were laid before this House on 13 November, be approved.—(Chris Heaton-Harris.)

*The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 20 December (Standing Order No. 41A).*

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

### LOCAL GOVERNMENT

That the draft Combined Authorities (Mayoral Elections) (Amendment) Order 2017, which was laid before this House on 13 November, be approved.—(Chris Heaton-Harris.)

*The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 20 December (Standing Order No. 41A).*

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

## ENVIRONMENTAL PROTECTION

That the draft Environmental Protection (Microbeads) (England) Regulations 2017, which was laid before this House on 27 November, be approved.—(*Chris Heaton-Harris.*)

*Question agreed to.*

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

## FINANCIAL ASSISTANCE TO INDUSTRY

That this House authorises the Secretary of State to undertake to pay, and to pay by way of financial assistance under section 8 of the Industrial Development Act 1982, compensation to eligible energy intensive industries in respect of a proportion of the indirect costs of funding the Renewable Obligation (RO) and small-scale Feed In Tariffs (FIT) totalling more than £30 million and up to a cumulative total of £565 million maximum.—(*Chris Heaton-Harris.*)

*Question agreed to.*

## PETITION

## Waste Incinerators in Sowerby Bridge

7.32 pm

**Holly Lynch** (Halifax) (Lab): I rise to present a petition opposing the proposed waste incinerators in my constituency, which has been signed by 148 people in addition to the 246 people who have signed the petition online.

The petition states:

The petition of residents of Sowerby Bridge,

Declares that Calder Valley Skip Hire Ltd have submitted an application for an Environmental Permit for an incinerator at their site at Mearclough Road; further to planning applications for another incinerator at their Belmont site at the other end of Sowerby Bridge; further resulting in increased levels of air pollution affecting a number of schools in the local area; further to causing more pollution in Air Quality Management Areas; further that traffic congestion would worsen as lorries bring waste to the site; and further to the site having recently flooded any future development could result in waste entering the river.

The petitioners therefore request that the House of Commons urges the Secretary of State for Communities and Local Government to take all possible measures to prevent these waste incinerators being placed in the Sowerby Bridge area.

And the petitioners remain, etc.

[P002092]

## Roadchef Employees Benefit Trust

*Motion made, and Question proposed, That this House do now adjourn.—(Chris Heaton-Harris.)*

7.33 pm

**Neil Gray** (Airdrie and Shotts) (SNP): Thank you, Madam Deputy Speaker, for granting this debate. I thank the hon. Members from across the House who have so far agreed to stay back to listen and perhaps contribute to the debate. What I am looking to discuss this evening can be boiled down to basic fairness and people getting access to what is rightfully theirs. I think it is important to set out some context to where we are today, before I come to the main points that I hope the Minister might be able to help with.

In 1986, the Roadchef employees benefit trust was established to give employees at Roadchef motorway services, such as those at Harthill in my constituency, Watford Gap, Hamilton or dozens of other locations across these isles, access to a John-Lewis-style employee-ownership scheme, whereby they would benefit from increasing share entitlements based on length of service. It was established honourably by the then chief executive Patrick Gee in consultation with and with the support of the GMB union. Sadly and tragically, Patrick Gee died aged 43 before the scheme could be fully realised and Tim Ingram Hill took over. He then transferred the shares that Mr Gee was making available to employees into a second employee benefit scheme, of which he was the only beneficiary.

When Roadchef was subsequently sold to the Japanese company Nikko about a decade later, Mr Ingram Hill made approaching £30 million on the shares that should have been made available to Roadchef employees. In 2000, he made a tax payment on his ill-gotten share windfall to Her Majesty's Revenue and Customs to the tune of approximately £10 million, something which has only to come to light further down the line. On discovering the unjust enrichment, the trust then took Mr Ingram Hill to the High Court, and Justice Proudman found that he had acted in breach of trust and, crucially, that the shares were never his in the first place—they were the employees' shares. The purchase of the shares in the sale of the company was therefore void and—this is important—the £10 million paid to HMRC also belonged to the beneficiaries, not Mr Ingram Hill.

Subsequent to the High Court ruling, Mr Ingram Hill settled with the trust, thus ending our interest in him for the purposes of this debate, but the trust then notified HMRC of the fact that the settlement had occurred and that it now intended to pay out to its beneficiaries, who total some 4,000 current and former Roadchef employees. The trust also wished to clarify that there would be no tax implications from the payments being made, thinking that that would just be a formality, but the response from HMRC was rather surprising. HMRC said that it would be happy to waive any tax implications for the beneficiaries as long as the trust did not pursue it for the £10 million paid in tax by Mr Ingram Hill. That was the first time that the trust had been made aware of such a tax payment. In accordance with any trustees acting on behalf of beneficiaries, the trust has challenged HMRC on the £10 million payment, which should be repaid to the trust with interest. That brings us up to date on this complex and unique case.

[Neil Gray]

I am grateful to the chairman of the trust, Christopher Winston Smith, and to Huw Edwards for their insight ahead of this debate, and to the current CEO of Roadchef, Simon Turl, who I spoke to last night. Roadchef wants the issue settled for its current and former employees and has been working constructively with HMRC to that end. The trust has also worked with a number of hon. Members from across the House to raise the matter with HMRC, including my hon. Friend the Member for Linlithgow and East Falkirk (Martyn Day) and the hon. Members for Newport East (Jessica Morden), for Newcastle-under-Lyme (Paul Farrelly), for Congleton (Fiona Bruce), for Stafford (Jeremy Lefroy), for Dudley North (Ian Austin) and for Westmorland and Lonsdale (Tim Farron).

My constituents certainly want this issue settled. Twenty constituents, most of whom live around the service station at Harthill, have contacted me about the matter, but I am sure that more are waiting for their payment. They include Mrs Margaret Gibson, who lists some of the things that she has struggled to do in recent years that this money would have helped with, including borrowing money for home improvements, helping her son to pay for his wedding, or helping her and her husband to get by during periods of unemployment. She considers it a ridiculous amount of time to wait for what is rightfully hers, and I completely agree.

**Patricia Gibson** (North Ayrshire and Arran) (SNP): My hon. Friend is making a powerful speech. Does he agree that what adds insult to injury here is that, as well as being deprived of the payments, many of the people concerned are also working on quite low pay?

**Neil Gray:** Absolutely. I believe that the main thrust behind Mr Gee's setting up of the trust in the first place was to ensure that low-paid staff were able to benefit from the company doing well. That has sadly not happened yet, and many low-paid workers have suffered as a result. Many of my constituents—I will list some shortly—have suffered and continue to suffer as a result of the payments not being made, so my hon. Friend is absolutely right.

Linda McLeod and Margaret Main pointed to the time it has taken for their money to be returned, but they also highlighted the number of former colleagues who have sadly passed away and will not get the benefit their hard work merited. Caroline Todd contacted me on behalf of her mother, Mrs Quigley from Harthill. She desperately hopes this gets resolved soon so that her mum, who is getting older, is able to enjoy her own money. Margaret Forsyth just wants HMRC to settle matters so that she can have some security, a sentiment echoed by Jane Paxton and Elizabeth Campbell.

Joyce Simm's husband has been receiving treatment for small-cell carcinoma for three years, and she has been out of work while she cares for him. They have had to survive on pensions and savings, which are fast disappearing. They have now been hit with the sad news that he has a carcinoid tumour and will be undergoing surgery on 21 December. I am sure the whole House will join me in wishing the family well, but clearly any pay-out now would be particularly beneficial.

Another constituent of mine visited my surgery. He is seriously ill and in a difficult financial situation, and the money he is entitled to get back would simply be life

changing and would help him immensely. He is desperate to see HMRC settle as soon as possible. I know many other hon. and right hon. Members on both sides of the House will have constituents who are affected and, sadly, will be able to share similar stories. Indeed, I understand Mr Speaker has constituents who are affected by this issue.

It is worth mentioning someone else who has been affected by this case. The former company secretary at Roadchef, Tim Warwick, blew the whistle on what the then chief executive was doing before there was any kind of whistleblower protection. Exposing this affair effectively ended Mr Warwick's career, and we should all thank and pay tribute to him for his efforts.

What can the Minister do to help my constituents and their 4,000 colleagues across these isles who are waiting for their money? I understand that HMRC is a non-ministerial department of Government and that the Minister is therefore somewhat restricted in what he can do, but I hope he can join me and colleagues on both sides of the House in calling on HMRC to settle this case with the trustees and to return the £10 million, plus interest, to the rightful owners—the trustees and beneficiaries.

**Peter Grant** (Glenrothes) (SNP): My hon. Friend is giving a moving account of how the wrongdoing of one person, compounded by the inaction of HMRC, is causing real misery to a lot of people. Does he see a contrast with HMRC's generosity when it comes to settling deals with big multinationals that have been caught avoiding tax through barely legal, and sometimes non-legal, methods? Would it be fair to say that his constituents must now think HMRC applies one law to the rich and another very different law to the poor?

**Neil Gray:** My hon. Friend makes a fair point, and I draw the House's attention to his professional background and expertise in this area. He makes a valid point to which I am sure the Minister has listened.

If HMRC does not settle the case, it will stand accused of laundering illegally obtained funds at the expense of those who have been defrauded. I understand from correspondence that HMRC is concerned about setting a precedent in this case. As far as I can tell, this is the only EBT fraud case that involves a tax payment made in error, so I am not sure what exactly the precedent would be. But even if it were not the only such case, returning the money to its rightful owner would be a pretty good precedent to set.

Will the Minister advise the House on whether today was the first time he was made aware of the £10 million that was wrongly paid in tax? I say that because, to date, as far as I can see, the £10 million figure has not been mentioned in all the correspondence between Members of this House, Ministers and HMRC. At best, it would appear that officials are failing to apprise MPs of the full facts, which is a very serious matter indeed.

HMRC might also have briefed the Minister to say that this case is time barred, which of course will not be the case until the two-year anniversary of the High Court ruling comes round early next year. Unfortunately the right hon. Member for Loughborough (Nicky Morgan), the Chair of the Treasury Committee, is not in the Chamber, but I hope she takes note of what I have presented to the House today, as I believe there is a role for her to play in getting the lead officials at HMRC to

answer for the delay. I will be writing to her, as the Chair of the Select Committee, in the new year to get her to look at ministerial guidance to HMRC on unjust enrichment and to get this issue scrutinised in more detail.

I look forward to hearing the Minister's response to the issues I have raised this evening on behalf of not just my constituents, but constituents from across these isles. Some 4,000 low-paid workers have been denied what is rightfully theirs, first by the breach of trust by their former boss and now by HMRC. I hope the Minister will agree to meet me and the chair of the trust, Mr Winston Smith, so that we can all work together to finally see justice for current and former employees of Roadchef. This is about natural justice, and it is not good enough for HMRC to say that it is too difficult or that it is precedent setting, or to give any of the other excuses offered so far. This is not HMRC's money. It is my constituents' money—it is our constituents' money—and it should be returned to them without delay.

7.45 pm

**The Financial Secretary to the Treasury (Mel Stride):**

I am grateful to the hon. Member for Airdrie and Shotts (Neil Gray) for having raised this issue and secured this debate. I congratulate him also on the vociferous energy with which he has pursued these important matters—the Government recognise their importance. I appreciate that this matter is a source of long-standing concern for those affected, and I can fully understand that they would want a resolution soon. I assure the House that HMRC is working hard towards resolving this issue. As the hon. Gentleman has recognised, I am of course constrained by HMRC's duty of maintaining taxpayer confidentiality, so my remarks on the case will, of necessity, be limited to matters already in the public domain. HMRC will, however, continue to correspond in writing with the trustee chairman and assist the employee benefit trust's representatives.

It may be helpful if I first set out the typical tax treatment for the sale of shares from EBTs. When a person exercises an option to obtain EBT shares, this is often chargeable to income tax and national insurance contributions, based on the difference between their valuation when they are obtained and the amount paid for them. If the shares are sold to a third party, the sale will then be subject to capital gains tax on the difference between the valuation used for the taxation of the option and the sale prices.

Turning to the Roadchef EBT, as we have heard, the issue we are discussing today has a long history. Before the sale of Roadchef in 1998, the company's then chairman arranged for shares held by the EBT to be transferred to him. He subsequently sold the shares for a profit. Both the acquisition and sale were taxed appropriately at that time. The former chairman's actions were contested, and in 2014 the High Court ruled that effectively the moneys from the sale of shares had to be paid back, net of tax, to the trust for distribution to its beneficiaries. The judgment stated that the proceeds from the shares sold had been held on constructive trust by the chairman for the beneficiaries. However, the implementation of the High Court's ruling in 2014 and the subsequent distribution of the original shareholders has proved to be very complex.

HMRC has since been engaging with the Roadchef employment benefit trustees' representatives to determine the correct tax treatment for the trust and the relevant

distributions to its beneficiaries. This involves HMRC working closely with the trust's representatives to fully explore all potential legal options to settle this matter. HMRC's most senior technical people have been working on different aspects of the tax position, and a senior HMRC representative is regularly discussing the progress of the case with the trust's representative. Several media outlets have also reported how earlier this year HMRC provided a technical analysis of its view of the correct tax treatment to the trustee chairman and its representatives. To be clear, HMRC has no interest in prolonging this matter. It is, however, legally bound to be even-handed and impartial in applying the law.

**Neil Gray:** Can the Minister understand my concern at HMRC's approach to this? When the trust was first made aware of the £10 million tax payment, HMRC apparently told the trust that the beneficiaries would not have to pay any tax on any pay-out that is made as long as the trust does not pursue HMRC for the £10 million. I think he can understand why that is a little concerning.

**Mel Stride:** The hon. Gentleman has raised a specific set of suggestions in the context of the dialogue between HMRC and the trust, and that very much strays into the area of confidentiality around discussions between our tax authority and a particular organisation. It would therefore not be right for me to comment on that. Indeed, in the normal course of events, I would not even be aware of such matters—certainly not from an HMRC perspective.

**Neil Gray:** I thank the Minister and understand the constraints he is under, which is why I hope he might agree to meet me and the trust to try to find a way through this. I hope he will agree to do that sometime early in the new year.

**Mel Stride:** I thank the hon. Gentleman for his invitation, which he also extended in his speech. I am certainly prepared to consider meeting him and potentially others, although I would like to take advice on whether that would be entirely appropriate, given the situation. I would appreciate it if the hon. Gentleman could explain more fully the exact nature of such a meeting, including who would be present and so on. In no way am I seeking to be unhelpful—quite the opposite—but I am conscious of the clear line that there must always be between members of the Government, MPs and, indeed, other members of the public, and the tax affairs that pertain between our tax authority and another organisation or business.

HMRC has a taxpayer confidentiality obligation, so I cannot comment in more detail on the specific tax treatment of the case. I can, however, assure the House that HMRC is doing everything that it can to resolve this issue promptly and fairly, while ensuring that the tax is paid appropriately in respect of the sale and distribution of the shares. Although HMRC has discretion as to how it goes about fulfilling its duties, as a statutory body it must of course apply the law fairly and collect the taxes set out in legislation by Parliament. When the law is unclear, HMRC can exercise some discretion to ensure that it gives effect to Parliament's intent. For example, HMRC can exercise discretion to give up some tax if there is an unintended or unforeseen effect only a small group of taxpayers or that will be apparent

*[Mel Stride]*

only for a short time. I should note, though, that that discretion is by its nature limited and would not be applicable in all circumstances—for instance, it would not apply if the courts had made a specific ruling on a particular issue.

In summary, I thank the hon. Member for Airdrie and Shotts again for securing this debate and for the tenacity with which he has pursued these matters on behalf of his constituents and those of other Members.

As I have said, I can appreciate the frustration of those affected, who naturally want a swift end to this matter, which I hope there will be. I hope I have been able to provide at least some reassurance that HMRC is doing everything in its power to resolve this issue in a fair and timely manner.

*Question put and agreed to.*

7.53 pm

*House adjourned.*







# Westminster Hall

*Tuesday 19 December 2017*

[SIR HENRY BELLINGHAM *in the Chair*]

## Sector Deal for Steel

9.30 am

**Stephen Kinnock** (Aberavon) (Lab): I beg to move,  
That this House has considered the steel sector deal.

It is a pleasure to serve under your chairmanship, Sir Henry, and I thank the House for granting the debate.

Hon. Members will recall that there was a period of time when we had debates about the future of the British steel industry almost weekly. Since then, the media circus has moved on, and with it the Government's apparent concern, focus and attention. Let us be clear: Government engagement with steel evaporated once the crisis had dropped off the front page of the newspapers. Back then, the Prime Minister was a guy called David Cameron. As we know, he was first and foremost a PR man, so when the steel crisis hit his PR instincts went into overdrive. He needed to manage the story and get it off the front page as quickly as possible. Did he ever have any intention of tackling the underlying causes of the crisis—his Government's abject failure to push through the policy reforms so desperately needed to create a level playing field for the steel industry? No, he did not. As the debate will show, David Cameron's successor has simply picked up where he left off.

Just over two years ago, the closure of the Redcar steelworks had a truly devastating impact on the town and community; 3,000 people were put out of work, and of those who have since found work almost two thirds have had to take a pay cut. Many other businesses in the area have struggled, because every UK steel job supports at least three more elsewhere in the economy. Three months after the closure of Redcar, Tata Steel announced more than 1,000 job losses across Wales, three quarters of them at the Port Talbot steelworks in my constituency. About a month later came the devastating news that Tata Steel planned to close or sell its entire UK business. While the then Business Secretary, now the Secretary of State for Communities and Local Government, the right hon. Member for Bromsgrove (Sajid Javid), was enjoying a nice little Easter recess jolly to Australia, I was out in Mumbai with Community Union to present the turnaround plan to the board of the Tata group.

**John Healey** (Wentworth and Dearne) (Lab): I congratulate my hon. Friend on obtaining the debate. Does he remember—he has missed it out of his chronology so far—the national steel summit held in Rotherham? It was not just the steel towns and their MPs that felt let down, but the leaders of Britain's major steel companies and steel trade unions who were round the table that day as well. The promises of serious attention and action to follow, which were made two years ago at the national steel summit, have not been followed through.

**Stephen Kinnock:** My right hon. Friend is right. That was an important milestone, but there have been so many false dawns, and warm words matched by frozen actions.

**Nick Thomas-Symonds** (Torfaen) (Lab): I congratulate my hon. Friend on securing the debate and on the great work that he has done over a significant period to stand up for the steel industry. On the subject of broken promises, does he agree that investment in research and development is another big issue? Across the UK generally it remains stubbornly below the OECD average. The whole sector is now asking for increased R and D investment in steel, and the Government should deliver that.

**Stephen Kinnock:** My hon. Friend makes an important point. I think that in the minds of some Ministers, and others in the House, steel is seen as metal bashing and an almost primitive industry, but in fact it is at the cutting edge of many innovations that we desperately need to drive our economy forward. If we are serious about getting a broad-based manufacturing renaissance, it must start with investment in the steel industry.

It was clear that Tata's initial preference was to close the business down rather than sell it, but thankfully we managed to persuade the company to shift its position from closure to sale. Thanks to the magnificent professionalism and dedication of the workforce and steel unions, the turnaround plan began to kick in. The performance of the business dramatically improved, and from a fire sale we got the slow burn that eventually morphed into Tata's decision to remain. However, that happened only after the workforce, facing the prospect of either the closure of the Port Talbot works or the closure of their pension scheme, voted for pension restructuring. They put the future of their industry, livelihoods and communities before all else. Steelworkers and steel communities are like no others. If my hon. Friend the Member for Redcar (Anna Turley) were well enough to be here today, she would have told us of the incredible strength and resilience of her community, which has stood firm, united and resilient, just as she has fought tooth and nail for it since the closure of the works.

There have been many ups and downs in the British steel industry in the past few years, but three things remain constant. The first is the relentless passion and commitment of steelworkers and their communities, exemplified by the delivery of the turnaround plan and the vote on the restructuring of their pension scheme. The second is the Government's indifferent and incompetent attitude, and the third is the key policy asks of the industry—business and workforce—which have remained fundamentally unchanged for well over two years. We have discussed those policy asks many times, but it would be remiss not to take the Minister through them, as this is her first time attending such a debate.

To take trade defence first, we asked the Government to stop blocking reform of the lesser duty rule, which means tariffs that we can impose on illegally dumped steel are capped at 16%, while the Americans can impose far higher duties. The Trade Bill is set to transfer the lesser duty rule to UK legislation after Brexit. We asked for meaningful action against illegal Chinese dumping, with proper trade defence instruments. However, as steelworkers were being shown the back door, No. 10

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was rolling out the red carpet for Beijing. What was the result? We can now add the challenge of illegally dumped Russian and Turkish steel to that of Chinese steel.

Secondly, on business rates, there have been five Budgets in the past two years, and not one has acknowledged the industry's concerns about the way business rates inhibit investment and hold us back from investing in plant and machinery; so of course no remedy has been proposed.

Thirdly, on the question of procurement, which I have been working on extensively with my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty), the Government have utterly failed to translate their rhetoric into reality. The public interest test that they introduced proved inadequate. Our calls for a longer lead-in time for central Government contracts have fallen on deaf ears. The Government have resisted transparency, dumping the idea of mandatory reporting and refusing even to gather and hold the relevant data, let alone provide it to us whenever we have asked. Foreign steel has continued to be used on iconic projects such as the repair of Big Ben, the new Firth of Forth bridge, the new Type 26 frigates and all sorts of smaller refurbishment and development projects around the country.

On the most vital of issues, energy prices, there has been some tinkering at the edges but no attempt at all to tackle the root causes of our ludicrously uncompetitive energy costs. The Government found a chaotic resolution to the EU emissions trading threat—something that would have cost the steel companies tens of millions of pounds, owing to the mishandling of Brexit—but they have singularly failed to clear changes to the feed-in tariff and renewables obligation opt-out. On the central issue of energy pricing, which means that UK producers' energy costs are more than 50% higher than those of our European competitors, nothing has been done, and it appears nothing will be done.

That brings me to the very matter that we are here to discuss: the sector deal for steel, which hinges on the issue of energy pricing. After publishing the industrial strategy White Paper, the Government asked all industries to present their sector deals—comprehensive packages about how their industry would work within a national industrial strategy. The steel industry did just that, by presenting a sector deal to Ministers that met all the requisite criteria back on 7 September.

That deal would see a 50% increase in investment, from £200 million to £300 million per year—an additional £1.5 billion of investment over the next five years. It would increase production capacity by 40%, from 10 million tonnes to 14 million tonnes a year. It would create 2,000 jobs, and would see 200 more apprentices trained every year. It would develop a low-carbon roadmap, and help to deliver a more efficient electrical system, almost doubling the industry's demand-side response. It would see the industry pump an extra £30 million investment a year into R and D, which is an area, as my hon. Friend the Member for Torfaen (Nick Thomas-Symonds) pointed out, in which the UK is traditionally weaker than our rivals.

In return for all that value, all the steel industry asks is that the Government match the R and D funding, helping to establish the future steel challenge fund,

which would bring together the steel value chain, from automotive to aerospace and from renewables to construction, to work in partnership towards a cohesive industrial strategy and a new kind of growth, unlocking exciting innovation and new opportunities. The deal asks for Government help in facilitating investment by providing access to commercially competitive loans, providing capital investment grants or innovative tax discounts linked to investment. Essentially, that would help the industry to unlock the monopoly on investment held by property speculators and quash the myth that investing in industry is risky.

Crucially, the linchpin on which all this untapped potential rests is energy prices. Our steel producers have to pay 55% more than their German competitors and 51% more than the French, which adds up to an additional cost of almost £50 million a year. As the sector deal makes clear, if the steel industry gets the help it needs, it will put every penny and more of that £50 million back into the industry, creating jobs, increasing capacity, innovating and creating new opportunities and value.

**Nick Thomas-Symonds:** Does my hon. Friend agree that there is wide support for the sector deal right across the steel sector? It makes sensible and innovative proposals. Why do the Government not simply adopt it?

**Stephen Kinnock:** I agree with my hon. Friend. The sector deal has been submitted under the umbrella of UK Steel and EEF, but with the full participation and support of Tata Steel, British Steel, Liberty Steel, Celsa Steel and a number of other key players in the sector. The steel industry really speaks with one voice on this.

Without a cost-competitive energy environment, steel companies cannot invest in the future, and the industry can survive only when it has the potential to thrive. Steel is too important a product for our economy, our security, our communities and our standing as a nation for us to have to rely on others for it.

**Jim Shannon (Strangford) (DUP):** The fact that the UK produced some 8 million tonnes of steel in 2016, while China produced 808 million tonnes shows a vast difference. Does the hon. Gentleman agree—I think he is basically saying this—that it may now be time for the Government to enter into negotiations with the companies and also the unions to ensure that we have a manufacturing base for steel in future? We will not have one unless the Government act. It is time that they did.

**Stephen Kinnock:** I absolutely agree with the hon. Gentleman. As I will come on to explain, the sector proposal is the litmus test for the Government. We have had years and years of warm words, but this really is the moment to see whether the Government are serious about providing the support they say they want to provide.

Steel enables transport, construction, manufacturing, energy and consumer goods—you name it, Sir Henry, and if steel is not in it, it was almost certainly used to make, process or transport it. Steel is truly a foundation industry, and demand is growing. The report published last week, "Future Capacities and Capabilities of the UK Steel Industry", showed that, by 2030, domestic demand for finished steel products will have grown by almost 2 million tonnes. That leaves almost 7 million

tonnes of domestic demand to be met by the UK steel industry, which equates to a £3.8 billion opportunity per year.

That value is even greater if we consider all that steel goes into. Almost half the content of all cars built in the UK is British steel. In researching the “Steel 2020” report by the all-party parliamentary group on steel and metal related industries last year—I have a copy with me; I am sure the Minister has already read it, but I would be happy to hand it over—we heard from leading figures in the car industry that the presence of a successful domestic steel industry is a key determinant of where steel is sourced.

Steel is vital to the future of UK car manufacturing and innovation. Take the much-vaunted electric and self-driving cars, which were championed by the Chancellor in last month’s Budget. Along with the normal steel content of any car, what do hon. Members think their batteries are cased in? Steel. If we are to invest billions in that new technology, why on earth would we not invest in the capacity to monetise those innovations? If we do not have the capacity to manufacture, or the capacity to produce the steel for the batteries and the machines that manufacture them, we will lose out. The steel will be Chinese. The manufacturing and machinery will be German, and we will have spent billions on an idea that sees profit not in Port Talbot, Sheffield or Redcar, but in IJmuiden, Tangshan or Duisburg.

Despite investment in R and D falling by 90% over the past 25 years, the UK steel industry is still at the cutting edge. More than two thirds of steel produced in the UK today did not even exist a decade ago, so we should not let anybody tell us that steel is a sunset industry. It is an industry that is building a Britain for the future, which is why a go-ahead for the sector deal is vital. It is also important because steel is the ultimate economic and social multiplier. For every £1 of public investment in steel R and D, the return averages between £6 and £16. That means the £60 million transformation fund in the sector deal could add up to £960 million for the UK economy. I do not know about you, Sir Henry, but investing £60 million for almost a £1 billion return feels like a pretty good investment to me.

On average, steel jobs pay 40% higher than the average in the steel heartlands of Wales and Yorkshire and the Humber. Every steel job supports at least three further jobs in the local community and the national economy. Losing the steel industry would devastate towns such as Port Talbot, but the knock-on effects would be equally catastrophic. If the Port Talbot steelworks were to close, it would cost 40,000 jobs across Wales and the UK, costing the Government a total of £4.6 billion in benefits and lost tax revenue and reducing household spending in the economy by £3 billion over 10 years.

If we were to reshape the energy market, as the steel sector deal calls for, the most it would cost would be the equivalent of 57p per household per year. That is 57p a year against almost £8 billion in lost spending, tax and benefit payments if things were to go wrong. Once again, Sir Henry, that looks like a pretty good return on investment to me. There is a golden opportunity, with huge potential for growth. We should all applaud the Government for crossing the Rubicon and accepting the need for an industrial strategy, but the fact of the matter is that, if the Government fail to support the sector deal, that strategy will not be worth the paper it is written on.

Speed is of the essence. Steel companies only have so much capital to invest. That capital is spread across their global businesses, and if they cannot invest it here and now, it will go elsewhere. That is the nature of the beast. We have already seen Liberty spend almost £1 billion in Australia, and there are reports that British Steel—formerly Tata Long Products—is looking at an Italian plant. The clock is ticking and time is running out.

With the uncertainties of Brexit, the Government should be biting the hand off of anyone willing to invest at this time. Instead, steel companies have been fobbed off with all sorts of excuses. They submitted the sector deal on 7 September, but were only granted a meeting with the Minister at the very end of November—hardly the behaviour of a Government serious about supporting this foundational domestic industry. The fact is that the Government’s failure to engage on the steel asks set the tone. The sad reality is that trust between the Government and the steel industry has been shot to pieces. Warm words are no good to anyone if they are matched only by frozen actions.

**The Minister for Climate Change and Industry (Claire Perry):** I must correct the hon. Gentleman on a factual point: one of my very first acts as Minister was to visit the steelworks in his constituency and close by. I met the council formally to discuss the shape of the sector deal and subsequently three times after the presentation of the sector deal, and I have met and spoken to the companies on numerous occasions. He really must correct the record, because it is simply not true to say I only engaged with the sector after the sector deal was submitted.

**Stephen Kinnock:** I thank the Minister for her intervention. Conversations, visits and meetings are excellent, but the fact remains that the sector deal was submitted on 7 September, and a meeting was not granted with the steel industry until the very end of November. As the clock is ticking, the decisions about investment next year are drying up. It would be great to see rhetoric matched with reality.

An industrial strategy is not built on good will. A business cannot be built on Whitehall bluster, and communities cannot be sustained on platitudes. We all understand that an industrial strategy cannot do everything for everyone, but if the Government are serious about rebalancing our dangerously skewed economy, they must surely start by investing in the steel industry. With the steel sector deal, all that is being asked for is a small amount of help to unlock tremendous potential, create thousands of jobs and add hundreds of millions of value to the economy. Instead, the Government seem to be more interested in investing in robotics, medicine, life sciences and driverless vehicles. I am sure that those emerging industries are vital, but they are all concentrated in the south-east of England. Is that really going to support the broad-based manufacturing renaissance that our country so desperately needs?

Steel workers the length and breadth of Britain have shown that they will make every sacrifice, and the industry has dug deep too. It is the Government who have been found sorely wanting. Steel communities are a hardy bunch, forged in the white heat of our industry and from parts of the country that are well used to being forgotten, neglected and ignored by successive Tory Governments. They know how to take bad news

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on the chin, and they certainly prefer to be treated like adults, with honesty and clarity as opposed to the obfuscation that has become the hallmark of this Government.

I urge the Minister to stop taking us for a ride. All the indications are that the Government really could not care less about the future of the British steel industry. If that is the case, they should just say so. Please stop stringing us along, and stop promising to do something about energy prices, dumping, procurement and business rates while in reality having no intention whatsoever to act. Please level with us today on the sector deal. Just tell us here and now whether or not the Government are minded to support it. If they are not, it is clearly better to know that now, so that no more of our time and energy is wasted. We know that the previous Prime Minister and Business Secretary only got involved when they realised they had a brewing PR disaster on their hands. We hoped that this Prime Minister and this Business Secretary would be different, but the sad reality is that the Government lost interest once the media circus moved on, so we are back to square one.

The toxic combination of complacency, indifference and incompetence is back with a vengeance. Eleven months ago, the steel APPG produced “Steel 2020”, which provides a road map for the industry’s future. Eleven months on, we are still waiting for the Secretary of State to give us a date for a meeting to discuss it. Over recent weeks, we have seen unscrupulous financial advisers swooping in like vultures to exploit steelworkers while the Government stand by and do nothing. Now we see a comprehensive, exciting offer from the steel industry, backed by the trade unions, sitting on the shelf and ignored for three months. I would say that that is shameful, but I wonder whether the Government are capable of feeling that emotion.

I implore the Minister again to level with us. If she will not help, she should just say so, and the Government should stop wasting our time and giving us false hope. Let us get on and fix what we can ourselves, because right now, the Government are only holding us back. I desperately hope that the Minister will stand up and prove all my suspicions wrong. In fact, I am praying for it, because it is my constituents’ lives and livelihoods that are at stake. I will finish by saying to the Government that they have a choice: they can either be part of the solution, or they can continue being part of the problem. Now is the time to choose, and this sector deal is the litmus test.

**Several hon. Members** *rose*—

**Sir Henry Bellingham (in the Chair):** Order. Before I call the next speaker, it might be of interest to Members to know that I will call the Front-Bench spokespeople at 10.30 am sharp. By my calculation, that gives each person seven minutes if everyone is going to make a reasonable contribution. I call Mr Simon Clarke.

9.54 am

**Mr Simon Clarke** (Middlesbrough South and East Cleveland) (Con): It is a pleasure to serve under your chairmanship, Sir Henry. I was pleased to support the debate application from the hon. Member for Aberavon

(Stephen Kinnock), with whom I serve on the all-party group on steel and metal related industries. He is a great advocate of the steel industry and was absolutely right to call for this debate. I am grateful to the Backbench Business Committee for granting it.

Steel is part of the DNA of Teesside, and I represent the hugely impressive British Steel special profiles business at Skinningrove in my constituency. I visited the plant in my first month as an MP to meet managing director Peter Gate and see the operations for myself. It transformed whatever preconceptions I held about what a modern steelworks looks like. Simultaneously combining vast power with infinite precision, the special profiles unit has the machining capability required to manufacture special profiles. Those include unique reserved profiles that have been designed for individual customer needs and open roll profiles, which are available to all customers. Key products include bulb flats, track shoe profiles, crane rail profiles and mining components. Perhaps the most significant profiles made by British Steel at Skinningrove are those produced for the manufacture of forklift trucks, which include mast profiles, carriage bar profiles and flats for manufacturing the fork arms themselves.

The special profiles unit is co-located on the same site as Caterpillar, which is its largest single customer and is also a major employer in my constituency. These companies are great sources of not just jobs, but skilled jobs, and jobs that pay well above the median salary for people on Teesside. They are valued highly in East Cleveland, and we should celebrate that achievement.

In 2016, Caterpillar at Skinningrove passed the amazing milestone of 20 million track shoes produced at its plant, all made using profiles made by British Steel. British Steel special profiles also supplies Caterpillar operations in Brazil, the United States and China. It is a great example of how the UK steel industry remains such an asset to our economy and to our country’s standing as an industrial power.

Since my election, I have pledged my support for whatever can be done to help with what is perhaps British Steel’s foremost challenge: the cost of energy. British Steel special profiles is seeking redesignation from a high-voltage status business to extra-high-voltage status, which it calculates would reduce its energy costs by some £265,000 a year, and I have held talks with Ofgem about how that might be secured. The problem is not so much the cost of redesignation, which is estimated to be around £1 million, but the fact that British Steel would likely have to take on responsibility for the ongoing upkeep of what is already considered an unreliable electricity connection and for maintaining the easements and wayleaves across properties owned by some potentially difficult third parties. Whatever support the Department for Business, Energy and Industrial Strategy can offer British Steel on that issue would be invaluable, and I hope the Minister and her officials will follow up on that.

The purpose of this debate is to discuss the wider outlook for the steel sector. I know that the Minister, with whom I am in regular contact regarding such diverse issues as carbon capture and storage and the case for onshore wind, is absolutely committed to making a success of our industrial strategy. We have a friend in her as we seek to deliver a framework within which UK steel can thrive.

This is a critical issue for Teesside. I want to emphasise that UK Steel, the body that represents the industry, wants to convey the positivity and the optimism that also characterises this moment. This is as much about future opportunities as it is about the consolidation of existing strengths. The Government's study on the future of the industry projects a £3.8 billion opportunity in steel demand by 2030, as the hon. Member for Aberavon said, which will need to be met by imports if we do not get this opportunity right.

With the right strategy, UK Steel estimates that the gross value added of the industry can increase from £1.2 billion today to £3 billion. That goes to the heart of the issue. Steel is an enabling technology, underpinning so many other parts of our economy. The sector places a premium upon innovation, which is what will be required if we are to continue to offer high-end products that our rivals in the world cannot easily match. That means investing not only in physical facilities but in R and D and training and skills, particularly of the next generation.

I often hear from my local employers that a big challenge on Teesside is how we address the age profile of our skilled workers, many of whom were trained in the '70s and '80s by the big industrial conglomerates that have predominated and contracted throughout the course of my lifetime. Those workers are now approaching retirement age. It is vital that we ensure that our education and apprenticeship models are fit for purpose, to supply young people with the skills and inspiration they need to grasp the opportunities that we all hope will be created for them. Contrary to what the hon. Gentleman said, the SSI Task Force in Redcar has had considerable success. I praise also the huge potential of the South Tees mayoral development corporation. We all know the consequences that were felt in Redcar and that obviously had massive impacts also in Middlesbrough South and East Cleveland, but real, constructive action, money and hope are now flowing into our area. It is very important that we get that part of the equation on the record as well.

The key elements of the deal are clear. As the hon. Gentleman set out, that includes investment, boosting production capability, creating more jobs, employing and training more apprentices and working with the Government to create a future steel challenge fund, drawing together partners from the automotive, construction and renewables sectors. It is also vital that the Government play their part in ensuring that UK steel has the best possible chance to compete in relation to procurement options. I have already spoken to Defence Ministers about giving maximum notice when it comes to contracts for warships.

If the vision is to be realised, we need to ensure that maximum support is given regarding the cost of energy. We all know that the UK's energy mix is undergoing a profound revolution. It is right that that is happening, so that we can not only future-proof our security of supply, but meet our carbon commitments. The market-led "test and learn" electricity strategy, set in motion under the coalition Government, has yielded startling and exciting advances in terms of moving renewable energy closer and closer to the point at which it will become competitive on a subsidy-free basis. That is great news, but our forward thinking on this issue has left the industry exposed to a competitiveness challenge. The

simple fact is that it is difficult for our industry to compete when its energy costs are 55% higher than those of Germany and 51% higher than those of France. We are looking for bridging solutions that lower costs in the short to medium term while we wait for longer-term solutions to take effect. That is in effect the same principle as the Government have already accepted vis-à-vis renewable energy, so I hope that the Minister can consider it seriously, while acknowledging that this is in no way easy or straightforward.

I want to touch on the other levers within the Government's grasp. They include supporting the proposed future challenges fund, looking at whether new plant and machinery can be exempted from business rates and ensuring that we get our post-Brexit trade framework spot on, because getting the right framework for trade remedies will be critical if we are to deal with the outrageous dumping of steel by the Chinese that has taken place recently. I urge every hon. Member present to join me after the Christmas recess in the debates on the Taxation (Cross-border Trade) Bill, which will be the vehicle for getting that right.

I thank the Minister for her time today and thank the hon. Member for Aberavon for calling the debate. Let us move forward together, as one, with a positive mindset towards delivering the right deal for our steel sector.

10.2 am

**Jessica Morden** (Newport East) (Lab): I, too, congratulate my hon. Friend the Member for Aberavon (Stephen Kinnock) on securing the debate. I fully support the excellent case that he made for a steel sector deal. He rightly reiterated the policy asks and the fact that speed is of the essence. I wholeheartedly agree with that. My constituency is just down the M4 from his, and the social importance of steel is crucial to communities in my constituency too. Hundreds of people rely directly or indirectly—there are three or more jobs in the local economy for every steel job—on the steel industry. These are good jobs—skilled and relatively well paid jobs—in parts of the country, such as Wales, where that is not always the case. There is huge pride in producing steel. In areas such as mine, there is a real passion for and commitment to the steel industry, which is why all of us in the Chamber have spoken in many debates over the past few years calling on the UK Government to take more action to save our industry. However, on issues such as energy costs, those calls, as my hon. Friend said, have sadly gone unheeded up to now.

During these very hard times for steel, we should recognise, as my hon. Friend said, that the workforce, with their unions, have made huge sacrifices and done all they can to help our industry—most recently, through the painful changes to pensions. Let me also mention, as a Welsh Member of Parliament, the Welsh Government, who have done all they can with the powers and tools that they have in Wales to help. That includes the active work of Ministers such as Ken Skates, the Welsh Assembly Government's Cabinet Secretary for Economy and Transport, who has supported the industry through Welsh public sector infrastructure and construction projects.

However, we do need more UK Government action, and faster. It is true that we have had warm words, but we need more action. The steel sector deal proposal has

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been put together by the existing six steel companies in the UK, coming together with the unions to look at ways of addressing the challenges collectively. Those individual companies have made specific commitments on jobs, investment, expanded capacity and an increase in innovation activity within the sector.

Some of the companies are in my constituency. There are Tata's plants at Llanwern and Orb and the relatively new entrant Liberty, which is expanding fast. Those two companies were among the six involved in drawing up the steel sector deal proposal. With Tata's Llanwern Zodiac plant in Newport East, the investment by the company in the auto-finishing line, and Orb's electrical steel capabilities, there is a real opportunity for the UK to establish itself as one of the foremost suppliers of steel to the automotive industry, especially for electric cars. We therefore welcome the Government's automotive sector deal conversations and their ambition to increase domestic content to 50% in British-made vehicles, but we in Newport are acutely aware that we need a thriving, competitive steel industry to do that, which is why a sector deal for steel is needed.

The GFG Alliance, which owns Liberty Steel, which also has a base in Newport East, has announced plans to create a total of 5 million tonnes of low-carbon steelmaking capacity during the next five years as part of a drive to develop a green and competitive future for manufacturing in the UK. That would equate to half the steel made in Britain at present. Currently, the UK exports more of its scrap for processing abroad than any other developed country, so Liberty's aim is to recycle a large proportion of the 7.2 million tonnes a year of scrap steel here in the UK. That low-carbon secondary steel production would displace much of the 7 million tonnes a year of raw steel currently imported and is a huge opportunity for the country to drive clean growth by making low-carbon steel at home.

There is great ambition in the steel industry in my constituency, despite all the difficulties faced by the steel sector in recent years. However, although demand for steel is up, production has fallen and many of the underlying causes of the recent crisis are still there. Tata and Liberty in my constituency show what ambition is out there, but we need Government interventions to ensure that our innovation can keep pace with our international competitors. That is why we repeat and repeat the policy asks. That means Government action on energy prices—the most important intervention that the Government could make. As my hon. Friend said, UK plants currently pay more than 50% more than their German and French counterparts. It means action on the business rate regime. These companies are investing and want to invest more. They want to work with the Government to unlock further investment. For the steel industry to flourish, they need a route to market that includes things such as UK steel for infrastructure projects, help with access to finance and a future steel challenge fund. Addressing the barriers through a sector deal will help to unlock investment. I mentioned this a moment ago, but we also need to continue to see more commitment on procurement, including in subsidised energy projects. As a south Walian Member, I point out that we are still awaiting a decision on the Swansea Bay tidal lagoon.

**Stephen Kinnock:** On that point, does my hon. Friend agree that, given that the Hendry review was completed almost a year ago, it is almost impossible to understand why we are still waiting for the Government's answer on the recommendations in that review, which are vital to the south Wales economy, not least the steel industry?

**Jessica Morden:** My hon. Friend is right to make that point. The project has huge potential, not only for Swansea bay but for other areas of Wales—there is the potential for tidal lagoons in places such as Newport—so we must keep pressing the Government. We do not understand why the decision has not been made yet.

There has obviously been disappointment in the steel sector that its own proposal for a sector deal was not among those being talked about, especially given that, as my right hon. Friend the Member for Wentworth and Dearne (John Healey) said, discussions have been ongoing since the crisis in 2015-16, when the Secretary of State invited the sector to work with him to come up with a vision for a modern, sustainable steel sector. We look forward to hearing from the Minister today about what she can do to work with the industry and all of us to ensure a sustainable future for steel.

10.9 am

**Nic Dakin** (Scunthorpe) (Lab): I congratulate my hon. Friend the Member for Aberavon (Stephen Kinnock) on securing this well-timed debate on the steel sector deal. It was good to hear the hon. Member for Middlesbrough South and East Cleveland (Mr Clarke) contributing so knowledgeably to the debate. He fills really big shoes on steel. Our former colleague, Tom Blenkinsop, was a tower of strength and had a real passion for this industry; I know that he continues to fight for it from outside this House and we all wish him well.

Two years ago local steelworkers and their families were worrying about their futures as Christmas approached. The same was true in steel communities across the UK. Horizons were short, confidence was low and, despite the marches, speeches and protests, Government seemed deaf to calls from the sector to level the playing field and stand up for steel. Jobs and livelihoods were at risk.

A lot has happened since the height of the steel crisis in October 2015, when the Government held the steel summit, which I had first called for in Prime Minister's questions, in Rotherham on a day that saw yet more announcements of steel job losses nationwide, which were added to the nearly 2,000 in Redcar. The steel landscape now looks very different, with Tata no longer the dominant steelmaker in the market. Instead we have three major players: British Steel and Liberty, both with strong presences in Scunthorpe and elsewhere, and Tata with its main presence in south Wales. This change in ownership has brought new energy to the industry. Building on its proud heritage and today's strong footprint, the foundation industry of steel is now well placed to become a strong strategic, innovative, entrepreneurial industry of the future. But to realise that ambition it needs to be allowed to compete on a level playing field, and that is where Government have a key role.

British Steel is an old name enjoying a new start. Headquartered in Scunthorpe, it celebrated its first year of successful trading in June. It is a leading European

producer, making around 2.8 million tonnes per annum. The business faced challenging operational issues in the summer, including a blast furnace chill that impacted on results, but it expects to have a strong second half-year performance. The conclusion of a 4% pay deal with the workforce is both a strong vote of confidence in the fantastic men and women that make the business happen and an indication of growing business confidence. As well as achieving a significant turnaround of the business, British Steel continues to invest in future skills including, this year, the new starts of 70 apprentices, 43 graduates and 72 trainees. Next door, Liberty is breathing new life and new purpose into Caparo Merchant Bar. It is good news that the Scunthorpe site has been longlisted as a possible Heathrow logistics hub. That is a good example of proactive procurement by a major customer that others might learn from.

Indeed, while everything has changed in steel, nothing has changed, and the four asks of Government at the height of the crisis remain significant asks today. Procurement is a key ask. The Government need to do more to ensure that their December 2016 steel procurement guidelines are being actively pursued by all Departments, including the Ministry of Defence. When I asked for an update on delivering their ambition the Cabinet Office reply was: “We do not hold data currently on the quantity of UK steel procured.” Frankly, that is not good enough. While I very much welcome that published pipeline for future steel, it still begs the question of how the Government will ensure that their guidelines are delivered across all Departments. Perhaps the Minister—who I believe in, actually—will enlighten us in her reply.

Alongside better, fairer procurement, the other key asks were action on energy costs, business taxes and tackling steel dumping from China and elsewhere. Add to that the need to invest in research and development and workforce skills, and that is the context in which the sector deal is being wrought. We need a sector deal for steel sooner rather than later. I have been heartened by the consistently warm words of the Secretary of State and Minister responsible in response to these calls. They eventually managed to do a good job of putting something together on the EU emissions trading system, but things like that need to be done quickly and effectively so that confidence is not knocked. We need to learn from that so that things can be done well in the future, because the time for warm words will soon be over, and the time for action is nigh.

The Government recognise the value of the steel industry. Their recent study, “Future Capacities and Capabilities of the UK Steel Industry”, demonstrates the size of the prize in capturing more of our domestic steel market. UK Steel estimates that there is potential to boost sector GVA from £1.2 billion to over £3 billion. The study identifies the key role that supply chain engagement and R and D can play in enabling that boost to happen. Three core actions will unlock the sector’s potential: action to level the playing field on energy costs, investment in new research and development through a future steel challenge fund, and incentives to facilitate capital investment. The key commitments that the sector will make are outlined in the document. There are significant commitments from the sector, and the asks of Government are significant to match. The sector and the Government need to work together to deliver that.

To conclude, two years ago we felt as though we might be close to closing the book on steelmaking in the UK, but thanks to the wonderful men and women who work in the industry and the leadership shown by Community, Unite and the other steel unions, alongside steel communities and steelmakers, in the last two years this industry has navigated a difficult chapter, restructuring and repositioning itself. It is now time for Government to act with the industry to create the strong, innovative business that is needed to help to build Britain’s future as we move into a world outside the EU. The steel sector deal bid from the industry shows the necessary commitment to deliver for the future. The Government have welcomed this. Both sides must now forge a future together. All I want for Christmas is a steel sector deal!

10.16 am

**Sarah Champion (Rotherham) (Lab):** It is a real pleasure to serve under your chairmanship, Sir Henry, but it is somewhat dispiriting to find myself rising to speak yet again about the importance of Government getting behind our steel industry.

I am grateful to my hon. Friend the Member for Aberavon (Stephen Kinnock) for calling this debate. Time and again I, and many of my hon. Friends here today, have explained the importance of British steel and offered clear advice on practical measures the Government could take to champion this crucial strategic industry. Many of those requests remain unfulfilled. The Government respond with warm words but, to be honest, little practical support.

I am pleased, however, that despite this lack of commitment from Government, the future looks a little brighter for British steel, as my hon. Friends have said. In my own constituency, the takeover of Tata’s speciality steels division by Liberty House has been completed. Speciality Steels is a world-leading business with a global reputation, and its products are found in everything from airliners to Formula 1 cars. Far from the relic of caricature, this is a dynamic and growing business of which Britain should be rightly proud. Liberty has recognised this huge potential and we have received the welcome news that not only have existing jobs been secured, but investment will lead to a further 300 new jobs, the first of which are already being recruited. Liberty should be commended for its commitment to sustaining and growing British steel.

While the investment from Liberty is hugely positive, Tata’s main UK research and development centre, Swinden House in my constituency of Rotherham, faces uncertainty. Staff there have an uncertain future, with the facility scheduled to relocate to Warwick. Tata must make every effort to allow those who wish to relocate to do so, and to support those who do not.

The existential crisis that the industry has faced in recent years may have begun to subside, but many of the long-term issues that led the industry to the precipice remain. The steel sector’s proposals to the Government have their roots in that crisis, and discussions between the sector and Government have been ongoing for some time. With the huge uncertainty of Brexit looming, the Government must act now to safeguard steel’s long-term future. It was therefore hugely disappointing that the steel sector’s proposals to renew and support the industry have not been included in the group of frontrunners for individual sector deals.

[Sarah Champion]

That failure is just the latest in a long line of Government failures to safeguard the industry's future. In particular, the continued lack of action on high energy costs leaves the steel industry with one hand tied behind its back. Despite British steel's wealth of experience, skill and expertise, it simply cannot compete while it continues to face energy costs far in excess of those faced by its European and international competitors. British producers pay, on average, £17 more per megawatt-hour than competitors in France and Germany do. Over the course of a year, that means a massive £50 million. This colossal burden leaves British producers struggling to compete. We are not talking about handouts; all we want is a level playing field, which the Government have consistently failed to provide.

Energy intensive industries compensation was a start, but until the Government address and commit to reducing the vast burden on our industry these problems will continue to hold British steel back. The Government have claimed that state aid rules prevent them from taking action, yet they refuse to introduce measures already in place in the likes of France and Germany, such as allowing exemption from renewables costs up to the value of a company's gross value added. Now is the time to take such steps and to support British steel's recovery and growth as the cornerstone to a sector deal.

Business rates also continue to punish steel producers and penalise their investment in new facilities. Removing new plant and machinery from calculations would encourage much-needed inward investment. That problem, too, has been raised with the Government repeatedly, but they have consistently failed to act.

Requests to favour British steel in Government procurement continue to receive, at best, a lukewarm response from the Government. UK steel has the skills and capacity to deliver on large-scale infrastructure projects such as High Speed 2. Although it is welcome that the Government have stated that they expect 95% of HS2 to utilise British steel, they have stopped short of absolutely guaranteeing that figure. That commitment must be much clearer and stronger.

Britain's exit from the European Union also leaves the industry vulnerable to further dumping of cheap Chinese-produced steel. The British Government have consistently opposed the introduction of stronger tariffs within the European Union. With the removal of that opposition post-Brexit, it is likely that the EU will pursue far stronger tariffs and domestic protections. The chief executive of UK Steel has expressed concern about the seemingly complacent attitude displayed by Government officials who have refused to commit to strengthening Britain's own protections in line with those of our neighbours. Should the UK find itself bordering a European Union with far stronger protections than our own, the impact upon our industry could be catastrophic.

Furthermore, the Government's failure to properly consider the impact of Brexit on the industry risks plunging steel into a new crisis. Not releasing an impact study on the effect of Brexit on steel was frustrating, but the revelation that they may not even have conducted an industry-specific study is simply staggering. It is the Government's duty to ensure that the industry is as

prepared as it can be to weather the inevitable turmoil that Brexit will bring, but they seem to be asleep at the wheel.

Although we must do everything that we can to secure the steel industry's long-term future, we must also recognise that changes to the British Steel pension scheme have left many scheme members facing financial uncertainty and difficult choices. Disappointingly, my constituents tell me that they have not received sufficient advice and support. There are reports that in the absence of detailed, clear advice, scheme members have been targeted by unscrupulous advisers and might have been mis-sold unsuitable financial products. It is vital that we protect scheme members, provide appropriate guidance and support and ensure that they are not left behind as casualties of the crisis faced by the industry.

The UK steel industry can and should be central to a resurgence in British industry, but progress towards a comprehensive resolution to these problems has been painfully slow. The failure to progress towards an individual sector deal for steel is just the latest example of the Government offering warm words and little else. The industry's proposals are clear and practical, and would lead to significant and sustained investment in British steel, with £1.5 billion invested over five years and a huge increase in production capacity from 10 million to more than 14 million tonnes. What the industry wants in return is for the Government to match its commitment and work with it to address the structural problems preventing UK steel from reaching its potential.

This is an opportunity for the Government to offer more than talk. They must engage positively with the industry and do everything they can to ensure that British steel once again leads the world.

10.23 am

**Mr Adrian Bailey** (West Bromwich West) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Sir Henry. I congratulate my hon. Friend the Member for Aberavon (Stephen Kinnock) on securing this debate and on all the work that he has done on behalf of the industry. It is a superb demonstration of how effective a Back Bencher can be in shaping Government policy in key areas.

I rise as the representative of a constituency that is not a primary producer of steel but heavily dependent on steel. West Bromwich West has more foundries than any other constituency in the country, and those foundries depend heavily on supplying parts to the motor industry. It is interesting that each and every speaker who has contributed to this debate represents a steel-related industry that is vital to the core economy of some of the most deprived areas of the country. For that reason the issue should be considered, due to its impact on the wider regional policies of this Government.

Equally, we must consider the national contribution to the economy. Our £72 billion motor industry is recognised as a world leader, is vital to our exports and has a productivity level three times the national average at a time when the country is desperately seeking to improve its productivity. Any industry forming part of a chain that delivers that is worthy of special consideration, respect and a commitment that has hitherto not been afforded to the steel industry.



Other stated objectives in the Government's industrial strategy, which I welcome, include a deal on autonomous and electric vehicles and construction, all of which are strategically dependent on a successful steel industry. The fact that an industry on which so many Government objectives and policies depend seems to have been neglected is a matter for concern and needs an urgent remedy.

In the short time available, I want to make two or three other points. First, the motor industry in my area and nationally has adopted a policy of reshoring. It makes sense, because it is cheaper to do so, it provides security of supply for the most part and, of course, it accords with low-carbon and energy-saving targets. Locally, Jaguar Land Rover has led the drive. I believe that there is a national target to improve the number of British-built cars for which British steel is sourced from 35% to 50%, and Jaguar Land Rover in particular is well on schedule to do so. However, the policy could be compromised without security of supply and an adequate supply of steel at a competitive price.

Secondly, I point out the Government's objectives on electric vehicles, which we are currently world leaders in developing. We produce more than any other country with the exception of the US, which of course is a lot bigger. As my hon. Friend the Member for Aberavon pointed out, all those electric vehicles are just as dependent on British steel components as our historic petrol and diesel-driven vehicles. The Government's objectives could be blunted if we do not preserve the steel industry.

My last point, which I will not labour because my hon. Friend the Member for Newport East (Jessica Morden) made it very well, is that we export more scrap than any other country, yet import raw steel. That seems crazy. Again, I join others in pointing out that Liberty Steel, which has a substantial presence in Oldbury in my constituency, is a potential game-changer. Liberty, seeing the implications of the current energy situation, has bought up renewable energy generators in Scotland and other parts of the country, with a view to getting a perfect combination and integrated supply of low-carbon energy to melt scrap cars and metal and reshape them into castings and hot stamping for the industry.

Steel is a core industry for so many of this Government's wider economic and social objectives. It has come up with a series of solutions that would embed it in those policies and deliver on their objectives, and that are worthy of special consideration for adoption by the Government.

10.30 am

**Neil Gray** (Airdrie and Shotts) (SNP): It is a pleasure to speak on behalf of the Scottish National party in this debate. It is also a pleasure to see you in the Chair, Sir Henry, and to follow the hon. Member for West Bromwich West (Mr Bailey), who made a very good speech.

I congratulate the hon. Member for Aberavon (Stephen Kinnock) on securing the debate via the Backbench Business Committee and on his speech. He has been determined for quite some time to see a sector deal for steel; his advocacy on behalf of the steel industry is to be noted and congratulated, and he continued that campaign with his usual fervour today. I hope that his efforts have brought the issue back to the attention of the media, and that we will get some answers from the Minister about what the Government will do for the industry.

The hon. Gentleman asked the Government to address matters such as steel dumping by Chinese, Russian and Turkish producers. He also spoke about procurement opportunities. However, I must correct one aspect of his speech, because what he said about the new Forth crossing, the Queensferry crossing, was not quite right. Of the £540 million of orders, 45% came from Scottish companies, and steel from the Dalzell plant is in the girders at either end of the bridge. Sadly, no bidder came forward from Scotland for the main contract, because the capacity to produce the required level of steel has been lost since Thatcher closed the Ravenscraig plant. Of course, we want to do more; we want that capacity to increase, which is why we are all here today. The hon. Gentleman also discussed energy issues, which I will address later in my speech.

The hon. Member for Middlesbrough South and East Cleveland (Mr Clarke) made a very good speech. He was absolutely right to say that with the right opportunities and support, we can increase the GVA of the steel industry from £1.2 billion to £3 billion. We need to get this right. He also said, rightly, that the steel industry is an enabler for other sectors to grow. His speech was constructive but probing, and I hope the Minister was listening.

The hon. Member for Newport East (Jessica Morden) mentioned the importance of steel to other industries and Liberty's exciting low-carbon proposals on green steel, which should reduce the need for imports and cut the industry's carbon footprint. The hon. Member for Scunthorpe (Nic Dakin) was absolutely right to pay tribute to Tom Blenkinsop, the former Member for Middlesbrough South and East Cleveland. In all the debates I have attended, the hon. Member for Scunthorpe has been a stout defender of the industry, and he was very good again today. He was also right to pay tribute to the workforce, who have been incredibly resilient, particularly in recent years.

The hon. Member for Rotherham (Sarah Champion) rightly raised the potential Brexit challenges that the sector faces. We are particularly concerned about the impact on the industry of leaving the single market. It is essential that we see UK Government action now. As I said, the hon. Member for West Bromwich West made a very good speech; he focused on the needs of the foundries in his area and highlighted the supply chain that the steel industry feeds, including the £72 billion motor industry.

As the Minister will be aware, Liberty Steel operates at the Dalzell works in the constituency of my hon. Friend the Member for Motherwell and Wishaw (Marion Fellows), which adjoins mine, and many of my constituents are employed there. It would be remiss of me not to pay tribute to the efforts of the Scottish Government, the trade unions and the Scottish steel taskforce, which secured the future of the Dalzell and Clydebridge plants, the former Tata sites in Scotland. The SNP is clear that we would welcome a sector deal for the steel industry: we encourage the UK Government to get it done and we note with concern its absence from the industrial strategy. I have been in contact with Liberty's management about developments and about the priorities that they and others have for future intervention and support from the UK Government.

Let me be clear. The steel industry is not some "nice to have" aspect of the manufacturing sector. It is crucial to all aspects of infrastructure projects in these isles: it

[Neil Gray]

supports huge numbers of jobs and feeds a supply chain that contributes even more to employment and economic prosperity. Further support for the sector could open significantly more opportunities for employment and growth, as the hon. Member for Middlesbrough South and East Cleveland said.

What support could this Government offer? It has been well trailed by all hon. Members in this debate that help with energy prices would address the clear disparity with competitors in other countries, including France and Germany—a disparity that is estimated to cost UK steel producers an additional £43 million a year. The UK Government could look at helping to attract additional investment to the UK in a number of ways, such as by providing access to commercially competitive loans, a capital investment grant or innovative tax breaks or discounts linked to investment. They could also consider the proposal to establish a new innovation fund to boost research and development of steel products.

The executive chair of Liberty House, Sanjeev Gupta, said that he was “very impressed” with the efforts of the Scottish Government and the Scottish steel taskforce to save and support the industry in Scotland. It is now time for the UK Government to match the ambitions of the Government up the road and get on with the sector deal, delivering tangible support on energy, procurement and all the other asks from industry and from hon. Members across the House today. Let us hope that we will hear of such action from the Minister today.

10.36 am

**Gill Furniss** (Sheffield, Brightside and Hillsborough) (Lab): It is a pleasure to serve under your chairpersonship today, Sir Henry. I congratulate my hon. Friend the Member for Aberavon (Stephen Kinnock) on securing this timely debate and on his continued commitment and passion in advocating for the steel industry. I also pay tribute to my hon. Friend the Member for Redcar (Anna Turley), whose passion and commitment would definitely have given her a lot to say in the debate, but who cannot be with us today.

The steel industry has gone through a tumultuous few years, but the sector has successfully managed to navigate its way back to a more stable position as it heads into 2018, although it is by no means out of the woods. I join other hon. Members in highlighting the industry’s positive economic and social impact. The sector provides well-paid, skilled jobs in areas such as south Yorkshire, where the average steelworker is paid 40% more than the local average wage. As my hon. Friend the Member for Newport East (Jessica Morden) set out, it is crucial to the social fabric of communities such as those in Wales or south Yorkshire. Indeed, the case for supporting and backing our steel sector in particular and manufacturing more broadly is more acute today than ever. A post-Brexit Britain will require rebalancing the economy, both by sector and by geography, if we are to embrace the opportunities of the future.

This is indeed a timely debate. Earlier this year, the Secretary of State issued an open-door challenge to industry to approach the Government with proposals to transform sectors through a series of sector deals. In September, the steel sector met that challenge when six chief executive officers of steel companies and all three

relevant unions—Community, Unite and GMB—addressed key issues facing industry with a comprehensive plan and tangible solutions. Each company detailed the specific investment, jobs and research and development commitments that it could make. In turn, the sector made requests of the Government, notably to eliminate the electricity price disparity and establish a future steel fund with match funding of £30 million a year.

Unfortunately, the Government have failed at every opportunity to respond to the sector deal. On Friday, they finally published a report, “Future capacities and capabilities of the UK steel industry”, which revealed that the demand for finished steel products in the UK will increase from 9.4 million to 10.9 million tonnes by 2030, opening up an opportunity of £3.8 billion per annum. That is welcome news.

My hon. Friend the Member for West Bromwich West (Mr Bailey) made it clear that those opportunities can only be harnessed with full Government backing and support, which makes a steel sector deal more necessary than ever. However, for too long the UK steel industry has been neglected by the Government. Their industrial strategy merely paid lip service to the industry while failing to provide any tangible solutions and failing to respond to the steel sector deal proposal at all.

As I have mentioned, the industry is not out of the woods. There are fundamental issues hampering its competitiveness and innovation capability, and it is down to both Government and industry to work together to create a level playing field for steel. The UK steel sector faces excruciatingly high electricity costs compared with its EU counterparts, with an average electricity price disparity between the UK and Germany standing at £18 per megawatt-hour, which translates into a total additional cost for UK steel producers of around £43 million per year. The Helm review was published recently and it made some welcome recommendations, but the steel industry needs urgent action now if it is to be sustainable in the years ahead.

Furthermore, the industry is lagging behind in research and development spending, which is crucial to the growth and innovation of the sector. I am proud that the Advanced Manufacturing Research Centre, which my hon. Friend the Member for Rotherham (Sarah Champion) is very familiar with, is a world-renowned R and D centre. It is located in south Yorkshire, near my constituency. However, despite such pockets of excellence, the number of people employed in R and D in the steel sector in the UK have declined from around 900 to around 95 today—a 90% reduction—with closure or divestment of UK technology centres at Port Talbot, Rotherham and Teesside. The loss of locally based expertise and knowledge limits productivity development and innovation in the UK industry.

If the Government’s rhetoric on productivity is to be believed, why are we in a dire position when it comes to R and D funding? Last month, the Government committed £2.3 billion for R and D in 2021-22, but they failed to respond to a parliamentary question when I asked, “What proportion of the funding will be allocated to the steel sector?” Can I get an answer from the Minister today?

Beyond electricity prices and R and D, it is clear that there needs to be more proactive engagement with the supply chain if the sector is to capture the opportunities

I have outlined, particularly in the construction and automotive sectors, where the big opportunities lie. As the report notes, these opportunities can only be captured “if a comprehensive strategy and policy to reshore supply chains back to the UK is pursued.”

Given the strategic importance of the sector, it is absolutely vital that the Government, the steel industries, the trade unions and the workforce continue to work to resolve some of these key issues. Disappointingly, we have seen very little action to alleviate these issues. First, in the autumn Budget there was no mention of energy prices or an energy efficiency fund for industry. Although there was some money for R and D, as I have pointed out, there has been no detail about whether the steel sector can expect to benefit.

The Government’s recently published industrial strategy set back many hopes of capitalising on the opportunities ahead. It did not include any detail or offer any tangible solutions to the steel sector. What detail there was focused on a handful of elite sectors, in which the UK already has a competitive advantage. It also provided very little to those who do not live in the golden triangle made up by London, Cambridge and Oxford. The absence of the sector is telling. Months after the steel sector deal had been proposed, it appears that the Government have made no effort to ensure that there is progress on it. In essence, the industrial strategy dashed any hope of the Government and industry ever delivering a deal.

In what little mention of the sector there was in the strategy, on page 239 the Government said that they would develop a “commercially sustainable proposition” for the steel sector, but there were no other details. Can the Minister explain what a “commercially sustainable proposition” means? What progress has she made on developing such a proposition, and what is the timetable to achieve that?

I accept that we are short of time today, so I will conclude. It is clear that our steel industry is at the cutting edge of UK manufacturing, producing some of the best-quality products. The future of the industry should see it playing a central role in the transition to a low-carbon economy; continuing to lead the world in quality and innovation; and capturing huge opportunities to the tune of £3.8 billion annually.

However, that is only deliverable if there is a strategic and comprehensive sector deal to deliver on issues such as dealing with electricity price disparities, reviewing business rates, increasing spending on R and D, and ensuring that we have a robust procurement strategy that works for the steel industry. A post-Brexit trade deal and strategy are absolutely essential if the future of the steel industry is to be secure and bright.

10.45 am

**The Minister for Climate Change and Industry (Claire Perry):** As always, Sir Henry, it is a pleasure to serve under your chairmanship.

I congratulate the hon. Members who are present today on securing an absolutely crucial and timely debate. I also echo the good wishes that have been expressed about the hon. Member for Redcar (Anna Turley), who is an amazing champion for activity in this sector, and we all wish her extremely well.

Listening to the speech by the hon. Member for Sheffield, Brightside and Hillsborough (Gill Furniss), I was reminded of the many debates that I had with her late husband, who, like her, was a doughty champion of the activities of the constituency. I am sure that her constituents are very proud of her and I like to think that her son will get a council seat soon, because it is clear that he has also done an amazing job in representing the communities in that area. Evidently, they are a great political family.

I welcome the comments that have been made today. Everyone here is standing up for a foundation industry, a vital industry and an industry about which we should be incredibly proud, not only for developing the technologies that underpin it but for continuing what has been a highly productive trajectory. Given that we are discussing such an important industry, I hope we might get beyond some of the party polemics and the Nye Bevan rhetoric that we have heard today. I will just point out a couple of facts and then I hope that we can park the politics of this debate.

In 1998, 68,000 people were employed in this vital industry. During the next 16 years, largely under a Labour Government, that number dropped to around 30,000. Since then, we have seen an increase in employment, despite going through some very tough economic times—*[Interruption.]* These are the facts, I am afraid.

I will also point out that it was a Conservative Prime Minister who called the first steel summit, who set up the steel council, who has paid for the report on the “Future Capacities and Capabilities of the UK Steel Industry” with taxpayers’ money, because we think it is a vital investment, and who has Ministers who are absolutely committed to working with this industry, domestically and internationally. I hope that we can get beyond the party politics, for the sake of the people depending on this industry and for the sake of the thousands of incredibly highly productive jobs in the industry. I think it is time to get to a different place, where we focus on the long-term potential. So can we have a little less politicking and a little more focus on the future of the industry, please?

On my visit this summer to the constituency of the hon. Member for Aberavon (Stephen Kinnock), as I went round the steel plants and talked to the workforce, who have been there for generations, I was struck by the level of skill and pride of the workforce, as well as the impact that those plants have on the constituency and the innovation that they bring. I remember talking to a shift manager in the electric arc furnace nearby, who said, “My dad would never have thought I could do this job, but he’d be really proud of me today”, as he tapped out molten steel.

However, I was also shocked to see the conditions that we still expect people to work in. This is a very tough industry, and I know that people in the steel plants are incredibly proud of what they have done. I join all Members in paying tribute to the steel workforce, who have shown amazing foresight over the last few years. We are very keen to continue to engage with the unions, as we do with the managers and the investors, to drive this sector forward.

Let me just reiterate very quickly what the Government have done, because it is clear that in such a vital strategic industry Government involvement, both in the sector itself and in the other aspects of the demand and supply

[*Claire Perry*]

chain, is very important. Procurement has come up many times today. We are working very hard to ensure that, where possible, British steel is the steel of choice in public procurement. We have new procurement guidelines; we have published the steel pipeline, which looks out over the next five years; and we are setting out how we want to use more than 3 million tonnes of steel on infrastructure projects such as High Speed 2, Hinkley and on the upgrade of the motorway network. That is a pipeline that has been widely welcomed by the sector.

**Nic Dakin:** I thank the Minister for the tone that she is adopting, but does she not agree that it is important that the Government monitor performance on procurement? That was the intention when the guidelines came in, in 2016, but since then it appears to have slipped.

**Claire Perry:** I will happily take away the hon. Gentleman's point. Although we do not want to mandate supply, because we want the sectors to buy the best quality at the best price, we must ensure that, where we can, we pull forward and give certainty to the steel industry. As the hon. Member for Sheffield, Brightside and Hillsborough said, the work we do with other vital sectors, such as auto and construction, has a really important knock-on effect on supply for the steel sector. In the auto sector deal—I will talk about sector deals in more detail—we have set an ambition and the industry has committed to increase the share of UK content in the automotive supply chain to up to 50% by 2022—it has already gone up from 36% a few years ago to 41% now. That has to be important, given the reliance of the sector on our superb British steel industry. Also, through the construction sector deal, we see big improvements in productivity and in demand for British steel.

The point has also rightly been made about trade. We all know what global trading conditions are like. The Prime Minister has called on the G20 forum on steel excess capacity to agree concrete policy principles, and my Secretary of State was in Berlin just a few days ago pushing for agreement on them. The director of UK Steel said:

“The outcome of today's meeting is enormously welcome, representing a significant step towards delivering concrete action”. He also felt obliged to congratulate my Secretary of State on his personal efforts, which show that we are committed to solving the underlying challenges the industry faces. It is only a first step, and we must continue to engage, but it is an extremely important one.

On the post-Brexit trade arrangement, we are extremely focused on what that test looks like in a post-Brexit world and on how we can have a suitable trade protection system that enables us to respond based on the geographic impact of certain trading regimes in the UK. That is something on which we are working closely.

Energy prices have, of course, come up. I will say a little more about that, but I want to thank those hon. Members who have acknowledged that we have managed to head off any negative impacts of the so-called Brexit amendment. I laid the legislation before the House last week and I look forward to introducing it. We want there to be absolutely no negative impact. We have reimbursed the steel sector more than £200 million for

its energy costs, and from 1 April 2018 we will introduce exemptions rather than compensation mechanisms, so that companies can have their bill reduced by up to 85% of their relevant costs rather than have to muck about submitting a claim. That is very important for cash flow.

The capacity and capabilities report, which the Government asked for and have paid for, with our taxpayers' money, has really helped the sector, for the first time, to come together to understand what its challenges are. I chair the steel council, and a conversation we always have is about how we have never sat down as a sector and talked about our collective challenges. We have always competed; it has been a zero-sum game. But it is not a zero-sum game. If we want industries and Government to invest in research and development and think about how they might support other vital industries, collective activity is needed. The report has been warmly welcomed by, among others, Roy Rickhuss, who said:

“This will help us all better understand the opportunities and challenges facing the UK steel industries”.

The report points out the skill shortage. The average age of a steel worker is 45, and most of them are gentlemen. The sector has not invested in the skills of the future. Despite the employment losses, it is highly productive; we have asked workers to do more on a daily basis. The sector has invested, but we know we have to get the skills and the investment up.

There are challenges for the sector. The study sets out a welcome point, which is that there is a market opportunity of up to £4 billion by 2030 for our UK steel companies if they and the Government can align themselves for it. To capture that opportunity, the sector requires the kind of transformative investment that some of the companies have made in other parts of their European portfolio. On customer demand, the capability and capacities study shows that only 18% of that opportunity will be available if there is no investment, particularly investment in higher-grade and more speciality products, upgrades and additional facilities, and increases in research and investment. In fact, the industry itself acknowledges that it has not focused on customers. Many steel consumers in the UK continue to import because different product sources exist and sometimes, frankly, customer service is better. That is a problem that the Government and the sector must work on together.

Some countries such as Germany choose to up consumers' energy bills and subsidise those of heavy industry. In this country, we have tried to hold down energy costs across the board, as we invest in the transition to cleaner energy, so we have some of the lowest consumer energy bills in Europe. However, as hon. Members have pointed out, although our gas bills are competitive for industry our electricity bills are among the highest in Europe. We have clearly set out the ambition to have the lowest electricity costs in Europe. We commissioned the review by Dieter Helm, which pulled no punches, the recommendations of which we are considering carefully. It is a welcome backdrop that renewables are getting to the point of subsidy-free generation, so the long-term investments we have made in that transition are starting to bear fruit. I am, however, very aware of the asks on energy costs and will continue to review them.

I want to turn finally to the sector deal. I reassure Members that the first draft of the industrial strategy had four sector deals in it, out of the 52 or so that had

been submitted. That does not mean that they were the superior, priority or target ones. They were the deals that were closest to the line because they represented a joint industry and Government focus on driving up productivity in the industries in which we know we have to be successful to compete in the future. The steel sector deal, on which we have worked very closely with the sector, is one of the other deals we are actively engaging with and working on.

**Nic Dakin** *rose*—

**Claire Perry:** I will just try to get through this point and then I will be happy to take an intervention.

I have every intention and every expectation of bringing forward an attractive sector deal. We have held many meetings, and when the deal is in a good enough place and we have commitments on both sides to drive the transformation, we will do that. The deals are not, “Give us some money”, they are, “What can we do together, Government and industry, unions, apprenticeships, education institutions and our brilliant academic institutions, to create the industry of the future, to capture those opportunities and drive them forward?”

**Kirstene Hair** (Angus) (Con): What the Minister is detailing about the sector deals is incredibly positive. Can she confirm how the UK Government will work with the Scottish Government on the deals?

**Claire Perry:** We are working very closely with the devolved Administrations. In fact, the Administrations of Scotland and Wales have signed up to the industrial strategy and we are working cross-border with them because the industry is a vital national one.

To conclude, it is time to reject some of the tired political arguments we have had on the issue. There are hon. Members on both sides of the House who represent

steel-producing areas and many more who represent areas where the steel supply chain is absolutely vital. We will continue to work on the sector deal. We understand the ask of the industry and the strategic challenges it faces. If I could have one Christmas wish, it would be for an end to the outdated party politics around this vital foundation industry for the UK, that we build a cross-party partnership and that we work with the industry, which is being transformed, to protect and grow it, not for the next 12 months or two years but for the generations to come.

10.58 am

**Stephen Kinnoch:** I congratulate all hon. Members present on an excellent debate. We should remind ourselves of the purpose of the industrial strategy. It is about rebalancing the British economy, from services to manufacturing, from consumption to production, from debt to surplus. None of those aims will be achieved unless we have a thriving and productive steel industry, and for that to happen we need a radical remodelling of the energy sector, and to develop a post-Brexit trade policy and deliver on the sector deal.

Since I entered Parliament in 2015, Labour MPs have raised the issue of steel almost 300 times, and every time we have heard the same set of platitudes in response: “We’re continuing to review”; “We’re having meetings”; “We’re going on visits”; “We’re having roundtables”. Nothing ever seems to change. I hope, therefore, that we can be forgiven for allowing our concern and frustration about the future of our communities to bubble to the surface. That has nothing to do with party politics. It has to do with the future of an industry that will enable the industrial strategy. We hope, therefore, that in 2018 we can turn the page and move from rhetoric to reality.

*Question put and agreed to.*

*Resolved,*

That this House has considered the steel sector deal.

## Environmental and Food System Education

11 am

**Kerry McCarthy** (Bristol East) (Lab): I beg to move,

That this House has considered environmental and food system education in schools.

My reasons for calling this debate were twofold: to highlight some of the positive work already being done in schools and to call on the Government to go further and embed some of this work in the curriculum or support it across all schools. It is so important that our young people learn about the wonders of our natural environment and our wildlife, how we should respect them and how we should take care of them for future generations. Many are also calling for animal welfare to be taught in schools. If young people were taught respect for animals at an early stage, perhaps that would make a difference with some of the horrific crimes that we see carried out against animals.

Young people should also learn about climate change, the impact our behaviour is having on the planet and how we can address that. They should learn about where our food comes from and why what we grow and eat matters. It is not just about acquiring knowledge for the sake of it; it is about children's mental and physical wellbeing and equipping them for life as adults, enjoying nature and living sustainably. The fact is that they love learning about these things, and I will come on to that later.

The last Labour Government took environmental education seriously. In 2000, education for sustainable development was introduced as a non-statutory element of the curriculum. That was followed in 2006 by the launch of the sustainable schools strategy, which encouraged schools to follow the recommendations in the eight doorways, which were: buildings and grounds; energy and water; travel and traffic; food and drink; purchasing and waste; local wellbeing; inclusion and participation; and the global dimension. Through that, they would have become completely sustainable schools by 2020. Unfortunately, the strategy was scrapped by the Government in 2010.

In 2006, the Government launched the "Learning Outside the Classroom" manifesto, which promoted outdoor learning as an essential part of education, whether that was in school grounds and the local area or visits further afield and residential trips. The manifesto highlighted the value of hands-on, experiential learning as a way of enhancing and supporting work back in the classroom. It is a shame that the current Government have not built on that. As I said, the sustainable schools strategy was scrapped in 2010.

The environmental science and environmental and land-based science GCSEs were recently discontinued. The Government told me that was due to a lack of confidence in new content being developed, but it leaves a vacuum. The environmental studies A-level is currently at the tail end of being phased out, with the final set of exams being sat in the next six months. It will be replaced by a new environmental science A-level that started teaching this year, but the shift to stripped-back, science-only learning will deter many pupils from taking it up. Pupils have told me that is the case.

The national curriculum references the environment and climate change only in science and geography, and even then mostly in relation to the technical causes and

processes, rather than the impact of climate change on individuals and communities. Key stage 3 science only includes reference to

"the production of carbon dioxide by human activity and the impact on climate."

Key stage 4 science only mentions the effects of increased greenhouse gases on the Earth's climate system and supposed "uncertainties" in the evidence for climate change. The geography syllabus has only passing reference to the changing climate from the ice age to the present day and how human and physical processes can change the environment. The parliamentary digital engagement service put something out on Facebook and Instagram over the weekend, and people came back to say that although there is the option to study climate change in geography, it is not always taken up. Geography GCSE is optional, so young people will not necessarily learn about that aspect of the curriculum unless they are studying that GCSE and the teacher decides to focus on climate change.

The situation is piecemeal and insufficient. We are failing to teach young people about the real-world impacts of climate change or the action that can be taken to mitigate it. The previous syllabus covered environmental issues much more comprehensively, but the then Education Secretary, now the Secretary of State for Environment, Food and Rural Affairs, tried to remove those things from geography altogether and have them in science only and not talk about the human role. I appreciate that he would dispute that that was his role in events. The former Energy and Climate Change Secretary, the right hon. Member for Kingston and Surbiton (Sir Edward Davey), who recently returned to the House, takes credit for forcing a U-turn on the then Education Secretary. I appreciate that there is some controversy, but there was a huge pushback against what were perceived to be the Education Secretary's plans at the time, and there was a partial U-turn.

Academies and free schools are not obliged to follow the national curriculum, so they are not required to teach environmental or climate change issues at all. The London School of Economics aptly summarised this in its response to the Government's consultation in 2013. It said that

"there can be no justification for omitting climate change from the National Curriculum, and the education of pupils would be deficient if they did not receive teaching about it...If core climate change teaching is not included as compulsory learning...there is a risk that some students would not acquire essential basic knowledge about climate change. As the UK Youth Climate Coalition points out, 'climate change is too important to be left to individual teacher choice'."

As the Government's enthusiasm for environmental education has waned, many third-sector-run initiatives have risen to fill the gap. One great initiative is the Eco-Schools programme that has been run by Keep Britain Tidy for more than 25 years. It aims to help students embed sustainable development into their schools' daily lives. In England alone, 17,000 schools are registered on the scheme. Eco-Schools is based on pupil-led, real-world learning, empowering children to create change and environmental improvements by forming eco-committees, conducting environmental reviews of the schools' practices and drawing up environmental action plans. I have seen that in some of the schools in my constituency. The kids get really engaged in it.

Farming and Countryside Education has a countryside classroom online portal for teachers. It includes materials to allow children to discuss what they deem to be controversial issues, such as badgers, bee health, migrant labour, food waste and flooding.

**Colin Clark (Gordon) (Con):** I congratulate the hon. Lady on bringing the debate to the Chamber. There is a great deal of interaction through visits to farms by school pupils. I am sure she will agree that commercial farming is making a huge contribution to protecting the environment. It is important that young people understand that modern farming can play its part. Does she agree that it would be good if school pupils and university students could visit modern farms to understand that farms have moved on and are making a contribution?

**Kerry McCarthy:** I think that is important. It is something FACE encourages. There is also the “FaceTime a farmer” scheme, which was started by Tom Martin, a Cambridgeshire farmer. It teams farmers up with schools. They use FaceTime or Skype to make video calls to classrooms. That is obviously no substitute for getting out on the farms, but it is a good initiative.

The Woodland Trust has flagged up with me that it has the free trees programme and the Green Tree School Awards. It is taking those things into schools, and they are incredibly popular. Another great initiative is the Soil Association’s Food for Life catering award for food quality, which more than 10,000 UK schools currently possess. To become accredited, the school is required to use locally sourced and seasonal produce, maintain in-school gardens and develop students’ practical green skills. It also encourages schools to visit farms. It has Grandparent Gardening Week from 19 to 23 March. It gets local allotment holders, grandparents and so on into schools to help set up school gardens for the growing season. That is a great way of engaging the community in what goes on in schools.

In Bristol, where the Soil Association is based, I went along to Bristol Metropolitan Academy, which is a secondary school. It had the local primary schools come along to take part in something that showed the circle of life of food. The younger kids turned up having grown basil in their schools. They were then shown by a food waste chef, Shane Jordan, how to cook pasta and make a sauce with the basil. The leftovers were then fed into a wormery and they were shown how that worked, which was the bit they loved, of course, with all those squirming worms coming out of the bottom of it. They were then shown how the compost for the wormery helps to grow more basil. It was brilliant to see the kids so involved and learning things about food that they had never heard before.

A project in my constituency, Growing Futures, has a campfire where kids can sit around and talk. People with mental health issues go along as well. The project is also about growing food and it teaches young children about it in a fairly informal setting. We very much want to incorporate that into the Feeding Bristol project that we are running to tackle food poverty in the city.

The Food Growing in Schools Taskforce’s March 2012 report found that green activities in schools result in

“significant learning, skills, health and well-being outcomes for children”.

Surveys conducted by the Learning through Landscapes organisation found that 73% of teachers reported improved pupil behaviour, and 64% reported reduced bullying.

Another initiative that has enjoyed huge success in the UK recently is forest schools, where young children attend lessons in woodland environments. Forest schools have flourished in Bristol. We have had one since 2004 and it has its own woodland to use for sessions. Earthwise, an organisation focused on reconnecting young people with food, farming and the natural world, runs a forest school locally and works with the community farm in Chew Magna in Somerset to deliver educational visits, seasonal cookery days and holiday activities throughout the year. I do not have time today to go into the need to teach young children how to cook the food, but that is important, too.

A report by Forest Research, “A marvellous opportunity to learn”, found that children who regularly attend forest school sessions noticeably developed in confidence and independence, with social and team-working skills, better motivation and concentration and better physical skills and fine motor skills. It is a wonderful programme.

Even small physical changes can have a huge positive impact on children. The Carnegie Mellon school reported up to 26% higher test scores in classrooms with ample natural light, with the addition of plants leading to score improvements of 14%. That seems a strange connection to make, but that was the result of its survey. The 2005 report by the National Foundation for Educational Research, “The benefits of a forest school experience”, stated:

“While watching their children explore the woodland, the parents expressed their wonder at the level of independence and confidence their children were showing”,

and would in the future encourage more freedom outdoors, “perhaps out of sight in a secure environment, leave the busy paths and let their children lead the way.”

So it is not just something that takes place in the classroom; it is outside the classroom as well. A great quote from one forest school leader summarises this:

“Children have fun during forest school, and so the place in which they have fun becomes important to them—keeping that environment cared for matters to them.”

It has also been shown to have a particularly remarkable impact on the development of students with special educational needs.

Sullivan Primary School in Fulham maintains a reading forest for its students, where children can find books “growing” on trees and in tents, as well as a wildlife garden, pond and vegetable plot. The school describes how children with special education needs, many of whom do not normally enjoy reading, benefit from the way that being in the outdoors relieves stress and anxiety, develops their social skills, motivates learning and allows them to be practical, responsible and productive members of the school’s community.

I am aware of the time, so I will skim over this quickly. The skills, knowledge and enjoyment benefit children when they become adults, too. In 2014, Lantra estimated that there were 230,000 businesses and 1.3 million employees working in the land and environmental industries, and that many more would be required by 2020. The horticultural and agricultural sectors are currently experiencing a skills shortage. The food sector is a huge part of the economy, and innovative, value-added products

[Kerry McCarthy]

are the future of that industry. Innovation is going on at Harper Adams University. We need to engage young people and get them interested in careers in that field. There is the waste sector, energy sector, many high-tech engineering jobs, and renewable energy and eco-housing sectors. There are so many things that young people could be inspired to do.

It is almost obligatory in environmental debates these days to mention “Blue Planet”. The BBC natural history unit, based in Bristol, is behind amazing series such as “Planet Earth” and “Blue Planet”. In 2012, it teamed up with the University of the West of England to co-design a masters course in wildlife filmmaking, which is certainly something for young people to aspire to. Who knows? The makers of future “Blue Planets” could be in schools just waiting to have their imaginations fired.

In conclusion, we need to go further and not simply leave initiatives to the schools that have decided to run with them. We must embed them in the curriculum across the board. It could take the form of embedding the UN’s 17 sustainable development goals into lesson plans. It has been disappointing so far that when the Environmental Audit Committee has taken evidence from the Government, they still seem to see the SDGs as something that we do in developing countries rather than something that we are embedding into the way we do things here. School procurement decisions could be used to teach children about healthy eating.

I want to flag up a few countries that have gone further than the UK. I hope we can look at them as examples. The Dominican Republic, which is at great risk of climate change, established mandatory climate change education in schools in 1998. Australia introduced its national environmental education plan in 2000. Brazil’s educational guidelines required climate change to be taught in all subjects from 1998. The Philippines introduced climate change into the curriculum in 2009. Vietnam did it in 2008. Costa Rica has been doing it since the 1980s. If those countries can do it, we ought to do it in the UK, too.

11.16 am

**The Minister for Apprenticeships and Skills (Anne Milton):** It is a pleasure to serve under your chairmanship this morning, Sir Henry. I congratulate the hon. Member for Bristol East (Kerry McCarthy) on securing this debate. I pay tribute to her work. I know she feels passionately about this subject, as was clear in her speech. She is right that it is important that our children are taught about all the issues she mentioned. She mentioned animal welfare—she did not have time to expand—which is an important part of this. I want to stress that we are doing possibly more than she is aware of.

Let me look at primary education first. As part of the science curriculum, children are taught about the scientific concepts that relate to the environment from key stage 1. Under the national curriculum, five-year-olds will be taught to identify a variety of common and wild plants. They can do that by going out with their teachers. What better way to do it? Pupils at age 5 will also be taught to

observe changes across the four seasons, including weather associated with the seasons. They start looking at the climate and how it is changing.

In the following year, pupils look at how seeds and plants grow, including the importance of water, light and the right temperature to keep them healthy. They are encouraged to ask questions about plants and animals in their local environment and observe how living things depend on each other, such as plants serving as a source of food. Such topics are built on at key stage 2, where pupils explore the requirements of plant life and growth. They will learn that environments can change and that that can pose dangers to living things. That includes exploring positive and negative impacts on environments, such as the negative effects of litter or urban development. Pupils are taught about the properties and changes of different materials such as metal, wood, paper and plastic, and that can provide an opportunity to consider how the materials are used, including their impact on their lives.

In key stage 1 geography, pupils are taught about seasonal and daily weather patterns in the UK, and the location of hot and cold areas of the world. In physical geography at key stage 2, pupils will learn about climate zones, biomes, vegetation belts and the water cycle. They will need to understand where food comes from as part of what they are taught in design and technology about cooking and nutrition. That will include seasonality and knowing where and how a variety of ingredients are grown, reared, caught and processed.

**Matt Rodda (Reading East) (Lab):** I am grateful to the Minister for giving way, and to you, Sir Henry, for allowing me to intervene. On the point about the importance of observation in science and geography lessons, does the Minister agree with me that observation skills have made a great contribution to the development of science in this country? I think of the work of Charles Darwin and his observation of finches and evolution on the Beagle voyage, and of Sir Alexander Fleming and his work on the discovery of penicillin. Would she also agree with me about the importance of climate change education, specifically as part of the geography curriculum? She has dealt with that in part in her speech; I would love to hear more details and gain her support for the principle.

**Anne Milton:** I will certainly give the hon. Gentleman more detail. He is absolutely right: observation is critical. I do wonder whether we spend too much time on our mobile phones walking down the street; we observe very little these days about what is going on around us.

Much can also be done at home. The hon. Member for Bristol East mentioned David Attenborough. He is specifically mentioned in the key stage 2 curriculum—I am sure he has inspired many children with the breadth and wonder of his “Blue Planet II” series. Much can go on beyond the classroom.

In key stage 3 science, pupils cover the composition of the atmosphere, the carbon cycle and the importance of recycling. Ecosystems and biodiversity are covered again in more depth. Crucially, pupils will also be taught specifically about the production of carbon dioxide by human activity and the effect that that has on the Earth’s climate. Key stage 3 geography covers how human and physical processes interact to influence and



change landscapes, environments and the climate, and the fact that human activity relies on effective functioning of natural systems.

I could mention the Government's 25-year environment plan; I possibly do not have time to do that. It will be published shortly and will set out a vision for how we will improve the environment.

Our new citizenship curriculum can support people with that. For example, at key stage 4, pupils are taught the different ways in which a citizen can contribute to the improvement of their community, including having the opportunity to participate actively through volunteering as well as other forms of responsible activity. The hon. Lady mentioned a number of organisations doing good work, which can form part of that work.

As part of the new science GCSEs introduced in September 2016, pupils will need to demonstrate their knowledge and understanding of the evidence, and the uncertainties in evidence, for additional anthropogenic causes of climate change. The GCSE also includes the potential effects and mitigation of increased levels of carbon dioxide and ethane on the earth's climate, and more about ecosystems, including positive and negative human interactions with ecosystems.

Geography GCSE enables students to become globally and environmentally informed. It includes, for example, the UK's physical and human landscapes and environmental challenges, the characteristics of climate change and the evidence for different causes, including human activity.

As part of the new food preparation and nutrition GCSE, students are required to understand the economic, environmental, ethical and socio-cultural influences on food availability and production processes, as well as diet and healthy choices. Other GCSEs touch on environmental issues, including the new design and technology GCSE, which provides opportunities for students to consider the environmental issues of designing and making products, for instance by investigating factors such as environmental, social and economic challenges. Geology GCSE requires students to look at and consider evidence for climate change. Business GCSE requires students to know and understand the impact of ethical and environmental considerations on business, including sustainability.

It is important to say that teachers are free to teach beyond the curriculum content. For example, teachers can discuss the global development goal on climate action as part of lessons on climate change. They can also draw on the wealth of resources that are out there to support and enhance what they teach. Teachers are professionals and I know they will use every opportunity to do that.

There are many charities and organisations—the hon. Lady mentioned a few—that provide additional support, for example, the Eco-Schools programme run by Keep Britain Tidy. It is pupil-led and involves hands-on work; it gets the whole school and the wider community involved. I believe St Patrick's primary school in Liverpool has received a green flag school award for doing that. Schools are also free to follow the forest school approach, where pupils can be taught in a woodland or natural environment with trees.

Of course, it is not just what is taught in the curriculum that matters; it is how it is taught. The quality of teaching is vital, and we are offering generous bursaries

of up to £26,000 and scholarships worth up to £28,000 to attract science and geography graduates into teaching. We also fund the national network of 46 science learning partnerships to provide science teachers with access to high-quality continuing professional development that aims to improve how they deliver the science curriculum and qualifications. STEM Learning, which delivers that programme, has worked with the Royal Horticultural Society to develop a CPD programme on plant science for primary teachers, including practical sessions on outdoor teaching. STEM Learning also houses a considerable library of teaching resources that schools can access online, many of which will help support the teaching of environmental topics in the curriculum.

At post-16 there will be other opportunities for pupils to study all those issues. The new environmental science A-level replaces the old environmental studies—I think it is crucial that it is called environmental science. It was introduced in September 2017 and provides its students with the opportunity to develop their knowledge and understanding across a range of related topics. The content has been brought into alignment with content for other new science A-levels, to better prepare students for higher education, and that is reflected in the change of name from environmental studies to environmental science.

The new reformed geography A-level enables students to participate critically with real-world issues, grow as independent thinkers and understand the role and importance of geography as one of the key disciplines relevant to the understanding of the world's changing peoples, places and environments. It includes recognising and being able to analyse the complexity of people-environment interactions and appreciating how they underpin an understanding of some of the key issues facing the world today.

I would add a word about T-levels. The Chancellor allocated additional funding of £500 million for their delivery, and the first teaching of T-levels by a small number of providers will start in September 2020. The agriculture T-level and the environment and animal care T-level will be rolled out in the second wave, to be launched in 2022. That will be of particular interest to my hon. Friend the Member for Gordon (Colin Clark).

As with all routes, the content of T-levels will be determined by advisory groups of employers, professionals and practitioners, which will mean that T-level programmes have real market value. We recently launched a public consultation on the implementation of T-levels and want to hear from all stakeholders; the hon. Member for Bristol East might want to contribute to that.

The importance of observation and of embedding a true understanding of science within the curriculum was raised. This is not a subject that can be placed in one little box. What is really important is that the issues the hon. Lady raised are touched on in many different subject areas—one of the problems is that education has been very siloed—and we need good maths, English and digital skills as a foundation. I am sure the hon. Lady is aware that 49% of adults have the maths capability of an 11-year-old or less. It is important that we get the fundamentals right, so that young people grow up to understand exactly the impact that they have on the world around them, the environment in which they live and their local communities. When they drop a piece of litter, they should understand the impact that can have.

[*Anne Milton*]

I am enormously grateful for the support that the hon. Lady has given to this crucial subject. She has raised some important issues and I know she has campaigned on this. I am sure that, with the Speaker's leave, she may well secure another debate on this matter—perhaps even a Backbench Business debate.

*Question put and agreed to.*

11.29 am

*Sitting suspended.*

## Social Mobility (Wales)

[*MRS MADELEINE MOON in the Chair*]

2.30 pm

**Chris Elmore** (Ogmore) (Lab): I beg to move,

That this House has considered social mobility in Wales.

It is a pleasure to serve under your chairmanship, Mrs Moon, in my last debate in the House before the Christmas recess, as you are our constituency and county neighbour.

Social mobility should be at the forefront of political discourse, and in Wales that should be particularly the case. Given our industrial history and the fact that nearly a quarter of all individuals now live in poverty, we are in desperate need of a social mobility revolution to ensure that every child is afforded the same opportunities in life. The widening gulf between classes means that even the brightest and most talented children can struggle in life as a result of their background. It is of deep concern to many in our nation, and until removed it obstructs any pretence that we live in a fair and just society.

We should not forget the progress we have made on this issue. Under the Labour Government, absolute child poverty was cut in half and the fight to cut child poverty further was enshrined in law, only to be scrapped by the coalition Government, who went on to change the definition of child poverty altogether in 2015. It is high time that Ministers tackled the root causes of poverty, rather than moving the goalposts to improve their weak record.

The children who were lifted out of poverty by the Labour Government grew up having led a better childhood, and as a result are more likely to succeed in life. The Labour Government also introduced more than 3,600 Sure Start centres in England and set the ball rolling for Flying Start in Wales. The benefits of Flying Start can be seen in every constituency across Wales. It improves early-years education and helps parents and families in non-working or low-income households through parenting support groups. Across the UK, the Labour Government also increased the number of young people aged 18 to 24 in full-time education by 60%.

**Wayne David** (Caerphilly) (Lab): In June 2014, the then hon. Member for Torfaen—now Baron Murphy of Torfaen—produced an influential report showing that a student from the Welsh valleys is five times less likely to apply to Oxbridge than a student from Hertfordshire, and is 10 times less likely to receive an offer. Does my hon. Friend think that is a terrible indictment of the lack of social mobility in Wales? Since then, the situation has not improved.

**Chris Elmore:** I wholeheartedly agree. As the only one of three siblings to go to university, I think there is a real issue with social mobility—never mind going to Oxford or Cambridge—and the impact that child poverty has on young people's opportunities to go on to higher education or even, in some cases, further education.

Education became the greatest tool for advancing social mobility, and the Government would do well to remember that. Labour also introduced the national minimum wage—a fantastic achievement for a number of reasons, not least for its impact on social mobility.

Since the foundation of the Welsh Government, much effort has been put into ensuring we make strides to improve equality of opportunity across our nation.

As a result of various initiatives introduced by successive Administrations, unemployment in Wales is falling faster than it is in the UK as a whole, and it continues to be lower than the UK average. Last week, the Welsh Government Cabinet Secretary for Economy and Transport, Ken Skates, launched Wales's economic action plan, which sets out to deliver a dynamic new relationship between the Government and business as partners for growth. It will ensure that public investment fulfils a social purpose. That new economic contract will require the Welsh Government to support the conditions for growth. In return, businesses seeking direct investment must demonstrate, as a minimum requirement, growth potential; fair work, as defined by the Fair Work Board; and the promotion of health—including a special emphasis on mental health—skills and learning in the workplace. Through such strategies, the Welsh Government are committed to working with business to provide skilled jobs for people across Wales. That is particularly welcome, given the impact of deindustrialisation across Wales.

The UK Government need to take note of that kind of innovative and progressive thinking when starting to take action on social mobility across the United Kingdom. The Government finally announced the start of discussions on a north Wales growth plan, which is a good opportunity for them, as part of their negotiations, to support the communities and industries across the region with a focus on skills and jobs.

There has been considerable investment to close the education attainment gap and improve skill levels, and the Welsh Government are making tremendous efforts to increase the number of apprentices to 100,000 before 2021. To do that, they will increase investment in apprenticeships from £96 million to £111.5 million for 2017-18 alone. On top of that, they are focusing on the early years of children's lives—the stage when we can have the most impact on improving their health, education and other outcomes later in life. In 2015, the Welsh Government launched a child poverty strategy with five key objectives to tackle the underlying causes of child poverty and provide more equality of opportunity for low-income families across Wales. It includes strategies such as free school meals, the Healthy Child Wales programme, the Business Wales services, the Wales economic growth fund, support for the work of credit unions, the Skills Gateway service, the Lift programme and many more initiatives targeted at enabling individuals from less wealthy backgrounds to access opportunities from an early age.

Recently, it was announced that there will be a fresh approach to improving prosperity in the south Wales valleys, led by the Cabinet Secretary for Local Government and Public Services, Alun Davies, and driven by his ministerial taskforce. It will ensure that no communities are left behind. The "Our Valley, Our Future" plan will foster good-quality jobs, better public services and community cohesion in some of our poorest towns and villages.

**The Parliamentary Under-Secretary of State for Wales (Guto Bebb):** On the hon. Gentleman's point about the Welsh Government's new policy, will he confirm that it will be a more effective use of public money than the £500 million that was wasted on Communities First?

**Chris Elmore:** I do not think for one second that Communities First funding was wasted. In fact, as a county councillor, I did work through some of the Communities First schemes in my county. Communities First has had positive outcomes across Wales. The Welsh Government have admitted that they now want to review how that funding will move forward, but the Minister cannot say that investing in our communities is a waste of money. It is nice to know what the Tories think of investing in communities up and down Wales.

We face real and deep challenges, but it is positive that Welsh Government Ministers are genuinely committed to addressing these complex societal issues. There are social mobility problems for us to reverse, but we should not forget that progress has been made. Unfortunately, that progress is grinding to a halt as a result of UK Government policy. The Welsh Government are working hard to increase prosperity and to help people out of poverty, but a continued agenda of cuts from Westminster and the severity of UK Government austerity is putting progress at risk. It is not simply that there is inaction on improving social mobility; there is an agenda that is taking us backwards.

According to the Institute for Fiscal Studies, 37% of children in the UK will be in relative poverty by 2022, which represents a reversal of all progress made in the past 20 years. On top of that, Shelter said that 128,000 children will wake up homeless in Britain on Christmas day. That fact alone should bring shame on the Government. If children grow up homeless or in poverty, their chances of success in life are greatly reduced, which puts a roadblock in the way of social mobility. Unfortunately, the Government in Westminster have shown no intention of focusing on social mobility and improving equality of opportunity.

Wales's Children's Commissioner and her three UK counterparts recently called on the Government to take action on the roll-out of universal credit, which is plunging the poorest children into poverty and will surely leave lasting marks on their life chances. Unfortunately, the rampant roll-out of universal credit is not the only Government policy that has led to children being plunged back into poverty. The bedroom tax, cuts to tax credits and the knock-on effects of cuts to Welsh Government block grants, which are leading to cuts in children's services and youth services across the board, are having a detrimental impact on children's life chances. If the Government carry on with their dogmatic cuts agenda, the impact on young people, and in turn social mobility, risks leaving a generation behind. Each of those policies is hitting children hard. As a result, one in three children in the UK is now growing up in poverty, and more than 1 million people are reliant on food banks.

The "Good Childhood" report published in August 2017 by the Children's Society highlighted the fact that children and young people's happiness is in decline, which has implications for attainment and social mobility. I am sure I do not need to remind Members that only a few weeks ago Alan Milburn and the entire board of the Government's social mobility commission resigned in protest at the issue being "an afterthought".

**Susan Elan Jones (Clwyd South) (Lab):** Will my hon. Friend confirm that the resignation—I agree that it was hugely significant—included a former Conservative Cabinet Minister, Gillian Shephard? Social mobility is not a

[Susan Elan Jones]

partisan issue; it is something we all need to be worried about if we care about the future of our countries of Wales and Britain.

**Chris Elmore:** My hon. Friend is absolutely right. The baroness in question is a former Secretary of State for Education and Employment. When a Conservative of that stature says, “This is not acceptable,” and that social mobility is now “an afterthought”, it is hugely concerning, so that mass resignation was worrying.

The commission’s “State of the nation” report and its focus on Wales are what I would like to draw to the attention of Members. The commission found that the percentage of individuals living in poverty in Wales is higher than in all regions of Great Britain except London and the west midlands, and that 26% of people earn an income below the living wage. Much of that seems to be due to the UK Government’s implementation of a public sector pay cap in Wales, which has denied our hard-working public sector employees a fair pay increase in seven years.

**Neil Gray** (Airdrie and Shotts) (SNP): I congratulate the hon. Gentleman on his speech. Much of what he is saying about Wales applies to Scotland. With reference to the public sector pay cap, he will share my appetite to see it lifted throughout the UK so that the worst decade for wage growth in 210 years can finally come to an end.

**Chris Elmore:** I agree. The Royal College of Nursing, Unison, GMB and the trade unions across the public sector have all said that they expect the UK Government to raise the cap—or to scrap the cap, to borrow the hashtag on Twitter—because they do not see it as the responsibility of the Administrations in Edinburgh, Cardiff and Belfast to scrap it. I am aware that the Scottish Government have introduced some changes, but those should not be at the cost of other public services. I agree with the hon. Gentleman that the emphasis is on the UK Government to step up and to give public sector workers a pay rise.

There is also reason to be concerned about higher education figures in Wales: the entry rate is 37.5%, compared with 42.5% in England. Such matters are being addressed by the Welsh Government, but with a UK Government reluctant to concede the scale of the problem and offer appropriate funding, the problems come as little surprise.

At Bridgend College in my constituency—and in yours, Mrs Moon—at the Pencoed campus in Ogmores, a huge amount of work has been done to encourage people into higher and further education. I have met truly inspiring students, many of whom are the first in their family to stay in education beyond the age of 16, and some of whom now have aspirations to study at university, including Oxford, Cambridge and beyond—to go back to the intervention of my hon. Friend the Member for Caerphilly (Wayne David). Thanks to the Welsh Government, Wales will soon have the most generous student finance support package in the UK, helping more people from all backgrounds to reach their full potential.

Each week, as Members, we see the true lack of social mobility as we help vulnerable people through our surgeries and casework, and all the while there are more

billionaires in the UK than ever before. I have no problem with success or business; I have a problem with the widening inequality between the poorest and the richest across this country. The situation could be addressed via an increase in the block grant and, if the Minister talks about the floor or whatever, the reality is that all those things can be implemented—but the Barnett formula needs to be reviewed and changed. In case he wishes to remind me, I am well aware that throughout the 13 years of Labour government the formula was not reviewed, but I make the point strongly that in every single year of a Labour Government the block grant was increased, only to be cut and cut by the current Government.

**Guto Bebb:** Will the hon. Gentleman give way?

**Chris Elmore:** I have nearly finished my speech, but I am sure the Minister can come back on this in his response to the debate.

If the Government here in Westminster were to reassess their block grant to the Welsh Government, that could open up opportunities to create more targeted and direct support to tackle poverty and increase social mobility. In real terms, the Welsh Government budget will be 5% lower in 2019-20 than it was in 2010-11. Cuts have consequences and we can see the impact of austerity in each and every one of our communities, no matter which party we represent in the House.

We should remember that progress has been made, and I have been fortunate enough to see the benefits in my community. Unfortunately, across Wales it is still overwhelmingly the case that a person’s opportunities in life are determined by their background. I sincerely hope that the UK Government will give consideration to the obstacles in the path of social mobility in Wales and act to make it easier for everyone in life to succeed, regardless of who they are and where they come from.

2.44 pm

**Nick Thomas-Symonds** (Torfaen) (Lab): It is a pleasure to serve under you as Chair, Mrs Moon.

I warmly congratulate my hon. Friend the Member for Ogmores (Chris Elmore) on securing the debate and on the very considered and thoughtful way in which he opened it. He covered a number of the issues, and I propose to focus my remarks on early years, vocational qualifications, and the academic sphere and our elite universities.

The early years are without doubt extraordinarily important. A lot of data suggest that by the age of seven people’s likely GCSE results can be predicted, which suggests that the biggest difference can be made in those very early years of life. In that regard, I praise the important work of the Welsh Government focusing on the early years. As the years go by, clearly that investment will feed through.

**Liz Saville Roberts** (Dwyfor Meirionnydd) (PC): Does the hon. Gentleman share my concern about Wales’s performance in the PISA—programme for international student assessment—tables? Endeavours to improve teaching and learning in Wales should be concentrated on releasing teachers to be trained, unlike some of the temporary initiatives we have seen in the past.

**Nick Thomas-Symonds:** I do not for a moment underplay the wider challenges. I agree with the hon. Lady about a holistic approach that involves support for teaching, but at the moment I am merely remarking that all the data suggest that those early years are important to the results achieved later, in particular at age 16.

My hon. Friend the Member for Ogmore mentioned the achievements of the previous Labour Government on child poverty, which are extremely important. It was the greatest of disappointments, to say the least, that in 2015 the UK Government chose to change the definition of child poverty, which seemed to me simply a way of escaping the problem, not facing it.

There seems to be a historical problem with vocational qualifications. Most people understand that in the post-war era the Butler Education Act 1944 created a system of grammar schools and secondary moderns, but it was never intended to be bipartite; it was meant to be tripartite and to include technical schools as well. In post-war Britain, we have not developed those technical schools as perhaps we should have done. That is not to neglect fine work on apprenticeships. In my constituency and elsewhere I have seen the work of the Welsh Government in that regard, but without doubt there is still more to do to promote apprenticeships as a career path and give them parity of esteem with academic qualifications.

Last summer I visited an ITV apprenticeship scheme. It was outside Wales, in Leeds, but none the less what I experienced there makes the point. I saw a very fine apprenticeship scheme in which people worked around television sets and so on, gaining skills that could be used in that environment or in a broader trade. The problem was that most of the apprentices told me that they had had to find the information about the opportunity themselves, on the internet; they did not hear about it from their career advisers. We need to promote the apprenticeships route at a far younger age throughout the United Kingdom.

University is not for everyone, but the fact remains that many of those in top public and private sector jobs around our country have attended Oxford, Cambridge or other universities in the Russell Group. A lot of recent statistics should alarm us. My right hon. Friend the Member for Tottenham (Mr Lammy) has produced a report showing a geographical domination of all those elite university places by students from the south-east of England. Freedom of information requests to local authorities paint a stark picture. From 2010 to 2015, eight students from the bottom eight local authorities, which includes Torfaen, received offers to go to Cambridge University. Contrast that with the top eight, which includes Surrey and Kent, where 4,800 offers were made in the same period. That division has to be dealt with. Frankly, it is not sustainable in the long term.

I worked as an Oxford University tutor and lecturer for 14 years from just after I graduated in 2001 until I was elected to Parliament in 2015. I had a great deal to do with the admissions process during that period, and I learned three clear lessons. Aspiration is of course vital. Whether we are talking about Oxford and Cambridge or about other elite universities, it is critical that people actually want to apply and are able to think, "This is something for me." However, that is not enough in and of itself—there needs to be support around it. It always seemed to me that what marked out

successful interviewees was their confidence and their ability to sell themselves. In the cases of Oxford and Cambridge, that applies to interviews, but it also applies more broadly across the university sector to personal statements and people's ability to express what they have done.

The third lesson was about networking skills, which were always demonstrated in people's personal statements by their extracurricular activities and work experience. People who existed in fine networks to begin with always had far more opportunities to use in the university admissions process than those who did not. We need to teach those skills right across our schools sector so that people have them at ages 15, 16, 17 and 18.

**Susan Elan Jones:** There are some chilling figures about that. I appreciate that it is quite a long time since I was at university, and I know that my old university, the University of Bristol, has improved considerably in this regard, but when I was there more than 70% of students in my faculty were independently educated. In one department in the faculty that figure was 91%, which is staggering.

**Nick Thomas-Symonds:** My hon. Friend makes a very good point. On average, around 7% of each cohort goes to fee-paying schools, but that percentage is far higher at our elite universities. Why might that be? My experience was that there were never enough applicants from the state sector in any cohort. As I indicated, we have to tackle that by demystification—by making things clear by saying to people: "There are no places that are not for you if you have the talent to get there." That sounds easy, but I appreciate that it is a huge challenge.

My hon. Friend the Member for Caerphilly (Wayne David) mentioned the report of the Oxbridge ambassador for Wales, which I was pleased to play a small part in producing before I entered the House. Its author was my predecessor as Member of Parliament for Torfaen, Lord Murphy. The report, which, as my hon. Friend set out, was published in 2014, sought to address the scale of the problem and suggested a series of practical measures, which are being rolled out across Wales. We probably will not see the results of those measures immediately—we will have to see how they pan out in the years to come—but central to the report's recommendations is the idea of having regional hubs in Wales. The skills that I have talked about—networking skills, and the ability to sell oneself in an interview and on paper—can be looked at on a regional basis. Schools can identify people who have the potential to go to our elite universities, and those people can go to hubs to be provided with that support. I firmly believe that that can make a difference. It has to, because the report highlighted that parts of Wales—incidentally, this applies not just to Wales but to other parts of the UK—are, frankly, deserts for Oxbridge applications.

We talk about university applications. Of course we want our universities to continue to be world leading. This is not about some sort of social engineering occurring at age 18; it is about the interests of our country. We must not lose some of our most talented people simply because they do not apply to universities because they think they are not for them.

2.55 pm

**Justin Madders** (Ellesmere Port and Neston) (Lab): It is a pleasure to serve under your chairmanship, Mrs Moon. I congratulate my hon. Friend the Member for Ogmere (Chris Elmore) on securing this debate and on the considered way that he introduced it.

As chair of the all-party group on social mobility and a Member who represents a constituency that has not only a border but many economic, cultural and political links with Wales, I have two reasons for participating in the debate. As we all know, it does not matter whether someone lives in Bangor, Buckley or Birkenhead; in too many parts of this country, their place of birth can override their ability and potential, and generation after generation struggles against entrenched disadvantage that should put us all to shame. We have mistakenly and unquestioningly accepted the myth that greater economic growth leads to increased opportunity for all, despite overwhelming evidence that tells us otherwise.

Earlier this year, my APPG published a report entitled “Increasing access to the leading professions”. It looked at opportunities in law, finance, the arts, media, medicine, the civil service and politics, and found that, whatever the profession, there is a similar lack of opportunity and similar reasons for that. Privilege and opportunity go hand in hand across the board. For example, Sutton Trust research shows that three quarters of senior judges, more than half the top 100 news journalists and more than two thirds of British Oscar winners attended private schools.

The APPG recommended that there should be a legal ban on unpaid internships lasting more than a month. We found that their unpaid nature was not the only barrier: many of those placements are in London, which means that unless someone is from that area and has parents who can support them for an extended period, there is no prospect of them being able even to consider such an internship.

**Liz Saville Roberts:** Does the hon. Gentleman agree that the excellent Speaker’s internship scheme should consider providing means for people to afford accommodation in London, so that we can reach out to people who could not otherwise gain from such paid experiences?

**Justin Madders:** I thank the hon. Lady for that intervention. We took evidence from several successful applicants to the Speaker’s internship scheme. The geographical challenges were certainly very apparent, and that ought to be fed back.

How can anyone from outside London—from the north-west of England, Wales or anywhere else in the UK—go and do unpaid placements in London for months on end? There also need to be fair, transparent and open recruitment processes for such placements, which we found are often determined by existing connections, be they family or business contacts. The same rigour needs to be applied to those placements as would be applied if they were permanent jobs, otherwise we may just ease the path for people who are already on it.

One simple change could make a big difference to improving social mobility. There is a private Member’s Bill in the other place that seeks to end unpaid work

placements. However, given what we have seen so far in terms of Government action, that does not seem easy to deliver in practice. Although I understand that responsibility for social mobility rests primarily with the Department for Education, any action on unpaid internships must be taken by the Department for Business, Energy and Industrial Strategy. There has of course been no action, which proves Alan Milburn’s recent point that commitment to social mobility does not spread out across the whole of the Government. It needs to. Yes, it is to do with early years, schools and universities, but it also involves the world of work, housing and health. The Social Mobility Commission provided us with a wholesale national analysis of all those issues, but the Government’s response is too often constrained by Departments’ silo mentality, which is sometimes exacerbated by devolved responsibilities getting in the way.

I am sure that if I asked a group of young people from many of the constituencies represented in the Chamber what they wanted to do when they are older, they would not say they wanted to be a doctor, a lawyer or an actor. For too many young people, the very notion that they should even consider such careers is almost universally absent. They need role models, mentors and inspirers—people from their communities who have been there and done it. We need to inspire young people from an early age to aim for wherever their abilities and interests take them. We should not accept that coming from the wrong part of town means low horizons. Getting a job should mean following dreams and forging a career, not simply working to survive.

In keeping with the Welsh theme, we were fortunate to have Michael Sheen give evidence to the APPG. There is no doubt that he is an inspirer and mentor for the kids of Port Talbot. We are not going to get a Michael Sheen in every constituency, but I hope there will be others in every other town who will provide similar inspiration.

Mentorship and inspiration are important, but without academic equality they will not be sufficient. The Sutton Trust report, “Global Gaps”, looks at attainment gaps across 38 OECD countries and as a result can pinpoint how each of the devolved Administrations is performing. Unfortunately, it showed Wales performing rather poorly compared with other industrialised nations, in particular in reading and mathematics, where the skills of the most able pupils are some way behind those of pupils in comparable nations. On a more positive note, it did say that the gap between the most able, advantaged and disadvantaged pupils in Wales was relatively small compared to other industrialised nations. However, sadly, the report concludes that the situation for high-achieving pupils across the whole of the UK is “stagnant at best”.

Stagnation is a good description of where we are now. I urge all Members, if they have not already done so, to read the Social Mobility Commission’s latest “State of the Nation” report, which paints a bleak picture of a deeply divided nation in which too many people are trapped in geographical areas or occupations with little hope of advancement or progression. It talks about an “us and them” society, in which millions feel left behind. Specifically, the report talks about major changes to the labour market in recent decades, which have imprisoned 5 million workers in a low-pay trap from which there appears to be no escape. The report highlights places that offer good prospects for income

progression and those that do not, showing that real social mobility is in fact a postcode lottery, with the worst problems concentrated in remote rural or coastal areas and former industrial areas—that description will be familiar to Members in the Chamber today—not only in Wales but in England.

Encouragingly, the report finds that well-targeted local policies and initiatives adopted by local authorities and employers can buck the trend and positively influence outcomes for disadvantaged residents. In short, where there is a will and strong leadership, things can be done.

This country is too closed. It is a country where too often people's life chances are defined by where they are born and who they are born to. We are now in a world where many parents believe their children will have less opportunity than they did, and I deeply regret that. Automation and artificial intelligence will only exacerbate the problem, and we are miles away from even beginning to understand the social impact that will have. The only way we will be able to meet those challenges in the future is by intensive, long-term Government intervention, not just at the ages of five or 15, but at 35 and 50 and so on. The world of work will change more rapidly than ever before, and we need to recognise that opportunity will need to be addressed not just in our younger years, vital though that is, but throughout our lives. We have to invest in ourselves through all of our working lives, but we cannot do that without Government support.

We have heard about the geographical divide, and the APPG is looking at that, but there is also a generational divide. I do not believe that the recent election was a ringing endorsement of the status quo. What we saw was that the more young people engaged with the question of what they want from their Government, the more they turned away from the existing set-up, and who can blame them? Do they want to better themselves and study at university? Yes, there are opportunities, but they come with eye-watering debt that may never be paid off. Want to own a home? Unless the bank of mum and dad is there to fall back on, there could be a very long wait. Want to build a career in a profession doing something rewarding financially and intellectually? Those opportunities exist for the few, not the many.

The more likely experience for our young people in the job market is casual work, low pay and chronic insecurity. It is time we offered them hope. Across the years, across the Government and across the nations, we need total commitment to delivering opportunity for all.

3.4 pm

**Liz Saville Roberts** (Dwyfor Meirionnydd) (PC): Diolch yn fawr iawn, Mrs Moon. It is a pleasure to serve under your chairmanship. I thank the hon. Member for Ogmore (Chris Elmore) for securing this important debate, and I am honoured to follow the hon. Member for Ellesmere Port and Neston (Justin Madders), who made a considered and quite inspiring speech.

To speak plainly, responsibility for social mobility lies with the National Assembly. The Welsh Government have a crucial role to play in reducing inequality in Wales, but it is also true that every decision taken in Westminster has a very real impact on people's prospects in Wales, whether it be on social security, digital connectivity or infrastructure, to name just those areas I intend to

concentrate on today. I have to return to my expertise in a former life—I was a director in a large further education establishment—and I must reiterate the integral role that education plays in promoting social mobility.

In one of the earlier speeches, early years, vocational education and higher education were mentioned. Those, in terms of funding, targets, quality of achievement and the curriculum, are entirely within Labour's remit in Wales. It is important to emphasise that in the role that we expect education to play. I have seen how the effects of the political choices made in different areas of Wales have played out, and it would be extremely disingenuous of me not to remind the Chamber of the role of Labour in that respect. However, today I intend to be "on location" and direct my arguments to the Minister.

One other thing I would like to question slightly is using Oxbridge as our measure of success. It is interesting that so many people here attended Oxford and Cambridge, but we should be building a society where someone can gain that capability and confidence without having public, or private, school education and Oxbridge university education behind them. We should be building that in Wales for our young people to achieve near to their own homes.

In the effort to champion social mobility, redistribute wealth and provide opportunity, every socioeconomic pillar must carry its load. The Government are failing to raise the people of Wales through the measures in their remit of social security, infrastructure and digital connectivity in particular. Changes to social security made by the Government will hit the poorest areas hardest. Analysis by the Institute for Fiscal Studies has revealed that Westminster's benefit cuts will trigger a rise of over 5% in child poverty in Wales, compared to 1.5% in London. Wales remains the only country in western Europe without an inch of electrified railway, and all the while Welsh taxpayers are contributing towards High Speed 2. We hear disingenuous arguments as to how HS2 will benefit us. Frankly, I have concerns about how it will affect services from Cardiff to Manchester via Crewe and services along the north Wales line as well.

Only yesterday, we read reports in the *Financial Times* that the Westminster Government are having cold feet over the Swansea bay tidal lagoon project—we already had that impression—which is an investment that would bring £316 million of gross value added in its construction alone. What about digital connectivity? Recently, the Westminster Government invested significant sums to improve broadband infrastructure in three of the four UK nations—but not in Wales. They found £20 million for ultrafast broadband in Northern Ireland and £10 million was found for full-fibre broadband in six trial areas across England and Scotland, yet nothing for Wales. According to Ministers, the decision on where to invest the money was based on how likely they believed it was that the investment would stimulate short-term economic growth, effectively to boost headline statistics. That is where the fundamental problem lies and where the link between social mobility in Wales and Westminster's priority is at its weakest.

It is not the Government's job to pick who wins and who loses in the British state; it is their job to provide equality of opportunity. There is of course a complex link between regional inequality and social mobility. Poverty in the UK is particularly concentrated in Wales,

[Liz Saville Roberts]

affecting nearly one in four people, while the UK poverty rate remains at 16.8%. Median weekly salaries stand at £393 in Wales, compared with £434 in England. When I hear about the employment rate, yes, I am delighted that people are in full-time worthwhile work, but I also know of people in my constituency who are holding down three or four jobs in order to make a living. There must be a question about salaries and regional inequality in the United Kingdom.

In the past 10 years, under successive Westminster Governments, productivity in my county of Gwynedd has fallen by 10% while productivity in central London has risen by more than 5%. Unlike the Westminster Government, the EU recognises wealth inequality as a problem to be addressed, and attempts have been made to make up for Westminster's neglect and to strengthen Wales's economy by redistributing wealth. I know we discussed the effects of European structural funds. Could we take a step back and consider where Wales would be if we had not received those funds? They were there for the noble principle of addressing inequality and poverty.

**Guto Bebb:** The hon. Lady is somewhat unreasonable in her comments. The European structural funds were provided to ensure that GDP levels in Wales were comparable with the average of the European Union. That measure failed significantly in the Welsh context, and I want to stress that that was not the fault of the European Union. It failed as a result of the way in which the projects were designed in a Welsh context. That has been the problem.

**Liz Saville Roberts:** Again, what would the position of Wales have been if we had not received those funds? We may not agree on the way they were used, but I am truly concerned that we are moving to a future in which there is no principle on addressing and raising those funds.

**Guto Bebb:** Will the hon. Lady give way?

**Liz Saville Roberts:** I am coming to a close.

At a time when we are being pulled out of the European Union, the Westminster Government must stick to their promises at the time of the referendum and ensure that Wales will continue to receive every single penny that it received thanks to the EU's redistributive wealth policies. I beg to ask the Minister to say what Wales's fair share will be.

3.11 pm

**Chris Evans** (Islwyn) (Lab/Co-op): Thank you for calling me to speak, Mrs Moon. You are a former social worker of course, so nobody has to tell you about the problems of social mobility in Wales. I pay tribute to the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts)—I must improve my Welsh pronunciation—who is quickly becoming, like her predecessor, a very well respected Member of this House.

I wish I could stand here and say that there is a magic bullet to bring about true social mobility in Wales. Sadly, there is not. For many people living outside Wales, this year's findings in the State of the Nation report on Welsh poverty will come as a shock. For those

of us who have lived and grown up in Wales and are proud to represent constituencies there, it comes as no surprise.

According to the State of the Nation report, 23% of people in Wales live in poverty. That is almost 700,000 people, and more than half are in working households. Further research has found that children born into working-class families are significantly less likely to move up the socio-economic ladder than their peers from middle-class, financially stable households. Children living in the poorest households are less likely to enter further education post-GCSEs, are less likely to go to university, and in turn are less likely to find skilled employment later on in life.

Quoting figures is all very well, but the reality is that many of our children have woken up this morning in damp, cold, sub-standard accommodation. Many have gone to school hungry and without the right equipment for school. To put it bluntly, those born into poor households are failed before they even start. Poverty is not just an abstract problem. It is not something we speak about to feel good about ourselves. It is something that affects our society. It is a drain on resources. It stretches our welfare state. It clogs up our health service. It is man-made and can therefore be changed. In all candour and in all honesty, what has gone before clearly has not worked. It is damning of every one of us in this place that nearly a quarter of people live in poverty in Wales. The decisions we make have clearly not worked. Tinkering around the edges is no longer any good. We have to have a fundamental change in the way we do things.

In my own constituency of Islwyn, which is based in the Caerphilly county borough, the attainment gap between key stage 2 and 3 pupils who are eligible for free meals and those who are not is significant. Only 28% of those pupils eligible for free school meals achieve the equivalent of A\* to C GCSE in the core subject indicator. Caerphilly county borough is also middling in terms of its youth indicators for destinations for year 11 leavers, ranking 12th. Some 1.9% of students in the borough are not in education, employment or training, and it gets worse at a national level.

In Wales, 37.5% of people will apply for university compared with 42.5% in England. Added to that, in each and every one of our constituencies there is a poverty that has no measure and cannot be talked about. Mrs Moon, you know about it in your constituency of Bridgend. My hon. Friend the Member for Ogmore (Chris Elmore) knows it as well. You walk up to the brightest child and say to their parents, "This child can go all the way to university," and they say, "It's not for us. You're off your head. It does not happen to people round here."

I can still remember—this is a true story—a careers teacher saying to me, "I have one piece of advice for you: have no ambition. Nobody from round here becomes anything, anyway." That was the attitude then, and I fear that for so many people that is the attitude now.

**Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): My hon. Friend makes a very important point. I, too, have heard those absolutely tragic comments in my own constituency. However, it is clear that things can turn around if the right interventions are made. We have seen a remarkable turnaround in Eastern High in



Cardiff and also with the fantastic investment in Cardiff and Vale College. We have seen a turnaround in results, in aspirations, in ambition. That is making a real difference in young people's lives, thanks to the investment from the Welsh Labour Government.

**Chris Evans:** I absolutely agree. In some cases we have to intervene family by family, but it is a huge undertaking in terms of human resources and financial investment. As we saw under Labour Governments between 1997 and 2010, when we have the will we can reduce child poverty, and we did. I do not want to paint a picture of my constituency as all doom and gloom. I absolutely hate it when people talk us down. How can we attract high-quality jobs when we keep telling people we are dependent on soup kitchens? In Islwyn—Mrs Moon, you will know as a member of the Defence Committee—we have General Dynamics creating high-quality, high-skilled jobs. That is the future, but we have to do three things.

The one thing we have not talked about in this debate is entrepreneurship. Our future will not depend on the public sector. If we are to create high-quality jobs, they have to come from within Wales. But I will say this. How many people in this room—will the Minister accept this?—know how to go about setting up a business and how to deal with VAT and human resources? How many people spoke to anybody in school who said to them, “Business could be the way forward for you”? Think about it. We talk all the time about academics. The most famous entrepreneurs in this country—Lord Sugar of “The Apprentice”; Duncan Bannatyne of “Dragons’ Den”—share one thing in common. Not one of them has a single qualification between them, but they all managed to build companies that employ thousands of people, bringing wealth to this country.

I have talked to the Federation of Small Businesses. Business is vital. We have 250,100 active businesses in Wales with a combined turnover of £117 billion; 95% are micro-businesses employing no more than nine people. Large businesses make up only 0.7% but employ 38% of the workforce. We need to go into schools to encourage enterprise. We need entrepreneurs to talk to our schoolchildren. If we think that that cannot be done, just look at the viewing figures for “Dragons’ Den” or “The Apprentice”. One of the most viewed programmes at the weekend was the final of “The Apprentice”. People see business as something exciting that they can get involved in, but it cannot be on the other side of a television screen. Someone, whether it is Lord Sugar or a local entrepreneur or employer, needs to come to schools to tell people about their experiences.

We should ask ourselves about the way we teach children. It is no good saying we have a GCSE pass rate of 60%. What about the other 40%? I have to ask about the way we teach our children not only in Wales but all over the country. We know from academic studies that people learn in four different ways, yet we teach people only in one way: the teacher in front of the class teaching the kids. Some kids will flourish, but others will not. We therefore have to look at the way people learn. We have so many opportunities. In years to come, traditional exams will not be the measure.

I recently visited the Man Group, an investment company that is investing in artificial intelligence. It told me that it now wants graduates with degrees in machine learning. The graduate entry level salary for

that is £60,000. Most of its graduates will have been to Oxford. We should teach kids coding and similar skills from an early age, because the future will be automation and artificial intelligence. My son Zachariah is 10 months old, and he will probably do a job that I have never heard of. We must start teaching kids the core skills in school. The issue goes back to what my hon. Friend the Member for Ellesmere Port and Neston (Justin Madders) said: we need mentors in schools, to teach people about those things.

My hon. Friend the Member for Torfaen (Nick Thomas-Symonds) talked about the 1944 Butler report and the tripartite system. We have neglected technical skills. I believe that people voted for Brexit because of fear of immigration. Those migrants will not now come in. We need to invest in technical education, and that needs to come from the Government, but we need to make sure that technical qualifications involve the same level of attainment as a degree. Not everyone is academic; some people are good with their hands.

**Guto Bebb:** I applaud the hon. Gentleman on a fantastic speech. The attainment levels in those General Dynamics apprenticeships, which are being supported by Y Coleg Merthyr Tudful, are really quite inspiring. Does he agree that the fact that those opportunities are available in valleys communities will make the difference and show that young people can have a future in those communities?

**Chris Evans:** I congratulate the Minister: I am quite shocked—I have been in the House seven years and he has never said anything nice about me before, so I can only think he must have been visited by the same Christmas spirits who haunted Ebenezer Scrooge all those years ago. The worst thing is that I agree with him. I should stop and move on.

If we are truly to tackle social mobility we need a change in our mindset. We need radical solutions. We cannot go on as we are. If one person fails, we all fail. Together, if we are radical and think outside the box, we can ensure that the next generation will have better opportunities than the present one.

3.22 pm

**Anna McMorrin** (Cardiff North) (Lab): It is a pleasure to follow my hon. Friend the Member for Islwyn (Chris Evans), who made a passionate speech. I thank my hon. Friend the Member for Ogmere (Chris Elmore) for securing this important debate.

Crippling austerity, welfare cuts, unfair and disorganised welfare reforms, plummeting productivity, stagnant wages and increased living costs will only increase under the Tory Government as a result of their shambolic Brexit negotiations. Is it any wonder that social mobility is suffering? Only two weeks ago, as we have heard, Alan Milburn, the chair of the Government's Social Mobility Commission, and the entire team resigned, citing “lack of political leadership”. The findings of the Joseph Rowntree Foundation, that almost 400,000 more children and 300,000 more pensioners have been impoverished in the UK since 2013, are shocking. The Tory Government should be ashamed, despite the rhetoric of the Prime Minister, who promised when she was elected to heal social divisions and bridge the gap between the classes. Her Government have done nothing to improve social

[Anna McMorrin]

mobility. On the contrary, she and her predecessors have presided over the first sustained increase in child poverty in 20 years. They achieved that by adopting anti-welfare policies, cutting in-work benefits and freezing housing and children's benefits in an economy that is already squeezing family incomes.

The latest figures show that 30% of children in this country live in poverty: that is 4 million children, 67% of whom come from working families. That means that children do not have enough food to eat. It means parents having to decide between putting their children to bed at night either cold or hungry. That is not because their parents do not love them, or are not working long and hard enough at many different jobs; it is because of the Government. Wages are getting lower while prices for everything else get higher.

How do those children have a chance of getting out of the poverty cycle? Only a generation ago, a Labour Government provided people from low-income backgrounds with full grants to go to university. Most of them went on to become teachers, nurses, social workers and doctors. They were given good-quality training and education to provide us all with high standards of public services and a reliable, respectable career with opportunities to progress. My father spent his life teaching children, many of whom were from disadvantaged backgrounds. As a leader in outdoor education he equipped them with the skills and knowledge to gain confidence, achieve and succeed. Many of them returned years later to tell him the difference that he made, and that education made, to their lives. Now, thanks to the Government, a young person must decide whether to take on up to £50,000 of debt to get a degree, knowing that there is no guarantee of a job at the end of it.

**Guto Bebb:** On the issue of tuition fees, is not the participation rate in England higher than in Wales and Scotland, even though until now there has been a reduced tuition rate in Wales? If the hon. Lady thinks the level of debt is a barrier to going into further education, has she made representations to the Welsh Government about their proposals to increase tuition fees for Welsh students?

**Anna McMorrin:** The Welsh Government are keeping tuition fees at a lower level than the UK Government; I have had conversations with the UK Government about it. The Welsh Government are keeping them at a much lower level and supporting our students in Wales.

**Guto Bebb:** Will the hon. Lady give way?

**Anna McMorrin:** No, I will not give way; I am going to continue.

Perhaps the Prime Minister's idea of social mobility is the Conservative ideal of a select, lucky few doing that much better than their parents while the rest fail to get on in life and are left behind. When I turn on the television or read a newspaper, I see a structured class system representing a specific, small part of society. I see all those with the same names, who went to the same schools and universities and who now hang out in the same private members' clubs, representing perhaps 1% of our society. I see them speaking out and trying to

represent us; they deign to represent us all. It is not that children in my constituency, or people anywhere who go to local schools and universities, are not good enough; they just were not born into the right background. We are lucky in Wales that we do not have such a rigid class structure, but the entrenched class system is pervasive and prevents many from succeeding. The barriers need to be broken down. How are we to do that if many UK civil servants are from those same privileged backgrounds? It is up to the UK Government to start breaking down those barriers.

Upward mobility involves an assumption that some jobs are better than others; and in fact many jobs, available only to those able to get on with their education, are more secure, and offer better conditions and benefits. Instead of continuing with their empty rhetoric, the Government should consider social equality. Our Government in Wales are pursuing that with investment in education, skills, growth and better jobs closer to home. To make a difference, I ask the Government to set change in motion.

**Wayne David:** Does my hon. Friend agree with the general point that the rigid class divisions that she accurately described are not just wrong in themselves but totally inappropriate for the modern, dynamic society that we in Wales and Britain have to create?

**Anna McMorrin:** Yes, absolutely. Those class divisions are damaging to society and they pervade every part of life. They do not represent us. As I said, when I turn on the television to watch the news and I see reporters representing broadcasters, or when I see Foreign Office statements—all these are people from privileged class backgrounds, and those systems must be broken down. To make any difference I ask the Government to set change in motion. We must break down those barriers, lift the public sector pay cap, reverse the welfare cuts, and end austerity in all sectors. Let us deliver real opportunity and equality.

3.30 pm

**Chris Ruane** (Vale of Clwyd) (Lab): I pay tribute to my colleague and hon. Friend the Member for Ogmore (Chris Elmore) for securing this debate. He spoke about the positive impact of Labour policies such as Sure Start and the national minimum wage on social mobility. My hon. Friend the Member for Torfaen (Nick Thomas-Symonds) spoke about the importance of early years education, and about the Government changing the definition of childhood poverty. My hon. Friend the Member for Ellesmere Port and Neston (Justin Madders), which borders north Wales, spoke about cross-border issues that pertain to social mobility, and I pay tribute to his work as chair of the all-party group on social mobility.

The hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts) spoke about infrastructure, railways, the digital divide and EU funding. I will touch on some of those issues in my short speech, although hopefully there will be no repetition. My hon. Friend the Member for Islwyn (Chris Evans) spoke passionately about promoting ambition and enterprise across Wales, and my hon. Friend the Member for Cardiff North (Anna McMorrin) spoke about child poverty, and about how we have a more equal society in Wales. I congratulate all my colleagues on their contributions.

In its report into social mobility, the London School of Economics highlighted 1958 as the golden year. I was fortunate to be born in that year, and I was one of only 8% of children who, 18 years later, went on to university. Many of my close friends did not manage to go to university, although they were still successful. Some pursued careers as businessmen, some worked in construction and recruitment, and some moved away from the town, and indeed the country—one of them lives in New York, one in Sydney, and one in Amsterdam. One of my friends went on to become vice-president of 21st Century Fox in Europe, Africa and the middle east, and two of the lads from my council estate went on to become multi-millionaires. All came from humble backgrounds. Our parents were labourers, dinner ladies, waitresses, plumbers, and cleaners, but they had a burning desire that their children would do better than themselves, and most of us did.

Sadly, and increasingly, that is not the case today, and prospects do not look good for the future. The Social Mobility Commission's latest report is a scathing indictment of the lack of social mobility in the UK, and it predicts an even bleaker future. The full report is too big to address today in the eight minutes that are left for me to speak, so I will confine my comments to issues such as transport, digital connection, leaving the EU, and regional policy, over which the Minister and his colleagues have greater influence.

First, I want to consider the question of whether work pays in the UK in the 21st century. The quantity of jobs is not the issue; it is the quality of those jobs, because they simply do not pay enough to allow workers to bring up a family. In 1997, 43% of children living in poverty were in working households, but today that figure has shot up to 67%. Overall, 57% of people living in poverty are in households with a working adult. Work should be a pathway out of poverty; it should not lead to a worker being imprisoned by poverty.

As many of my colleagues mentioned, gains were made under Labour. The national minimum wage was brought in, despite vitriolic opposition from the Conservatives. In 1996, I conducted a survey of low pay in my constituency, and found a taxi driver earning £1 per hour. Women were working 12-hour shifts through the night in care homes on just £2.50 an hour. The Social Mobility Commission points out that since 2008, young people's wages have fallen by 16%—they are now paid less than they were 20 years ago—and a national living wage could help overcome many of the defects in our current system.

I mentioned the digital divide in a recent speech on rural Wales in Westminster Hall, because only 43% of the country is connected by 4G. Rural areas of Wales are losing out, and the majority of my constituency—indeed, the majority of Wales—is in a rural area. If we do not address the digital divide, our children and young people will not have access to a modern means of accessing information and will not be able to work remotely in our rural communities.

If we cannot take the work to the people, we should at least make efforts to take people to the work. That should be the case in Wales, but we need to update our rail system. I feel that we in Wales are being left behind—electrification proposals for the line from Cardiff to Swansea have been withdrawn, and the electrification of the north Wales line has still not been clarified. I

hope that the Minister will provide some clarification when he sums up the debate. Last weekend, *The Times* stated that at 51p per track mile, the UK has the highest rates in the whole of Europe. That compares with 33p in Austria, 31p in France, and just 5p in Latvia.

In north Wales, the majority of unemployment blackspots are on the coast—Holyhead, Bangor, Colwyn Bay, Rhyl, Flint, Shotton. If rail prices were more affordable that would make accessing job opportunities along the entire north Wales coast, and indeed in north-west England, far easier. Enabling young people to gain access to those jobs would also lead to greater social mobility, and I pay tribute to my hon. Friend the Member for Wrexham (Ian C. Lucas), who has done so much to raise the issue of rail connectivity with the Mersey Dee Alliance across the Welsh-English border. London has already benefited from excellent infrastructure projects such as the Jubilee line and Crossrail. High Speed 2 will start from London. Will it suck in more jobs to London? Should it start from Manchester so that we can rebalance our national and regional economy? I call on the Minister to do his job and ensure that we in Wales secure parity with the rest of the UK on rail investment.

My next major concern is the impact of the loss of EU structural funds on social mobility in Wales. Wales has gained £9 billion in private and public sector funding over the past 17 years. It is the only area of the UK that is a net gainer from those structural funds, and we must ensure that an equivalent to those funds is kept in place in Wales. The Minister, and Conservative Members, gave reassurances that Wales would not lose out as a result of Brexit, but I think there is a real danger that we will, and those who will suffer the most are the poorest people and those who need that social mobility.

**Wayne David:** Does my hon. Friend agree that it is not just important that the same level of funding continues, but that it is allocated on the basis of need and not redefined for other purposes by the Government?

**Chris Ruane:** Absolutely. EU structural funds were allocated around Europe on the basis of need, and four of the six counties in north Wales—including the Minister's own area of Conwy—are some of the poorest areas in Europe. As a north Walian and a Welsh MP, the Minister should be campaigning with us to ensure that Wales does not lose out.

**Guto Bebb** *rose*—

**Chris Ruane:** I am afraid I have almost taken my 10 minutes, but I thank the Minister for the work that he has done on the growth deal.

**Mrs Madeleine Moon (in the Chair):** Order. I do not wish to interrupt the hon. Gentleman's excellent speech, but he does in fact have 15 minutes, should he require them.

**Chris Ruane:** Then I will give way to the Minister.

**Guto Bebb:** I am grateful to the hon. Gentleman, because on this occasion I was going to make a constructive point. He makes the case for EU structural funds, which I will discuss in due course. However, a strategic approach for the whole of north Wales was precluded under European structural funding, because it was confined

[Guto Bebb]

to the four counties in the west, rather than a strategic approach across the whole of north Wales. There will be some advantages to being able to hone our own response when putting funding into north Wales.

**Chris Ruane:** Those funds were allocated on the basis of need for the whole of Wales. I was very fortunate in managing to persuade the then junior Minister at the Wales Office, Peter Hain, to accept European structural funds for the Minister's county of Conwy and the county of Denbighshire. Thirteen counties had been chosen, and those two had been left out, but as a result of representations made by myself, Elfyn Llwyd, Gareth Thomas and Betty Williams, along with council leaders, we were able to ensure that those counties were included.

As a result, there are many projects in the Minister's own constituency and county—I think Venue Cymru is one of them—that have benefited massively from that investment. The Minister quite often intervenes on other Members and pooh-poohs that £9 billion, saying we do not need it. Maybe he wants to send it back. Perhaps he should go to Venue Cymru and say, "All of this is a waste of time; we don't really need this." Perhaps he should consult those workers and ask them if the jobs created in his own community are a waste of time. Perhaps he would like to put them back on the dole.

My wider point is that we have benefited from the structural funds. In my constituency, we have the OpTIC research and incubation project—a £40 million strategic project that looks at the opto-electronics industry in the whole of north Wales, which comprises about 35 companies and 2,000 workers. The projects builds on that strength, hothouses new companies on the back of that and creates excellent opportunities for local people to progress without leaving north Wales. Some will want to leave, and some will want to leave the country, but we should give those young people the opportunity to be socially mobile without being geographically mobile, so they can stay in their communities.

The OpTIC project in my constituency would not have taken place if it had not been for the additional money sent into the county from Brussels. The point that many of us have made today is that we want that additional money to carry on coming to our areas of Wales, not out of favouritism but because of need—need that was recognised and rewarded by Brussels. A big dollop of jam came to us, and we do not want it to be taken away and spread thinly over the UK. We want that money where it is needed, which is in west Wales and the valleys.

On the growth fund, which I mentioned before, I am grateful to the Minister for inviting us, on a cross-party basis, to meet him, his civil servants and north Wales council leaders in the Wales Office the other week. I hope that that additional funding, which we desperately need, will be allocated or reallocated through that north Wales growth fund. I also welcome the announcement of the mid-Wales growth fund, but I do not want to see the funds that were to be allocated to north Wales halved, with the other half being sent to mid-Wales. [Interruption.] The Minister laughs, but will he give us a categorical assurance that the funding that we get for those funds will be comparable to the best England has had? Areas such as Manchester received £238 per head.

I tabled a parliamentary question on the amount of growth deal funding for each of the city deals in England, which was answered yesterday. That information was not given to me, but I want to make sure that the money that we get in Wales matches the best they have had in England.

The growth deal is a perfect vehicle to make sure that that additional investment that we had from Europe is maintained, and that we are able to improve the social mobility of our young people. On the growth deal funding, what percentage will be new money? What is the balance of funding between central Government, the Welsh Government, local government and other funders? What will the likely level of funding be?

Some progress has been made on social mobility over the past 20 years, and many of those gains were made as a result of the actions taken by the previous Labour Government. The Social Mobility Commission commends the centrality of early years services, which have been embedded in the UK. It was not there in 1996; it is there now because of Sure Start and other early years programmes across the whole of the United Kingdom. The commission calls early years services

"a new arm of the welfare state",

so that has survived. However, it mentions a lack of progress on many other fronts; indeed, there has been a retrenchment in areas such as young people's services, work and divisions in society.

The Minister is here, and he has heard representation from Members from across Wales, and even from across the border in England. I ask him to listen carefully to what has been said, to do his job and take that back to his Government, and to make sure that Wales gets the fair deal it deserves, to make sure that we have social mobility in future.

3.45 pm

**The Parliamentary Under-Secretary of State for Wales (Guto Bebb):** It is a pleasure to serve under your chairmanship, Mrs Moon, and to follow the hon. Member for Vale of Clwyd (Chris Ruane). I want to ensure that the hon. Member for Ogmere (Chris Elmore) is not only congratulated on securing the debate but also has a few minutes to respond at the end of the debate, so my contribution will be somewhat curtailed.

It has been an interesting debate, and I argue that it has been at its best, and the speeches have been at their best, when they have not been partisan. I know I am guilty of being one of the most partisan Members in this place when I want to be, but I will try to respond in a manner similar to most of the speeches we have heard, rather than those with a "Money, money, money" theme, which seemed to be the message from some hon. Members. However, on the whole, the debate has been thoughtful, useful and constructive. I particularly thank the hon. Member for Ogmere, as I have said, for securing the debate and for the majority of his speech, which looked at the core issues at stake. On the whole, it was a constructive speech, although it occasionally fell into supporting the Welsh Government come what may.

The hon. Member for Torfaen (Nick Thomas-Symonds) made an impassioned speech on the importance of people being aware of whether they can or cannot take their opportunities for further education. While I would describe the universities in Wales as the elite universities—not least Aberystwyth University, which I attended—the

hon. Gentleman made an important point about aspiration. When looking at some of those giants of recent Welsh history, who came from valley communities, slate quarrying villages and farming stock, and who actually aspired to education, we have to ask why we have lost that in the Welsh context. The hon. Gentleman's comments are well worth further consideration by those who actually take an interest in the goings-on of this place.

I also welcome the hon. Member for Ellesmere Port and Neston (Justin Madders) to the debate. I congratulate him on his work as chair of the all-party parliamentary group on social mobility, and I appreciate his interest in the cross-border work of the Wales Office. He made some really important points about the London-centric nature of the UK economy, which I subscribe to. I believe that one problem we have, not only in the Welsh context but throughout the UK, is that we have a London-centric view of the world, which needs to be challenged. The hon. Gentleman is clearly doing excellent work as part of the all-party parliamentary group system here in Westminster. I would argue that most of my constructive contributions in this place between 2010 and 2015 were made through all-party parliamentary groups, so I encourage the hon. Gentleman to carry on with his work and to keep on being involved with us in north Wales, in relation to the potential of the north Wales growth deal.

I also pay tribute to the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts), who highlighted that many of the issues we have talked about, including educational attainment and training and so on, are devolved to the Welsh Government. That point was worth making. However, at the same time, she was quite happy to challenge me, as the Wales Office Minister representing the UK Government.

At this point, I think I need to once again clarify my point about EU structural funds. I congratulate the hon. Members for Vale of Clwyd and for Caerphilly (Wayne David), and all politicians who ensured that Wales received EU structural funds at the highest level, on their involvement at the time. I have said that on the record time and again. The point I have also made, which is still worth reiterating, is that the reason Wales achieved the highest level of EU funding intervention was to ensure that our GDP was comparable to the EU average.

That was not achieved, so before we ask for more money, we need to ask ourselves why that investment did not achieve the desired goals. It is simply not good enough for the hon. Member for Dwyfor Meirionnydd to claim that the situation would have been even worse without that intervention; we need to ensure that in the future, if we have intervention through a UK Government shared prosperity fund, that intervention improves the GDP of Wales and the life chances of all people in Wales. We should be willing to learn lessons from the fact that the whole purpose of EU structural funds in Wales did not deliver the growth we were hoping for.

**Liz Saville Roberts:** In the spirit of planning ahead, much mention has been made of apprenticeships today. I represent an extremely rural area, where we have a shortage of skills when we are looking at developing, say, the Wylfa site. We need workplaces in which people can undertake apprenticeships. We do not have those workplaces in north-west Wales in sufficient numbers.

Will the Minister commit to looking at creative ways of finding workplaces that will enable young men and women to be trained for engineering and construction in the future?

**Guto Bebb:** The hon. Lady makes a point that I fully subscribe to. The Wales Office stands ready to support any initiative in a Welsh context that extends the number of apprenticeship places available. We are certainly of the view that the financial contribution made by the UK Government to the Welsh Government through the apprenticeship levy has been significant, and that money should be spent.

The opportunities that exist in north-west Wales include the development of a new nuclear power station in Wylfa and the work going on in Airbus, with the apprenticeship schemes available at RAF Valley. Those schemes are strong. They are making a difference and showing young people that there is an alternative to going to university. I have seen the success stories in north Wales of Coleg Cambria and Grŵp Llandrillo Menai replicated in south Wales with Coleg Merthyr and other colleges, as a result of my role as a Minister in the Wales Office.

I highlighted, for example, how impressed I was with the enthusiasm and commitment of apprentices when I visited the General Dynamics site in Merthyr Tydfil. That is the way to show young people that educational achievement does not necessarily mean aspiring to Oxbridge. There is no reason why anybody in Wales should not aspire to improve themselves from an educational perspective, but that improvement can happen in their local communities. Opportunities should be enhanced for people to get qualifications in the workplace, ensuring that they are earning while learning.

In Wales, we have some of the better further education institutions. They are doing great work, but they should be fully supported by the Welsh Government in delivering more for the people of Wales. I genuinely thought that the comments from the hon. Member for Islwyn (Chris Evans) were inspiring. Colleagues have said clearly that we need to sell the concept of going further in education. We need to sell the ability of young people to see themselves attending some of our finest institutions.

We need to be proud of the fact that we have a significant entrepreneurial spirit in Wales. How often is that sold in local schools? The biggest success in my constituency since I was elected has been Sean Taylor, a veteran who left the Army and decided to set up a high ropes training and outdoor pursuits centre. He subsequently created the Zip World business, which now employs 240 people in my constituency and the constituency of the hon. Member for Dwyfor Meirionnydd, 75% of whom are local Welsh speakers. Those people have had an opportunity to work, develop skills and gain qualifications while seeing that setting up a business in their community can make a real difference. I am proud to say that Sean Taylor is the type of entrepreneur who is willing to go out and explain to young people, "You can aspire to university and to a medical or legal profession, but you can also make a big difference in your community."

I am proud to represent a constituency with one of the highest levels of self-employment. It has been said that in rural Wales, self-employment is often a case of doing anything to earn a living because of people's

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pride in themselves and their community, and because no other opportunities are available. We need to make setting up a business and being entrepreneurial a key opportunity for young people to move forward in their communities. Nothing gives me greater pride than when, in my role as a Minister in the Wales Office, I meet young people who have set up businesses in my constituency and across the length and breadth of Wales.

While I thought the hon. Member for Cardiff North (Anna McMorrin) was somewhat partisan in her comments, I am happy to agree that we need to deal with the lack of social mobility. I want to allow the hon. Member for Ogmore a few minutes to respond, but before I finish my comments, I need to touch on some of the issues raised in the debate. Clearly social mobility is important for this Government. It was said in some of the most thoughtful comments by Opposition Members that nobody in the Chamber can be proud of our record on that issue. If, as the hon. Member for Vale of Clwyd said, the highest point of social mobility in our history was achieved in 1958, that is a stain on all of us. If, 10 years before I was born, we reached the high point of social mobility in our communities, we genuinely need to ask ourselves what went wrong. No amount of finger pointing between Westminster, the UK Government and the Welsh Government will change anything unless we are willing to acknowledge where we have a weakness.

This debate is entitled “Social mobility in Wales”. We have agreed that education is crucial, and we need to acknowledge that in Wales we are not performing as we should. I am not going to say anything more than that, but we all acknowledge that we are not performing in Wales to the standard of the UK as a whole or the rest of our competitors in the European Union. We need to be very clear about that. When Germany found itself failing under the PISA regime, it acted, and in 10 years it managed to get itself from a very low level to once again leading. The report on PISA in Germany sent shockwaves through the German political system, and the question I ask is: why are those shockwaves not resonating through the corridors of the Welsh Government in Cardiff? We need to do a lot of work on education. It is not perfect in England, but it is certainly not as good as it should be in Wales, and Members should acknowledge that.

Members have highlighted the need to ensure that the concept of lifelong learning is understood. That is why investment in our further education colleges is crucial. The hon. Member for Ellesmere Port and Neston made the crucial point that education, and certainly education in the workplace, does not end at the age of 18 or 21. It is increasingly the case that 35 to 50-year-olds are looking to retrain. As we are all living longer and expected to work longer, we have to acknowledge that

we need to adapt to the workplace. One of the key things I have seen at further education colleges that I have visited in Wales is their commitment to take on apprentices regardless of their age.

Another issue that we need to be aware of is the importance of making work pay. We have seen in Wales since 2010 a significant reduction in the number of children in workless households. That is very important. The Office for National Statistics has highlighted that families in which members are in work are, on the whole, in a position to make more of their lives and have better outcomes than those where that is not the case. Interestingly, the ONS statistics also highlight that, regardless of a household's income level, where there is someone in employment, outcomes are better. I often hear complaints from the Labour party about the type of jobs being created, but we should always take pride in any jobs that are being created and in allowing people to take care of their own future.

One thing that has come out of the debate is that poverty can be measured in financial terms. I acknowledge that. The hon. Members for Torfaen and for Islwyn and others highlighted the importance of dealing with poverty of ambition. We need to be champions within our communities, highlighting to young people that there are financial difficulties in terms of ensuring equality of opportunity, but also challenging the poverty of ambition that blights too many of our communities in Wales and across the United Kingdom.

3.57 pm

**Chris Elmore:** I want to start by thanking hon. Members for their contributions, including my hon. Friend the Member for Islwyn (Chris Evans) for his passionate speech and my hon. Friends the Members for Ellesmere Port and Neston (Justin Madders), for Cardiff North (Anna McMorrin), for Caerphilly (Wayne David), for Clwyd South (Susan Elan Jones) and for Torfaen (Nick Thomas-Symonds), as well as the hon. Member for Dwyfor Meirionnydd (Liz Saville Roberts).

In the spirit of consensus in the room on the need to tackle social mobility in Wales, I thank the Minister for what he said. Although he made the odd political dig, which of course he is not famous for, he knows there is more to do at all levels of government, including local government, which must play a part in the Welsh and UK context.

I thank Members for their contributions. I look forward to UK Government Ministers trying to address the issues of social mobility under the functions that are still reserved to the UK Government, while we continue on all sides to try to improve and be aspirational for our young people in our constituencies up and down Wales.

*Question put and agreed to.*

That this House has considered social mobility in Wales.

## Blue Belt Programme: Marine Protected Areas

4 pm

**Mr Philip Hollobone (in the Chair):** We now come to an important debate on the Blue Belt programme. I should advise the Chamber that we expect a Division imminently, in which case I shall have to suspend the sitting for 15 minutes.

**James Gray (North Wiltshire) (Con):** I beg to move,

That this House has considered the Blue Belt programme for marine protection.

It is a pleasure to serve under your chairmanship, Mr Hollobone. You and I share a birthday, 7 November, although we were not born in the same year. Thank you for undertaking to chair this debate.

I am told that Sir David Attenborough's one great regret in life is that he has not done enough to protect the world's environment. Well, he does not need me or anyone else in this House to reassure him that he has probably done more than any other human being to protect the world's environment, and I cannot think of a better way of marking that contribution than the very welcome decision to name the Natural Environment Research Council's new polar research ship, to be launched next year, not *Boaty McBoatface*, as some people had predicted, but the *RRS Sir David Attenborough*. That is a fitting tribute to a very great man.

The BBC's "Blue Planet II" and Sir David's stark warnings about the threats posed to the world's oceans from over-fishing, plastics and, of course, climate change will stand for a very long time as a beacon of all that is wrong in our oceans, but it is also a clarion call for "action this day", as Churchill would have put it. It is a call to all of us in this House to do what we can to lead the world in a variety of environmental initiatives, including taking steps to protect the waters around Great Britain, Northern Ireland and our 14 overseas territories.

However, before dealing with that, it is worth noting that my right hon. Friend the Prime Minister recently reaffirmed our commitment to tackling climate change and my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs committed us to taking action on plastics in the oceans. Both those initiatives are very much to be welcomed. The Wildlife Trusts, among others, have called for the Government to develop a national marine strategy to safeguard the cleanliness and biodiversity of our own territorial waters after we leave the EU.

**Mr Barry Sheerman (Huddersfield) (Lab/Co-op):** I agree with everything that the hon. Gentleman is saying. I congratulate him on securing this debate and remind him that we recently had a long debate on marine conservation. I hope that he will join the all-party group that a number of us are setting up—it is a cross-party group—on marine conservation.

**James Gray:** I will be glad to do so. I am most grateful to the hon. Gentleman for bringing the group to my notice, although I do have one caveat, which I will come to later.

The important point about Brexit is that it must not mean a lessening of any of the environmental standards in our oceans. Her Majesty's Government

must commit to ensuring that they are all higher than would have been the case had we remained a member of the EU.

A full commitment to marine protected areas and the Government's Blue Belt programme is of course central to all that. The Conservative party manifesto for this year's general election committed us to working with the overseas territories to create a network of MPAs covering more than 2 million square miles of the waters for which the UK is ultimately responsible. That is a fantastic opportunity for us to do what is right in our own waters, but also to lead the world by example across the whole spectrum of ocean conservation.

I salute the great many people who have called for the Blue Belt programme and are active in seeking its implementation, especially my right hon. Friend the Minister here today, my hon. Friend the Minister for Universities, Science, Research and Innovation—together with his father and brother, if I may say so—and, in particular, my right hon. Friend the Member for Newbury (Richard Benyon), whom I am very glad to see here today, and my hon. Friend the Member for Richmond Park (Zac Goldsmith). They have worked incredibly hard in advocating the Blue Belt programme. As a result of it, we have already seen the UK designate new MPAs around South Georgia and the South Sandwich Islands, St Helena and Pitcairn. We are further committed to designating MPAs around Ascension and Tristan da Cunha by 2020.

As chairman of the all-party parliamentary group for the polar regions, I take a particular interest in South Georgia and the South Sandwich Islands, which sit on the cusp of the Southern ocean and Antarctica. There, the UK has a real responsibility. After all, it was largely our whalers and sealers who wrought so much of the appalling environmental damage there in the 18th and 19th centuries. They left behind something of an environmental catastrophe, particularly on South Georgia. We also have a huge responsibility because South Georgia and the South Sandwich Islands is an area of such outstanding scientific importance, both for the study of marine ecosystems and for monitoring the effects of climate change, sitting as it does on the cusp of two great oceans.

I particularly look forward, therefore, to further news on the exciting project to be called, I think, *Discovery 100*, which would result in a huge investment of private funds in the further preservation of the heritage of South Georgia, as well as its biodiversity following the enormously successful rat eradication programme over the past few years. I hope that *Discovery 100* might also make provision for international scientific research facilities on the island.

The establishment of an MPA around South Georgia and the South Sandwich Islands in 2012 and its strengthening in 2013 were important steps towards correcting the damage previously done and preventing anything similar from happening in the future. The Blue Belt programme is now driving forward efforts to establish MPAs around Antarctica, although quite rightly that has to be done through the Commission for the Conservation of Antarctic Marine Living Resources. The CCAMLR agreement is incredibly important from a conservation standpoint and is a critical pillar of the Antarctic treaty system, so we must do nothing that risks undermining it. Because the Antarctic treaty suspends

[James Gray]

all territorial claims to Antarctica, including our own claim to the British Antarctic Territory, it is only through international consensus that MPAs can be established around Antarctica, including the British Antarctic Territory.

In 2009, the UK helped secure the consensus for the first Antarctic MPA, covering an area south of the South Orkney Islands. Last year, CCAMLR agreed an MPA for the Ross Sea region, and I am delighted that, despite a few setbacks this year, the Government remain committed to working towards securing international agreement on designating additional MPAs in East Antarctica, the Weddell sea and the Western Antarctic peninsula.

**John Lamont** (Berwickshire, Roxburgh and Selkirk) (Con): As a Member who represents a coastal constituency, I well understand the importance of marine conservation, and I am very happy to support the Blue Belt programme. Is my hon. Friend aware of the Sky News Ocean Rescue campaign, which is today highlighting Antarctica and the challenges that it faces as a consequence of overuse of plastics and other pollution around the world?

**James Gray:** I am most grateful to my hon. Friend for bringing that to my notice. In his short time in the House so far, he has been assiduous in championing the interests of the oceans off his own constituency and elsewhere around the world. I am most grateful to him for that. If I may, I will come back to the Sky television programme in a moment.

There is more to be done. For example, there are—I think that my hon. Friend referred to this briefly—current debates about whether the MPA around South Georgia and the South Sandwich Islands is sufficient and whether the protections already in place could or should be further enhanced. I think that the Sky TV programme is about that. A review of the MPA is under way at the moment, with recommendations due to be published next year.

An organisation known as the Great British Oceans coalition, which consists of six major environmental conservation organisations, has said that it wants to see protection of the area around the South Sandwich Islands in particular enhanced to the fullest degree. Doing that, it argues, would help the UK to reaffirm our ambition of becoming a global leader of efforts to protect the world's oceans. It would also send a strong message to other CCAMLR members that the UK is committed to driving forward international efforts to establish MPAs around Antarctica in particular. Those are of course extremely laudable aims that broadly reflect the intent of the Blue Belt programme, and it is vital that we should not fail to capitalise on the momentum generated by “Blue Planet II”, so I am broadly supportive of the aims and efforts of the Great British Oceans coalition. We all want the UK to be a global leader in marine protection, but there is a debate to be had about how best to achieve that, particularly without disturbing the delicate CCAMLR discussions on MPAs around Antarctica.

Unlike with other overseas territories, for the past 35 years or so the UK has allowed South Georgia and the South Sandwich Islands to be covered by CCAMLR rules on fisheries management. The reason for that is

simple. South Georgia and the South Sandwich Islands lie within the Southern ocean convergence and share the same wildlife as Antarctica. South Georgia and the South Sandwich Islands are also, however, counterclaimed by Argentina—a matter that we are well aware of in this House. By allowing the islands to fall under CCAMLR, the UK is able to manage those waters effectively within the international consensus of CCAMLR. Working through CCAMLR therefore underpins British sovereignty of the waters, which seems to me to be extremely important. It also helps to foster greater international co-operation around Antarctica and the Southern ocean, and, as I mentioned a moment ago, that co-operation promotes conservation efforts across the entire white continent and its surrounding waters.

After all, since 2012 the South Georgia and the South Sandwich Islands MPA has managed the local fishery and protected globally significant wildlife very adequately indeed. There is just one small commercial fishery licensed by the UK, which amounts to no more than two vessels fishing for one month a year and taking around 60 to 80 tonnes of fish in the waters. Those two boats also supply scientific data to CCAMLR, which is no easy task. Were it not for the fact that we allow those two vessels to fish for profit in the highly regulated South Georgia fishery, it would be too expensive for them to go there and we would therefore lose the scientific data we currently provide to CCAMLR. In other words, were this fishery to be closed, as some are calling for and the coalition seems to be calling for, the UK would no longer be able to control fishing in the area as effectively.

**Angela Smith** (Penistone and Stocksbridge) (Lab): It is clear that the hon. Gentleman feels passionately about this issue, but the campaign that he refers to for the South Sandwich Islands has made it clear that a scientifically credible stock assessment is not incompatible with a fully protected reserve. Does he agree, therefore, that there is an opportunity to retain a small scientifically robust stock assessment alongside the full protection that the coalition is calling for?

**James Gray:** That is a matter that needs to be discussed, and it will be interesting to hear how the Minister responds to that point later in the debate. Of course it would be possible for the two fishery vessels to continue to do their scientific research there at the same time as there being full protection, but we have already got full protection of those waters under the long-standing MPA that is already there. I am not certain that what is proposed by the coalition would necessarily add anything to that. However, it might well undermine our ability to provide that scientific data and it might invite other CCAMLR members to say that it is not being done properly and therefore they—the other CCAMLR members—have some kind of right to do that scientific fishing research in the area. I therefore think there are downsides, as well as upsides, to what the coalition proposes. It is a delicate political decision, which the Minister might refer to in his response.

There could, therefore, be a perversity in what the coalition demand—namely, that more fish will be caught in the area as a result, rather than less. That is something that we have to be extremely careful about. There may be innovative solutions to the problem, particularly surrounding enforcement of the MPA, perhaps using



the latest satellite technology, and further discussion may well be warranted about how the UK can best protect the waters around South Georgia and the South Sandwich Islands and revitalise international efforts to increase protection around the world.

**Richard Benyon (Newbury) (Con):** I congratulate my hon. Friend on securing this important and timely debate. As I understand, one of the Foreign Office's concerns about the new larger reserve around the South Sandwich Islands is that it might result in a displaced krill fishery, but no krill have actually been caught around the South Sandwich Islands commercially for 25 years. I am concerned that those concerns have not been properly thought through, and that the opportunity to create a 500,000 sq km exclusion zone in this pristine water, with the conditions that my hon. Friend refers to, will be missed.

**James Gray:** My right hon. Friend, who knows a great deal about these matters, makes two points. One is that there will be some interference with the krill fishing, which has not actually occurred for many years. That is not one of our concerns: there is no such fishing, therefore it is not something we would necessarily be concerned about. His second point is that we might somehow be sacrificing the opportunity for this fantastic protected area. That protected area already exists under the MPA. We already have that protection for the waters around the South Sandwich Islands, and therefore I am not certain that what is being proposed would necessarily add very much to it.

My right hon. Friend mentioned the Foreign Office. I pay particular tribute to the department in the Foreign Office that runs these matters, in particular the outstandingly good Jane Rumble, who has done this work for many years and knows more about Antarctica than most of us know about anything else. I certainly do not want to be thought to be blocking efforts to enhance marine protection around South Georgia and the South Sandwich Islands, Antarctica or anywhere else in the world, but we do need to be aware of the law of unintended consequences. I think that what my right hon. Friend proposes may suffer from exactly that law—in other words, protection for the South Sandwich Islands may be the worse if what he proposes is allowed to occur.

The public reaction to “Blue Planet II” offers us one of those rare opportunities to make a real difference in the world, and that must now be seized. We must remind audiences at home and in the world of our utmost commitment to the Blue Belt programme. The Government must listen carefully to the latest proposals for the South Sandwich Islands, but they must never forget that those also form part of a bigger picture of environmental protection and marine conservation in Antarctica and the Southern ocean. The Blue Belt programme of marine protected areas around the 14 British overseas territories is world-leading. I hope that in his response the Minister will reassert our commitment to it and our determination to lead the world in the ocean protection so passionately demanded, most notably by Sir David Attenborough, and now by a fast-growing percentage of the British electorate as well.

**Mr Philip Hollobone (in the Chair):** If we have the consent of the Member in charge, we are in receipt of an extraordinarily generous offer from Her Majesty's

Government. The Minister has agreed to confine his remarks to eight minutes, which means that we have five minutes of time if anyone else wants to make a contribution. If no one wishes to take your offer, Minister, the floor is yours.

4.16 pm

**The Minister for Europe and the Americas (Sir Alan Duncan):** It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate my hon. Friend the Member for North Wiltshire (James Gray) on securing this highly topical debate. As chair of the all-party parliamentary group for the polar regions, he brings a wealth of experience on the Arctic and Antarctic, and a close interest in the health of their marine environments, as do all the other right hon. and hon. Members in the Chamber, especially my right hon. Friend the Member for Newbury (Richard Benyon), who has taken an acute interest in this issue.

I am particularly grateful for the opportunity to highlight once again the Government's Blue Belt initiative. This is one of the most ambitious programmes of marine protection ever undertaken. Of the approximately 6.8 million sq km of ocean surrounding the UK and our 14 overseas territories, we have committed to developing measures to ensure the protection of 4 million sq km by 2020. I personally announced that commitment at the Our Ocean summit in Washington in September last year, and am delighted to confirm that the delivery of the commitment is on track.

Over the past few weeks much of the country, and audiences across the world, have been engrossed in the BBC's brilliant “Blue Planet II”. Sir David Attenborough and his team have expertly shone a light on our incredible oceans and how diverse, important to the health of our planet and vulnerable they are.

**Richard Benyon:** If I may pray on some of the generous time that the Minister has offered, I just ask him to consider, as part of the very exciting Blue Belt policy, that certain problems exist not only for marine ecosystems and the species we want to see recover, but for the people who live on the islands and on whose support we depend. In particular, in Ascension Island there are very real difficulties with the prosperity of that community as a result of the failures to make the runway safe for use. Can my right hon. Friend the Minister assure us that investment is being made in Ascension Island? That will ensure that the people of that island can really support the marine protected area because they have a viable existence on the island.

**Sir Alan Duncan:** Air access to Ascension Island resumed on 18 November, and a monthly air service has begun to and from neighbouring St Helena. Most workers on Ascension are from St Helena; as a Minister for the Department for International Development, I was largely responsible for building the airport there, which I am pleased to say now works. Employers on Ascension confirm that the monthly air service meets their current needs.

To return to “Blue Planet”—I risk being pressed for time if I do not get through what I need to tell the House—the series highlighted the many pressures that we are putting on our oceans, including the scourge of plastic waste, the unpredictable effects of global warming and atmospheric pollution and the danger of overfishing.

[*Sir Alan Duncan*]

Many of those challenges—perhaps most of them—must be addressed at the global level, and the UK will play a full and active leadership role in that work. Yet there is also good evidence that establishing well designed, effectively managed and properly enforced marine protection measures can help parts of the ocean withstand some of those pressures.

Our Blue Belt initiative is committed to doing just that. We have already declared large-scale marine protected areas in five of our overseas territories—St Helena, Pitcairn, the British Indian Ocean Territory, South Georgia and the South Sandwich Islands and the British Antarctic Territory, representing a total of 2.9 million sq km, or more than 40% of British waters. Of this, 1.5 million sq km, or more than 20% of our waters, are now designated as highly protected and closed to all commercial fishing.

**Kerry McCarthy** (Bristol East) (Lab): At this point I feel obliged, as I always do when “Blue Planet” is mentioned, to say that the BBC natural history unit is based in Bristol and does tremendous work. The Minister touched on the issue of plastic pollution. Is he aware of the recent study by the University of Hull and the British Antarctic Survey, which found that plastic pollution in the Antarctic was five times as bad as predicted? To deal with the problem, it is not enough to create marine protected areas; we must do much more to tackle the problem of microplastics at source.

**Sir Alan Duncan:** I fully accept what the hon. Lady says. We are focusing primarily on fishing in this debate, but the issue of plastics is of growing significance, and I hope that tackling it can be a cross-party endeavour. It is not a party political issue; we all want the same objectives, and the more that we work together across the party divide with one loud voice for the United Kingdom, the better we can make improvements for the world.

To return to what I was saying, we are not stopping with the efforts that I just described. Two further overseas territories, Tristan da Cunha and Ascension, have committed to declaring marine protection measures across their waters by 2020. Working with our two main Blue Belt delivery partners, the Centre for Environment, Fisheries and Aquaculture Science and the Marine Management Organisation, we have been supporting those territories to ensure that each marine protection regime is well designed, managed, monitored and enforced. Each territory has its own unique environment and particular needs, so there is certainly no one-size-fits-all solution. Each territory must feel a sense of involvement and ownership if we want the Blue Belt to be a lasting legacy.

The Blue Belt is already delivering results: for example, real-time analysis of satellite data has helped build intelligence on illegal fishing and inform long-term enforcement solutions. Overseas territory Governments have received advice and support to strengthen fisheries legislation and licensing and enforcement regimes. Targeted scientific cruises have been undertaken or are planned to assess biodiversity and analyse fish stocks. Also, links between the territories and appropriate regional fisheries management organisations have been strengthened.

**Mr Sheerman:** The Minister has another five minutes so can I ask him, as he is an influential member of Government, to ensure that we have the right resources and investment in the research that is desperately needed to tackle the problems that he just mentioned?

**Sir Alan Duncan:** The hon. Gentleman has hit on an important point. It is not just about being in these areas; it is about what we do while we are there. The scientific effort that we make, in which we are a world leader, is important to preserve; I had a meeting about it this very morning.

Of course, as with any Government initiative, we are not immune to critics. While watching “Blue Planet”, many Members of this House will have received direct tweets and messages encouraging them to sign up to the Blue Belt charter, or “back the Blue Belt”. I am delighted that in this debate, we have demonstrated the broad cross-party consensus on the importance of protecting our marine environment.

Although the Blue Belt Charter mainly includes already-announced Government commitments, it also focuses on the designation of large-scale no fishing areas. That is not always the most appropriate or most effective approach. We are also not willing to sacrifice the livelihoods and wellbeing of those in our overseas territories who depend on a healthy fishery, as my right hon. Friend the Member for Newbury (Richard Benyon) mentioned a moment ago.

The charter includes a call for the South Sandwich Islands in the far south Atlantic to be designated a complete no-take marine reserve. Those waters are already part of a marine protected area declared in 2012, which includes some of the strictest fisheries management rules in the world. The UK is proud of its effective management of South Georgia and the South Sandwich Islands; since the bleak outlook of the 1970s and 1980s, caused by significant over-fishing, the territory is now internationally recognised as having one of the best-managed fisheries in the world.

It might seem, as was said earlier, counter-intuitive to argue against a total ban on fishing when our objective is to protect the oceans. However, sometimes a small footprint of extremely well managed and controlled fishing can help safeguard waters against illegal incursions and provide valuable scientific information about the health of the wider ocean. Simply prohibiting fishing in one area, only to see vessels concentrate somewhere else, is not always the most appropriate conservation approach. Let me reassure the House that we are by no means complacent on this issue. We do not wish to see a return to illegal fishing in our waters.

Given the campaign for a complete closure of the South Sandwich Islands fishery, we are urgently considering it, including through consideration of the scientific advice prepared for the current five-year review of the existing MPA. We are also assessing what implications such action would have for the UK’s leadership role within the Commission for the Conservation of Antarctic Marine Living Resources, within whose remit the waters of South Georgia and the South Sandwich Islands lie.

**Angela Smith:** The information that we have on krill stocks is that the quota given is 130% above the scientifically advised level. Surely there is no real case to make for the displacement of fisheries.

**Sir Alan Duncan:** That is exactly the kind of expert advice that we are assessing at the moment. We want to ensure that any policy decision is founded on scientific advice of the highest possible quality and a sensible understanding of possible unforeseen consequences in the practical world, so that we can bring all the threads together to take the most responsible decision. As I said earlier, there are no party politics involved. We just want to do what is good for the world, the waters and the islanders, and what is good for conservation and the preservation of our planet.

I am proud that this Government have been in the vanguard of marine protection. We recognise our essential role as custodians of one of the largest marine areas on the planet, and we understand the importance of protecting our oceans, as well as the magnitude of the challenge. Our commitment to delivering on the promises that I made in Washington last year is absolutely steadfast and enduring. I am grateful for the support of those who have engaged in this debate, and I hope that we can all work together for a better planet in the years and decades ahead.

*Question put and agreed to.*

**Mr Philip Hollobone (in the Chair):** Would those Members who are inexplicably not staying for the next debate please leave quickly and quietly?

## Childcare for Fostered Children

4.30 pm

**Lisa Nandy (Wigan) (Lab):** I beg to move,

That this House has considered childcare for fostered children.

It is a great pleasure to serve under your chairmanship in this important debate, Mr Hollobone. In September, the Government extended free childcare for three and four-year-olds. The policy, which was widely welcomed, applies to all children whose parents work more than 16 hours a week and earn less than £100,000 a year—all, that is, except foster children, who are the only group of children excluded in this way.

When we ask any child what matters most to them, they tell us that it is their family and friends. A decade of working with children in care before I was elected to Parliament taught me that protecting and nurturing relationships is everything for them. The Fostering Network has already learned of children who have lost their nursery places as a result of the policy, because when they went into care they were no longer entitled to the additional funding. For so many children, their wider relationships with trusted adults and friends in a familiar setting are what sustains them most at the most difficult time in their lives. It is unthinkable that we should allow a policy that destroys those relationships to continue.

**The Minister for Children and Families (Mr Robert Goodwill):** At the risk of being a spoiler, may I let the hon. Lady know that she will hear what she wants to hear when I make my speech?

**Lisa Nandy:** It is not very often that I am speechless, but I am extremely pleased to hear that. My hon. Friends and I will await the Minister's speech with great interest.

The Government's policy has created a terrible disparity. Under the scheme, foster carers have been able to claim for their birth children but not for the foster children in their care, meaning that of two children growing up in the same household, one can attend nursery and one cannot. A common thread running through the stories that children tell about the pain of growing up in care is the feeling of being marked out as different from other children. The exclusion of foster children from the scheme enshrines that difference and discrimination in Government policy. As the Chair of the Select Committee on Education, the right hon. Member for Harlow (Robert Halfon), has rightly said, that is indefensible.

**Ruth George (High Peak) (Lab):** My hon. Friend is making an excellent argument. Does she agree that one of the serious problems with the exclusion of foster children from the scheme is the impact on relationships within a family, between the foster child and the other children? The foster child may get to spend more time with the parent, which can exacerbate tensions with the other children.

**Lisa Nandy:** My hon. Friend makes a powerful and important point about the problem with treating foster children as different from other children in a family unit. I know she is very aware of the issue as a result of her previous experience and her constituency work.

[*Lisa Nandy*]

For children who have experienced trauma and upheaval, the early years are critical. Some children's best interests are served by being at home with their foster carer, but others—particularly those who have had limited social interaction—absolutely thrive around other children of the same age. The Children Act 1989 makes it very clear that a child's best interests must be the primary consideration in all decisions affecting them. At the moment, the policy simply does not meet that test.

One foster carer from Norwich expressed it very well when he said that

“we currently foster the youngest two siblings from a large family. They came from a chaotic background where their only examples of behaviour and relationships with peers were those experienced in a very poor home environment. The youngest is now attending Pre-School, but anything over 15 hours has to be funded by ourselves, whereas a child from any other home would have 30 hours free. It is essential that he experience as much contact with his peers as he can comfortably manage, to enable him to learn how to behave appropriately before he starts school in September next year. To this end we are increasing his hours at our expense over the next few months which eats into the allowance we receive to feed, clothe and generally look after him.”

Such hardship is a common story among foster carers, as the GMB has highlighted. Foster carers are under immense financial pressure; barely 10% earn the equivalent of the national living wage.

**Thelma Walker** (Colne Valley) (Lab): Given that only 10% of foster carers earn the national living wage, does my hon. Friend agree that excluding them from the 30 hours of free childcare seems only to reinforce the spiral of poverty that many of them face?

**Lisa Nandy:** My hon. Friend is absolutely right to raise that point. As my hon. Friend the Member for High Peak (Ruth George) pointed out, we need to think about the impact not just on the foster child, but on the other children in the family. When the Earl of Listowel, a great champion for children, raised the issue in the other place, the then Minister Lord Nash said:

“The local authority must provide a fostering allowance which covers the full cost of caring for the child. For this reason, foster carers are not eligible for additional support through tax-free childcare or child tax credits for children who have been placed with them.”—[*Official Report, House of Lords*, 1 July 2015; Vol. 762, c. 2124.]

The Government are right that foster carers are eligible for a national minimum fostering allowance that covers food, transport, clothing, toiletries and other items such as furniture. However, having been among those who lobbied the last Labour Government for the introduction of that allowance, I can tell the Government that it does not contain any element that covers childcare.

In any case, as The Fostering Network points out, around one council in seven pays a rate that is below the national minimum. Its report, “State of the Nation's Foster Care 2016”, found that the proportion of foster carers who believe that their allowance is sufficient to cover the costs of fostering has halved in recent years. It told me that

“when we asked this question two years ago 80 per cent of respondents felt their allowances did cover the costs of fostering. In 2016 this figure has fallen sharply to only 42 per cent.”

That starkly illustrates the point made by my hon. Friend the Member for Colne Valley (Thelma Walker).

The situation for “family and friends” carers, particularly grandparents, is very stark. Hardship is a real issue for many families. One family in my constituency recently faced a heartbreaking choice when their sister died: they had to choose between experiencing real hardship or seeing their two children taken into care and probably placed quite far away from their school, losing all the relationships that matter.

**Melanie Onn** (Great Grimsby) (Lab): Has my hon. Friend considered the effect of the policy on the nearly 9,000 children who are in kinship foster care of the kind that she has described? Kinship foster carers do not have the luxury of assessing their finances before they decide to foster; keeping the child in the family is not a choice, but a necessity. Childcare is really important to them. Does she agree that the policy is particularly unfair on the children?

**Lisa Nandy:** I could not agree more. The policy is particularly difficult for the family I have been supporting back in Wigan, because all the other siblings who might take care of the children face exactly the choice she describes.

As Edward Timpson—the former Conservative Minister for Children, Schools and Families, who I rated very highly—wrote recently, foster carers who need it should be

“offered flexibility and support to enable them to combine fostering with other work.”

There is a precedent for foster carers to receive additional support, although the Minister has previously suggested that they were not eligible for it. For example, foster carers in receipt of universal credit can claim free school meals for the children they foster, so it is wrong to suggest that there is no way round the problem. With record numbers of children in care—The Fostering Network estimates that we need to recruit more than 7,000 additional foster carers to meet children's need—the Government are instead pursuing a policy that will make the situation worse, leaving more children stranded in unsuitable placements or forced to leave their siblings or grandparents behind because no local placements are available.

For some of the most vulnerable children in this country, the human cost of that oversight is beyond measure. What makes it even more difficult to accept is that the state is their corporate parent; we hold collective corporate responsibility for them because their parents cannot or will not be responsible. No parent would allow their children to become an afterthought in critical decisions that affect them or to remain unresponsive to their needs or best interests, and quite simply we should not do so either. For that reason I warmly welcome—

4.39 pm

*Sitting suspended for a Division in the House.*

4.55 pm

*On resuming—*

**Lisa Nandy:** As I was saying, for that reason I warmly welcome the Education Secretary's statement that Ministers are “actively looking at” the issue, and I particularly welcome the Minister's intriguing intervention during my opening remarks. In his response to my written

questions, the Minister rightly reaffirmed the Government's commitment to promoting the best interests of the child and told me that he will

"work with local councils, fostering service providers and others in the sector to ensure we get the balance right."

When he responds, will he tell us whether he still intends to consult on the policy and, if he does, whether it will be a formal consultation that includes The Fostering Network and other fostering organisations?

If the Minister does intend to consult before making a further announcement, will he commit to beginning the process in January and to ensuring that it is not delayed by the foster care stocktake? Will he also give us a commitment that it will have concluded with a view to implementation at least by September, so that foster children do not have to face another year of exclusion from the policy? Does he intend to amend the legislation and, if not, will he commit to putting in additional funding now? Suggestions for how that might be achieved have been proposed by a number of different organisations and Members of Parliament, so will he commit to considering those? Given the problems that the overall scheme has faced, will he heed the concerns of the National Day Nurseries Association and ensure that the funding provided is sufficient to meet the true costs of the scheme?

Finally, the Minister in the other place said in a written answer in November:

"As of March 2017, there were 3,030 three and four year olds looked after in foster care and subsequently excluded from receiving the 15 additional hours of free childcare."

Given the relatively small number of children and the fact that not all of them would take up the offer, does the Minister accept that the cost of righting this wrong is relatively low but that the cost of not doing so for foster children is far, far too high?

4.58 pm

**Jim Shannon** (Strangford) (DUP): It is a pleasure to speak in the debate, Mr Hollobone. I congratulate the hon. Member for Wigan (Lisa Nandy) on securing the debate and on enabling us all to make a contribution if we so wish—I clearly wish to do just that.

I am pleased to see the Minister in his place and to have heard his early concession—if that is what it was—to the hon. Member for Wigan. We will wait to hear what he has to say at the end of the debate, but I am sure, as is always the case, that he will be most helpful to us, the Members of this House.

This is a worthy debate, and one to which I certainly wish to contribute. I am the proud grandparent of the most beautiful little girls in the world—Katie who is eight and Mia who is three. Thankfully, they do not look anything like me; they are lovely young girls and will have probably all the boys in my part of the country chasing them when the time comes. When I look at those feisty little girls, who take no nonsense from anyone and are so wise for their age, I am thankful for the home life they have, which sees them so well adjusted. That is something we are very thankful for; indeed, all of us, as parents, would be thankful for that. I am so very aware that not all children have that stability, and I believe it is our duty to do the best we can to intervene here, which is why the hon. Member for Wigan has introduced the debate.

I want to place on record, if I may, Mr Hollobone, some remarks about Northern Ireland. I understand very well that this is an England-based debate, but I want to have on the record where we are on foster care in Northern Ireland. The hon. Member for Colne Valley (Thelma Walker), sitting here on my left, made representations to the Backbench Business Committee to ask for a debate on foster issues, and we look forward to contributing to that debate in the new year.

While I understand that this is clearly an England-based debate, as the childcare hours apply only in England, I want to set the scene in terms of need in our society. In Northern Ireland 2,212 children were living with foster families on 31 March 2016. That is nearly nine tenths—some 88%—of the 2,500 children looked after away from home. There are approximately 2,095 foster families in Northern Ireland. The Fostering Network estimates that fostering services need to recruit a further 200 foster families in the next 12 months. That could be dealt with in answer to the hon. Lady's debate, and we look forward to that.

In England, 53,420 children were living with foster families on 31 March 2017. That is nearly four fifths of the 68,300 children looked after away from home. There are 44,625 foster families in England. The Fostering Network estimates that fostering services need to recruit a further 5,900 foster families in the next 12 months. The hon. Member for Wigan mentioned a figure of 7,000. The figures I looked at were slightly different, but whether it is 5,900 or 7,000, it clearly tells us one thing: there are not enough foster families.

You may wonder why I am raising the issue of foster care places and need, Mr Hollobone. If good, hard-working people who worked two jobs and had love in their hearts but not necessarily the time to be there straight after school and so on could access childcare places, we may well find more people were able to foster. They could do their day's work like so many other families and offer support and help to children who need it. That is how I see it, and it is what my contribution will focus on. I hope it will support what the hon. Member for Wigan said, what every one of us will say in our contributions and what the Minister will say in his response.

Many of these children crave the routine that living in a busy functioning household entails. While some people may believe that their normal working hours may preclude them from providing a loving home for a child, that is not the case. When my two grandchildren come to our house—I am not there all the time to see them—it is great because at 7 o'clock we can give them back. It is fantastic. It is one of the wonders of being a grandparent. We get all the fun, but when they get a bit rowdy or tempestuous at night when it is time to go to bed we can return them to their mum and dad with great pleasure. When my wee girls come, they love the busyness of the house. They love the fact that their grandmother and perhaps their grandfather are busy around the place. Whatever we are doing, they want to help. If I am doing repairs in the workshop, they want the hammer. That is not a good thing, but sometimes they want to have a hammer in their hands. I am always very careful with what they are doing. It is that busyness that they want. I believe in my heart that young people want to be part of a busy functioning household.

[*Jim Shannon*]

The hon. Member for Coventry South (Mr Cunningham) asked the Secretary of State for Education about the extension of additional child care hours to foster carers—I spoke to the hon. Gentleman beforehand and told him I was going to mention this—and I was heartened to learn that the Department is minded to consider that extension. I hope that the Minister will tell us that, too. I add my voice to the calls of my colleagues and ask for consideration of the benefit that the extension could produce, with more people willing to add a foster child into their family while being able to work part-time and keep their career in place.

In 2015, only one in 10 mothers were able to be a stay-at-home mum and only one in 100 fathers were able to stay at home. The family has changed and more people need to work, but we need to ensure that those who have the ability and desire to foster children in a warm and loving home are not put off by worrying about needing to put the child into some form of day care. That does not mean they are unable to meet the needs of the child. As long as there is a routine for children, I believe that the scheme and change to childcare that the hon. Member for Wigan clearly outlined could encourage more people to realise that they can have it all.

**Mr Philip Hollobone (in the Chair):** I call Thelma Walker.

**Thelma Walker** *indicated dissent.*

**Mr Philip Hollobone (in the Chair):** The hon. Lady's name is on my list, but she does not have to speak; it is not obligatory.

We now come to the Front Benchers. The guideline limits are five minutes for the Scottish National party, five minutes for Her Majesty's Opposition and 10 minutes for the Minister, but we are well ahead of time. As long as those guidelines are not hugely abused, I think the Front Benchers can speak for as long as they are comfortable speaking.

5.4 pm

**Carol Monaghan** (Glasgow North West) (SNP): It is a pleasure to serve under your chairmanship, Mr Hollobone, especially when time limits have been removed. I congratulate the hon. Member for Wigan (Lisa Nandy) on securing this important debate, but also on the tireless work she has done in this House in highlighting the need for foster parents and the needs of foster parents. We are now eagerly awaiting the Minister's comments, because it appears that he may have an early Christmas present for her—that is something we would all enjoy.

The hon. Member for Strangford (Jim Shannon) spoke about his role as a grandparent, but he also spoke about his grandchildren growing up in a nurtured and loving household, and that is what we would wish for every child, whether they are in the care system or live in their own home. Fostering makes up an important part of the care system. When families are in crisis, fostering can offer the stability needed to keep a child's life on track. At present, the system puts very little investment into foster families and depends on people being willing to make financial sacrifices to take a child into their

home. It can also require career sacrifices, as many children who go into care often have high needs that mean a foster parent must reduce their hours of employment to cater for them, but this form of care is far more cost-effective than other types of care. Foster parents in a loving foster home can provide many great benefits to the young person as they go through life, but they require some help to carry on with their vital duties.

As the hon. Gentleman said, this debate is about childcare in England. The situation is different in Scotland, but I will keep my comments to England. Many have concerns that foster children are exempt from the extra 15 hours of free childcare for three and four-year-olds. That childcare can make a vast difference to their life chances and in reducing educational inequalities. The CEOs and directors of 13 child welfare charities have written to the children's Minister to ask for the policy to be reconsidered. The charities also say that grandparents and others who foster members of their own families would particularly benefit from access to the additional 15 hours a week of childcare, as would long-term carers.

The hon. Member for Great Grimsby (Melanie Onn) is no longer in her place, but she mentioned the importance of kinship carers. That is recognised, but it is often overlooked. We also have people fostering on extremely tight budgets, and they need all the help they can get. There is no reason for foster families not to receive the same level of support as any other family.

A survey by The Fostering Network this year found that the majority of foster carers across England are unpaid or underpaid. The hon. Member for Wigan has already mentioned that only one in 10 was reported to receive the equivalent of the national living wage for a 40-hour week, and we know that fostering takes far more time than those 40 hours. On top of that, fees charged by nurseries have risen in recent years. That makes it extremely difficult for people to consider fostering as an option. There are people who would make excellent foster parents who cannot take in children in need. That has a great impact on young people's life chances.

I want to talk a little about the bedroom tax and its impact. In Scotland, all social housing tenants are exempt from the bedroom tax due to mitigation by the Scottish Government, but it must still be paid across England. It disproportionately affects foster carers because, by nature, those planning to foster a child must have a spare bedroom in which to house them.

**Lisa Nandy:** I am grateful to the hon. Lady for raising that outstanding issue, which many foster families face. In my view, the problems with the bedroom tax were created because too often looked-after children are simply invisible when it comes to policymaking; they are an afterthought. Would the hon. Lady welcome hearing the Minister's views on how we can make sure that when decisions are taken that may affect this group of children, by not just the Department for Education but other Government Departments, they are considered first, so that we do not have to constantly keep trying to put the situation right afterwards?

**Carol Monaghan:** The hon. Lady speaks with great experience and insight on this matter. We see here how a policy area can have a great impact, sometimes unintended, in another area. The issue for these young children is

that potential foster carers—people who desperately want to play a part and certainly have the skills and experience that would make them ideal—simply are not able to consider it. It has put many eligible people off the idea of fostering, and I would welcome the Minister's comments on that aspect.

The other area where this policy does not work in reality is where children requiring foster care have brothers and sisters in the same situation. Exemptions for single spare rooms mean that siblings are needlessly split up across the care system. That is in nobody's interest, least of all the child's.

I look forward to hearing what the Minister has to offer today. It is an opportunity to right something that was—I will be generous since it is Christmas—unintentionally written into policy. The Minister now has the opportunity to right that and do the best he possibly can for the children who need the best out of the care system.

5.12 pm

**Tracy Brabin (Batley and Spen) (Lab/Co-op):** It is an honour to serve under your chairmanship, Mr Hollobone. I thank my hon. Friend the Member for Wigan (Lisa Nandy) for securing this debate, and I pay tribute to my hon. Friends the Members for High Peak (Ruth George), for Great Grimsby (Melanie Onn) and for Colne Valley (Thelma Walker), and the hon. Members for Strangford (Jim Shannon) and for Glasgow North West (Carol Monaghan), and thank them for their contributions. I wait with bated breath for the expansion of the Minister's initial comments; without confirmation, I will proceed as planned.

The discriminatory exclusion of fostered children from 30-hours childcare is something I and colleagues have been working on for a number of months. I am very grateful that we have the chance to raise the issue with the Minister. The 30-hours childcare policy is a flagship one for this Government, proudly spoken about by Members from Back Benchers to Prime Minister. Although my concerns regarding funding and other elements of the policy are known, it has always been clear to me that excluding fostered children from a flagship policy is cruel and unfair.

Back in September, when I first brought this discrimination to the attention of the Minister, he was clear that 30 hours should not be made available to fostered children. In fact, he told me by way of a written answer that there were existing policies in place for foster parents that should cover the full cost of caring for a child.

I am pleased that through political pressure from colleagues, as well as from the right hon. Member for Harlow (Robert Halfon) and others, we have seen the Minister's stance soften, and he has pledged to look into it—a commitment reaffirmed by the Secretary of State for Education only last week. We are looking forward to his upcoming statement.

We cannot bank on the promises of this Government. Let us take the long-awaited consultation into the future of children's centres. Announced in July 2015, it has recently been revealed that work never started and it has been kicked into the long grass, probably cancelled for good. Mr Hollobone, I am aware that I have made a slight digression, but I use it to emphasise the point that a promise from this Government is not enough.

Recently, I held a roundtable to hear directly from foster parents how the situation affects them. Keith, a foster carer, puts it much better than I can. He said, "If I had a birth child and foster child of the same age, it would be like telling them they can both go to school, but the foster child can only go for half the day." That eloquently sums up why the exclusion must be rectified.

More than 500 new child protection orders are being issued every day in England. We have more children in care since the 1980s. Some of them have experienced things we could not wish on anyone, let alone a child under the age of four. Fostered children often have complex needs and have all experienced some element of trauma in their lives. Good-quality childcare can be transformative. Sadly, of those children, 3,030 fostered three to four-year-olds are not eligible for the 30 hours of free childcare. Of course I am not saying that more hours will be the very best for every child; I am simply advocating putting the choice into the hands of those who know best and have the interests of the child at heart—the foster parents.

I have been shadowing the Minister for some months and he seems to be a great believer in decision making by others. If someone were to look through our exchanges, they would see him advocating and deferring to the decision-making powers of local authorities, nurseries and parents. Oddly, on this one, he thinks the Government know best, not our incredible foster parents. They are people who give so much: a stable home and the opportunity to thrive to children who might not otherwise have that chance. As we know, foster parents do not give so much for financial reward. Only one in 10 receive the equivalent of the minimum wage and, for many, paying for extra hours at nursery is simply not an option. Children, often the most vulnerable, being looked after by hard-working foster carers, should not be discriminated against.

My message to the Government is a simple one. This exclusion of fostered children is not fair on foster parents, it is not fair on children and it is not fair to delay any longer. I know the Minister is a proud, straight-talking Yorkshireman. As a proud, straight-talking Yorkshirewoman, I say to him to please think again. I really look forward to his closing remarks and ask him to end the exclusion today.

**Mr Philip Hollobone (in the Chair):** The moment we have all been waiting for. I call the Minister.

5.17 pm

**The Minister for Children and Families (Mr Robert Goodwill):** Thank you, Mr Hollobone. I congratulate the hon. Member for Wigan (Lisa Nandy) on securing this debate on the vital issue of ensuring that foster carers and families with small children have access to high-quality, affordable care. I expect there will be time for her to make some closing remarks when I conclude.

First, let me be clear that children in foster care should have access to the same support and opportunities that all children have. Our ambitions for children and young people during and after being looked after are the same as for any other child: that they have access to good health and wellbeing, fulfil their educational potential, build and maintain lasting relationships and participate positively in society. The role of the foster carer is central to achieving those high ambitions for the children in their care.

[*Mr Robert Goodwill*]

Around three quarters of looked-after children are in foster care. Fostering provides stability, a home and an alternative family. I have heard at first hand how children and young people in foster care want to feel part of a family and have a normal family life. We need to support foster carers and local authorities in a way that achieves that.

To meet the diverse needs of all looked-after children, we need to ensure that there is a wide pool of high-quality foster placements. Foster carers play a vital role in supporting some of our most vulnerable children, as we have heard, and this Conservative Government are committed to ensuring that foster carers get the appropriate recognition and support to ensure every looked-after child receives the high-quality care that they need. That includes foster carers being able to work outside their caring responsibilities if it has no impact on the child.

We have introduced the foster family-friendly employer policy, with the Department for Education leading by example in ensuring support and flexibility for its employees who foster. We have also commissioned the national fostering stocktake, a comprehensive review of the fostering system, which is now nearing completion. The stocktake is looking at a wide range of issues, including the recruitment and retention of foster carers and the support they receive, and the reviewers will report to me with recommendations this week.

Since the current exclusion from the 30-hours policy for children in foster care was brought to my attention, I have been looking at it carefully. I have instructed my officials to work up plans to allow children in foster care to take up the additional hours when it is right for the child to do so. We will work with local authorities, fostering service providers and others in the sector to ensure we implement this change in a way that promotes the best interests of the child. I will set out more detail about how we will deliver that shortly.

Many hon. Members referred to the 30 hours of free childcare, so it might be useful to give the House a short update about where we are on that. We are looking at January for the next intake.

**Lisa Nandy:** Before the Minister moves on to that very important issue, may I ask him about the timescales for this work? One of the great concerns that foster carers have is that if this is not begun immediately and implemented quickly, foster children may face another year of being excluded.

**Mr Goodwill:** We have already begun to engage with councils and The Fostering Network, and we will continue to do further work on the detail in January. We will involve fostering organisations and foster carers.

**Tracy Brabin:** Does the Minister have a date in mind for when all excluded fostered children will be able to use the 30 hours?

**Mr Goodwill:** I was just coming to that. We were planning to announce this in January, which would have given us a bit more time to do some of the preliminary work. The Secretary of State and I made the decision a couple of weeks ago that we should do this. We need to look at whether we need secondary legislation—I hope not. We also need to look very carefully at the role of

social workers, because in some instances it may not be appropriate for the child to go to a nursery or a child minder. As we have heard, some children are deeply damaged, so it is important that we look at how we involve the social workers working with those children when we make that decision. There may be a small number of children for whom it is not the best possible way forward. September is a realistic opportunity. If there are no glitches along the way, I would like to think that we will have this in place by September.

**Lisa Nandy:** I am grateful to the Minister for being forthcoming with that information and for giving way so generously. May I urge some caution in relation to the role of social workers? Foster carers are under great pressure at the moment because of the financial constraints on local authorities, and I am extremely worried that the Government will inadvertently create a system in which there is financial pressure on social workers and an incentive to ration access to a scheme to help foster children. I worked with social workers in my career before coming to Parliament, and I say that in the knowledge that the vast majority of social workers have the best interests of the child in mind. Obviously, when they have a limited pot of funding, they have to be mindful of all the children they are trying to help. It is really important that the funding for this scheme is allocated according to the best interests of the child, not on the basis of rationing at a time when resources are scarce.

**Mr Goodwill:** I hope what I said was not ambiguous. I was certainly not talking about rationing access to the 30 hours in any way. The way we fund it is to do a headcount of children in January, so social workers will not see it impact on their budgets. There may be—or there may not, depending on how the consultation and conversation turn out—some specific situations where it is not appropriate because of the child's experiences. It is important that we involve everybody, including the foster carers and the social workers, to check that it is in the best interest of the child in every case. In a small number of cases it may not be appropriate, particularly if the children have disabilities, unless the fosterers have been upskilled.

I talked to staff at a children's services department in south London last week, and they are talking about upskilling some of their foster carers to look after children with particular difficulties or disabilities. In those cases, it may be appropriate, given that those foster carers are paid over and above the allowance they are normally paid. It is a limited number of situations. This is not about excluding children from access to the 30 hours; it is about including as many children as possible and ensuring the best interests of the child are always respected.

As expected, 30 hours has been popular with parents across the country since being rolled out nationally in September. I am pleased to be able to update the House that we have published new statistics for 30 hours, which show that about 202,800 children are in a 30-hours place. That is great news, and means that tens of thousands of families are benefiting from the additional hours of childcare we have made available to them. Demand remains high as we approach the next school term. I can also update the House that, as of last week, more than 305,000 codes have been generated for the spring term,



and that 74% of them have already been checked by a provider. As with the autumn term, I expect those figures to continue to rise over the next few weeks. I ask hon. Members to encourage their constituents to take their code to their provider as soon as possible to secure a 30-hours place in the spring term.

**Tracy Brabin:** I appreciate the Minister's generosity in giving way. I, too, have just seen the data that was released today. What has been put in place to encourage parents to register and get their code by 31 December in readiness for the spring term? One of the problems we encountered was that parents were missing the deadline. With Christmas and new year coming up, it is not always going to be the priority for parents, given that it is so far in advance. Will the Minister elucidate that situation?

**Mr Goodwill:** I am happy to. There are two situations here. There are the parents whose child is already in a nursery and who need to update and renew their code. We have engaged in communication, including by sending text messages to parents, to encourage them to do that. The nurseries themselves have been on the frontline of getting this to happen. Many of the children starting in January are already in paid-for places at the moment. It is very important that we continue to stress to parents that this is available to them. I am pleased that the uptake is in line with—and, indeed, exceeds—our expectations.

Hon. Members raised the issue of whether foster carers will fall foul of the spare room subsidy, as we like to call it on this side of the House. Foster carers are permitted to have a spare bedroom for the year following their approval or where they have a foster child within a year. That is not something that foster carers should worry about. I hope that allays the fears of anyone who has heard that.

**Carol Monaghan:** It is useful to hear that from the Minister, but I talked about when there are siblings involved. There are sometimes two, three or four children. How will that impact foster carers if they are allowed to have one spare room?

**Mr Goodwill:** Some foster carers specifically specialise in taking sibling groups. That is taken account of, in terms of the bedrooms that are available, to allow that person to take up their fostering places.

The hon. Member for Wigan, who instigated the debate, made a point about the cost of delivery and how many would benefit. I agree that the number of children who may be eligible is likely to be relatively small, given that we are talking about three-year-olds only. It would not be appropriate in every case and we want to ensure that our discussions with local authorities, The Fostering Network and others help us understand that further. We want to move as quickly as possible to delivery, which is why we will be continuing engagement in the new year.

A very important point was made about foster carer recruitment. It is right that foster carers get the support they need to meet the needs of the children they look after, including flexibility to work when that is right for the child. As I mentioned earlier, we have introduced a foster family-friendly employer policy, and the national

fostering stocktake will look at recruitment and retention and will report at the end of the year. The message I get from social workers up and down the country is that when we look at the numbers of foster carers, we appear to be in a reasonably good position, but for certain specialisms—large sibling groups, children with particular needs or disabilities—we need to ensure that we have the foster carers in the right place with the right skills.

I will talk a little about the kinship care children, who were mentioned by one contributor to the debate. We want children in foster care to be able to take up the additional hours when it is in their best interests to do so. That may well be appropriate in kinship care arrangements with approved foster carers. However, it would not be appropriate in every case, which is why we have said that we need to do further work on how we deliver this, as in the other cases.

**Tracy Brabin:** Just to be clear, is the Minister saying that some children with kinship carers will not be eligible for the expansion from 15 to 30 hours?

**Mr Goodwill:** The point I am trying to make is that in some cases with kinship carers, as with children in foster care, it may not be appropriate for the place to be taken up. That might be as a result of particular needs or a trauma that the child has gone through, so it is important that we ensure that if the best interests of the child are served by not taking up the place, we can deal with that in different ways. Indeed, tremendous support is given to foster carers in cases where they have to deal with such specific problems—I pay tribute to the dedication of foster carers dealing with some of those very damaged and difficult-to-help children.

I am pleased to see the real impact that 30 hours is having on families' lives. For example, a parent from Bolton who is starting 30 hours from January told us:

"I applied through the online system to get my code, it was really easy to apply...I got my code straightaway. If I wasn't getting 30 hours, it wouldn't be worth me going back to work—most of my wage would've been spent on childcare."

Building on the positive findings from the early delivery area evaluations, published in July and August, I am looking forward to next summer, when the evaluation of the first year of delivery will be published to understand further the impact of 30 hours across the country.

In conclusion, as can be seen, the Government are investing in the early years to ensure that our country's children are given every opportunity to fulfil their whole potential. I am proud of how the 30 hours is transforming families' lives. Parents up and down the country are enjoying more time with their children, more money in their pockets and less stress because the 30-hours programme is cutting the cost of their childcare. I am also delighted with our ongoing work to improve the support available to foster carers. As I have said, my officials are actively working with local authorities, fostering service providers and others to ensure that children in foster care are able to take up the additional hours where it is in their best interests to do so.

5.31 pm

**Lisa Nandy:** I am very grateful to the Minister for what he has just said and, in particular, for the child-centred nature of his approach, which will reassure many people outside this place that he has the best interests of the

*[Lisa Nandy]*

child at heart. In particular, I welcome the commitment to get the matter resolved by September, the willingness to engage with The Fostering Network, social workers, local authorities and others, and his very strong statement about the intention not to ration the care, but to include as many children as possible. I was also interested in what he said about kinship care.

We will of course watch what happens next with interest. My hon. Friends and I will hold the Minister to his promises today, as I am sure he knows. Finally, I

place on the record my sincere thanks for his constructive and thoroughly decent approach to this issue and to today's debate, which shows clearly that there are many of us in this House who are capable of working across party lines in the best interests of children.

*Question put and agreed to.*

*Resolved,*

That this House has considered childcare for fostered children.

5.32 pm

*Sitting adjourned.*





# Written Statements

Tuesday 19 December 2017

## TREASURY

### European Union Opt-in Decision: Cash Controls Regulation

**The Financial Secretary to the Treasury (Mel Stride):** The UK's justice and home affairs (JHA) opt-in was triggered by three articles in a proposed regulation amending EU regulation 1889/2005 on controls on cash entering or leaving the union. In the proposed regulation, provisions in article 6 oblige member states to collect information, and those in articles 8 and 9 oblige member states to share information. The Government considered that the competence for the EU to act in these areas stems from article 87 of the treaty on the functioning of the European Union.

The Government decided that it is in the UK's interest to opt in to the justice and home affairs obligations within this regulation as the provisions strengthen the existing regulations, and will enhance border security without imposing disproportionate burdens on business. The proposed new regulation will reinforce the existing controls of cash moving across EU borders, bringing these controls in line with international norms and best practices for addressing evolving forms of criminality. Until the UK leaves the EU it remains a full and participating member. We will continue to work with the EU institutions, with the aim of ensuring that UK objectives are preserved as the negotiations progress on any compromise text.

[HCWS371]

## EDUCATION

### School Revenue Funding Settlement: 2018-19

**The Minister for School Standards (Nick Gibb):** Today I am confirming the school and early years funding allocations for 2018-19. This announcement covers the Dedicated Schools Grant (DSG), the Education Services Grant (ESG) protections for academies, and the pupil premium. This is supported by the additional £1.3 billion for schools and high needs over the next two years that the Secretary of State for Education announced in July.

As previously announced, the distribution of the DSG to local authorities will be set out in four blocks for each authority: a schools block, a high needs block, an early years block, and the new central school services block.

On 14 September, the Secretary of State for Education announced a new national funding formula for schools and high needs from April 2018. This follows the introduction of a national funding formula for early years in April 2017. This is an historic reform. The new national funding formulae will direct resources where they are most needed, helping to ensure that every child has the high quality education that they deserve, wherever they live.

The schools block has been allocated between local authorities on the basis of the primary and secondary units of funding published in September 2017.

The allocations for the high needs block have been updated with the latest pupil numbers, following the publication of provisional allocations in September indicating how much each local authority was likely to receive. The high needs block supports provision for pupils and students with special educational needs and disabilities (SEND), up to the age of 25, and alternative provision for pupils who cannot receive their education in schools.

The new central school services block which funds local authorities for their ongoing responsibilities for both academies and maintained schools has also been allocated on the basis of the latest pupil numbers, in line with September's announcement.

The early years block comprises funding for: the free early education entitlements for 3 and 4-year-olds and disadvantaged 2-year-olds, supplementary funding for maintained nursery schools; the early years pupil premium, and the disability access fund. The early years national funding formula rates for 3 and 4-year-olds for 2018-19 were published on 17 November, and today we have announced initial allocations for this block.

We will maintain the ESG protections in 2018-19 at their current rates, to protect academies from excessive changes in funding as a result of the ending of the ESG.

The pupil premium per pupil amounts will be protected at the current rates, with the exception of the pupil premium plus, which will increase from £1,900 per pupil to £2,300, as previously announced. The amounts for 2018-19 will be:

<i>Pupils</i>	<i>Per Pupil Rate</i>
Disadvantaged pupils: Primary	£1,320
Disadvantaged pupils: Secondary	£935
Pupil Premium Plus: Looked After Children (LAC) and those adopted from care or who leave care under a Special Guardianship Order or Child Arrangements Order (formally known as a residence order).	£2,300
Service children	£300

A looked after child is defined in the Children Act 1989 as one who is in the care of, or provided with accommodation by, an English or Welsh local authority.

Pupil premium allocations for financial year 2018-19 will be published in June 2018 following the receipt of pupil number data from the spring 2018 schools and alternative provision censuses. Details of these arrangements will be published on [www.gov.uk](http://www.gov.uk).

## Relationships, and Sex, Education

**The Secretary of State for Education (Justine Greening):** Through the Children and Social Work Act 2017 we legislated to place a duty on the Secretary of State for Education to make regulations requiring:

All schools providing primary education in England to teach age-appropriate "relationships education" to pupils receiving primary education; and

All schools providing secondary education in England to teach age-appropriate "relationships and sex education" to pupils receiving secondary education.

The Act also created a power for the Government to make regulations requiring personal, social, health and economic education (PSHE) to be taught in all schools. It is already compulsory in all independent schools.

I am today launching a call for evidence to gather the views of teachers, parents, and most importantly, young people to help us shape relationships education in primary school and relationships and sex education in secondary school. Our aim is to help our young people to stay safe and be better prepared to face the challenges of the modern world.

The current statutory guidance for teaching relationships and sex education was last set in 2000. It needs updating to reflect today's world as it does not address risks to children that have emerged over the last 17 years, including cyber-bullying, "sexting" and staying safe online. The call for evidence will invite views on age-appropriate content that builds young people's knowledge and understanding over time, including:

how to recognise, understand and build healthy relationships, including self-respect and respect for others, commitment, boundaries and consent, tolerance, and how to manage conflict, and also how to recognise unhealthy relationships, addressing issues such as bullying, coercion and exploitation; understanding different types of relationships, including friendships, family relationships, dealing with strangers and, at secondary school, intimate relationships;

safety online, including use of social media, cyber-bullying, sexting; and,

how relationships may affect health and wellbeing, including the importance of good mental health and resilience.

Schools will continue to have flexibility over how they teach these subjects so that they can ensure their approach is sensitive to the needs of their pupils and, in the case of faith schools, in accordance with the tenets of their faith. Schools will ensure that parents are fully consulted on their approach. As now, primary schools do not have to teach sex education and the Government have no proposal to change this, but if primary schools do choose to teach sex education, parents will be able to withdraw their children from these lessons.

We are also seeking views on the future of PSHE. The call for evidence will close on 12 February 2018. It forms part of the wider engagement process we are conducting with the education sector and other experts to inform the development of these subjects. The engagement process, supported by our education adviser, executive headteacher Ian Bauckham CBE, will be followed by a formal consultation on draft regulations and guidance before regulations are laid in the House for debate.

[HCWS373]

## ENVIRONMENT, FOOD AND RURAL AFFAIRS

### Surface Water Management

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Dr Thérèse Coffey):** I would like to update the House on the work the Government are doing to consider the long-term arrangements for surface water management.

Following the national flood resilience review we are better prepared this winter for flooding from all sources: the Environment Agency now has 25 miles of mobile flood barriers, 250 mobile pumps and 500,000 sandbags. These flood barriers and mobile pumps are ready to go anywhere in the country. This allows us to respond rapidly and flexibly to help protect communities, homes and businesses.

The Budget announced an additional £76 million to be spent on flood and coastal defence schemes over the next three years. This boosts flood defence investment to over £2.6 billion by 2021. Our flood defence programme is protecting more and more homes across the country, and we have 100,000 homes better protected by the 350 new schemes completed in the last two years.

As well as being prepared for this winter, it is right that we look ahead to future challenges, including in relation to surface water management. Surface water flooding occurs when excessive rainfall from storms overwhelms local drainage capacities. Changing weather patterns and population growth will have impacts on the risk of surface water flooding going forward.

Local councils have clear statutory responsibilities as lead local flood authorities to manage surface water flood risks and work in partnership with other risk management authorities, including highways authorities and water companies—who have a duty to effectively drain their area. Power and communications companies also have roles in managing the risks of disruption to essential services.

In response to the commitment in the national flood resilience review to look at issues affecting surface water in 2017, we have been working across Government to consider ways in which surface water management may need to be strengthened.

We have analysed information from a wide range of sources to inform this work. For example, looking at current flooding and drainage plans, undertaking local case studies, holding discussions at national stakeholder events and working with Water UK's 21st-century drainage programme.

We also need to take account of ongoing work by the National Infrastructure Commission and the adaptation sub-committee as well as the soon-to-be published report of DCLG's review of sustainable drainage systems in planning policy. As well as reducing the risk of surface water flooding, sustainable drainage can deliver water quality, biodiversity and amenity benefits, helping to make great places to live.

Using this evidence we have identified five key actions—set out below. Proposals to support these areas will be considered by the inter-ministerial group on flooding early next year with a report outlining actions and an implementation timetable published in spring 2018.

In January 2018 my Department will co-host an event with Water UK to present our findings so far. Stakeholders will be able to contribute in shaping future actions. One of the main themes will be the collaboration of local authorities and other risk management authorities in delivering their statutory responsibilities and achieving the best outcomes for surface water management.

#### *Five action areas*

**National position:** This year Government added the risk of surface water flooding to the national risk register within the "high risk" banding. We will develop a clear national planning scenario for surface water flood risk based on plausible extreme rainfall events. This will be tested by a panel of experts who will give an independent assessment of its suitability and its application to existing surface water risk maps and national objectives.

**Effective collaborative working:** Our local case studies identified some very effective partnership working by risk management authorities. We will use the findings to work with others to build on this, including using the review of the national

flood and coastal erosion strategy to ensure best practice is shared and priorities are aligned. The work of Water UK's 21st-century drainage programme is a great start in this respect as they begin to develop over the coming months the framework for drainage and wastewater management plans. The content of these long-term plans will require exactly the kind of engagement and consultation with a range of organisations that will help foster greater partnership working and common goals and aims.

**Skills:** Our research has shown that it is important to maintain the right balance of surface water flood and drainage skills at the local level. This project has identified some particular concerns, for example in relation to drainage engineering skills as well as staff retention and succession planning. We will work with others on actions to address skills and capacity issues.

**Maps and data:** The Environment Agency is reviewing the current and future data needs for the mapping and modelling of surface water flooding. They aim to improve the availability, consistency and accuracy of data across the range of bodies involved.

**Forecasting:** The Met Office and Environment Agency are carrying out a review on how improvements in surface water forecasting and communication can be made to make the best use of the information produced across the Met Office, Flood Forecasting Centre and Environment Agency.

[HCWS368]

## EXITING THE EUROPEAN UNION

### General Affairs Council: December 2017

**The Parliamentary Under-Secretary of State for Exiting the European Union (Mr Steve Baker):** Lord Callanan, Minister of State for Exiting the European Union, has made the following statement:

I represented the UK at the General Affairs Council (GAC) meeting in Brussels on 12 December. The main items on the agenda were: preparations for the December European Council on 14 and 15 December; a follow-up to the October European Council; legislative programming, covering the joint declaration on legislative priorities for 2018-19; and the European semester, focusing on the annual growth survey.

A provisional report of the meeting and the conclusions adopted can be found on the Council of the European Union's website at: [http://www.consilium.europa.eu/en/meetings/gac/2017/12/12/Preparation\\_of\\_the\\_European\\_Council,\\_14\\_to\\_15\\_December\\_2017](http://www.consilium.europa.eu/en/meetings/gac/2017/12/12/Preparation_of_the_European_Council,_14_to_15_December_2017)

The presidency introduced the agenda for the December European Council, which included: defence; social, culture and education; migration; and external relations. I intervened to welcome the draft December conclusions as short and well balanced.

On the defence agenda item, the Council were informed that NATO Secretary-General Stoltenberg would attend the DEC to discuss EU-NATO co-operation. I intervened to emphasise the importance of EU-NATO co-operation. I also welcomed swift progress on the permanent structured co-operation (PESCO) and the attention given to the European defence industrial development programme (EDIDP).

Ministers exchanged views on the conclusions for the social, education and culture agenda item. I stressed the importance of subsidiarity in this area and noted that economic strength and the creation of jobs are the best way to deliver social protection.

Under the migration agenda item, Ministers discussed the common European asylum system (CEAS).

#### *October European Council follow-up*

Commission Vice-President Timmermans updated Ministers on the successful replenishment of the EU Africa trust fund (EUTF), which had exceeded the €110 million target set by leaders in October. Vice-President Timmermans also updated that cuts to Turkey's pre-accession funding were a reflection of political developments in the country.

#### *Legislative programming—joint declaration on interinstitutional programming*

The Council approved the joint declaration on the EU's legislative priorities for 2018-19. The priorities, which include views on annual interinstitutional programming, are due to be signed by the Presidents of the European Council, Commission and Parliament.

#### *European semester 2018—annual growth survey*

The Commission introduced the annual growth survey, which set out its priorities for action at national and EU-level over the next 12 months to support economic growth and employment.

[HCWS370]

## HOME DEPARTMENT

### Policing

**The Minister for Policing and the Fire Service (Mr Nick Hurd):** I have today placed in the Library my proposals for the aggregate amount of grant to local policing bodies in England and Wales for 2018-19, for the approval of the House. Copies are also available in the Vote Office. The Welsh Government are also setting out today its proposals for the allocation of funding in 2018-19 for local policing bodies in Wales.

The Government are committed to protecting the public and providing the resources necessary for the police to do their critical work. That is why I have visited or spoken with every police force in England and Wales to better understand the demands they face and how these can best be managed. I have met with many rank and file officers, as well as Chief Constables and Police and Crime Commissioners (PCCs). I pay tribute to the hard work of police officers up and down the country who put the safety of others before their own and help make our communities more secure.

We in Government and the police leadership must support frontline police officers and staff to ensure they have the resources, modern equipment and skills they need to deliver their responsibility to the public. To achieve this, the police funding settlement has four objectives:

- Greater public investment in both local and CT, to help the police respond to shifts in both crime and the terrorist threat.

- Empowering locally accountable PCCs to have greater flexibility to set their own local funding.

- Challenging and supporting police leaders to be more efficient, more productive with officers' time and transparent in their use of public money.

- Maintaining substantial Government investment in national programmes that will upgrade police capabilities and help them be more effective in managing extra demand.

The background to this settlement is one of a shift in the pattern of demand on police time and resources. It remains true that crime as traditionally measured by the independent crime survey for England and Wales—widely regarded as the best long-term measure of the crime people experience—is down by more than a third since 2010 and 70% since its peak in 1995.

However, we need to recognise that there have been material changes in the demands on policing since the 2015 spending review. Demand on the police from crimes reported to them has grown and shifted to more complex and resource intensive work such as investigating child sexual exploitation and modern slavery. At the same time the terrorist threat has changed. The 24% growth in recorded crime since 2014-15 comes from

more victims having the confidence to come forward and report previously hidden crimes, better recording practices by the police—both of which are to be welcomed—but also includes some concerning increases in violent crime.

The Government have listened to the police and recognised the demands they face. Between 2015-16 and 2017-18, total police funding has increased by over half a billion pounds including increased investment in transformation and technology. In this settlement, we propose to increase total investment in the police system by up to £450 million year on year in 2018-19.

In 2018-19, we will provide each PCC with the same amount of core Government grant funding as in 2017-18. Protecting police grant means PCCs retain the full benefit from any additional local council tax income. Alongside this, we are providing further flexibility to PCCs in England to increase their band D precept by up to £12 in 2018-19 without the need to call a local referendum. This is equivalent to up to £1 per month for a typical band D household.

These changes to referendum principles give PCCs the flexibility to make the right choices for their local area, and will enable an increase in funding to PCCs of up to around £270 million next year. It means that each PCC who uses this flexibility will be able to increase their direct resource funding by at least an estimated 1.6% (which maintains funding in real terms). The overall force level impact is set out at the accompanying table 1, and Home Office grant levels are set out at table 3.

The Chancellor and the Home Secretary have agreed additional Government funding for counter-terrorism policing with a £50 million (7%) increase in like-for-like funding when compared to 2017-18. This will enable the counter-terrorism budget to increase to at least £757 million, including £29 million for an uplift in armed policing from the police transformation fund. This is a significant additional investment in the vital work of counter-terrorism police officers across the country. PCCs will be notified of force level allocations separately. These will not be made public for security reasons.

We will also increase investment in national policing priorities such as police technology and special grant by around £130 million compared to 2017-18.

The funding the Government provide for national police priorities, known as reallocations, supports crucial police reform. For example, since the launch of the transformation fund last year over £200 million of funding has been awarded for modernising policing and building capability, in addition to over £200 million awarded between 2013 and 2016 for the innovation fund. For example, we are investing over £40 million in regional organised crime unit capacity to uplift serious organised crime capability including undercover online capability to tackle child sexual abuse, and £8.5 million for tackling modern slavery, to drive nationally co-ordinated action, training and assessment.

We will continue to work in partnership with the police to help build the capabilities and skills they need to meet new challenges. To support these objectives, we are providing reallocations for the following national priorities in 2018-19 (as set out at table 2):

We will maintain the size of the police transformation fund at £175 million, which we expect to support an improvement in the leadership and culture of policing, the diversity of its

workforce, protection of vulnerable people, cross-force specialist capabilities, exploitation of new technology and how we respond to changing threats.

We are also increasing funding for police technology to £495 million to support the new emergency services network (ESN), Home Office biometrics, the national law enforcement data service and the new national automatic number plate recognition service. These technology programmes will provide the national infrastructure that the police need for the modern communications and data requirements, and will deliver substantial financial savings and productivity gains in future.

We are providing £93 million for the discretionary police special grant contingency fund, which supports forces facing significant and exceptional events which might otherwise place them at significant financial risk (for example, helping forces respond to terrorist attacks). We are increasing funding in 2018-19 to reflect both an assessment of potential need after heavy demand for special grant this year, and the specific costs likely to be incurred for the policing operation at the Commonwealth summit.

Existing arm's length bodies (Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services, the College of Policing, the Independent Police Complaints Commission as it becomes the Independent Office for Police Conduct, and the Gangmasters and Labour Abuse Authority) will receive broadly the same level of funding as in 2017-18. Additional arm's length body funding reflects the need to set up a new office for communications data authorisations following clarification by the courts of the legal requirements for independent scrutiny of requests for communications intercepts.

We will also continue to pay our private finance initiative obligations, support police bail reforms, and top up national crime agency funding and regional organised crime unit grants to ensure these are maintained at flat cash, in line with police grant.

As part of the settlement for police and crime commissioners and in addition to core Government funding, we will fund the following:

PCCs in England will continue to receive grants relating to the 2011-12, 2013-14, 2014-15 and 2015-16 council tax freeze schemes. We will also provide local council tax support grant funding to PCCs in England. These will total £507 million in 2018-19. The Common Council of the City of London (on behalf of the City of London Police) and the Greater London Authority (on behalf of the Mayor's Office for Policing and Crime) will also receive equivalent funding from the Department of Communities and Local Government (DCLG).

The Metropolitan Police Service, through the Greater London Authority, will continue to receive national and international capital city (NICC) grant funding worth £173.6 million, and the City of London Police will also continue to receive NICC grant funding worth £4.5 million. This is in recognition of the unique and additional demands of policing the capital city. An additional grant of £0.9 million will be made to the Common Council of the City of London (on behalf of the City of London Police) to protect their direct resource funding in real terms as they do not raise a police precept.

PCCs will also receive capital grant of £45.9 million, which is the same amount as in 2017-18. Tables 4 and 5 set out the capital settlement.

The increase in 2018-19 funding to PCCs must be matched by a serious commitment from PCCs and chief constables to reform by improving productivity and efficiency to deliver a better, more transparent service to the public. Following my discussions with forces and Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) efficiency findings, I have three clear priorities:

Seek and deliver further cost efficiencies. I welcome the progress forces have made against the £350 million procurement savings target set at spending review 2015. However, there is



a lot more to do. We have helped to identify £100 million of potential savings in areas such as fleet, professional services and construction. Forces will need to make greater use of national procurement through lead forces to make these savings. We are providing support through the police transformation fund and we will also help establish a force-led national centre of excellence to drive down back-office costs, and make best use of estates.

A modern digitally enabled workforce that allows frontline officers to spend less time dealing with bureaucracy and more time preventing and fighting crime and protecting the public. If all forces could deliver the same one hour per officer per day of productivity benefits from mobile working as the best in a recent sample with eight forces, this has the potential to free up the equivalent of 11,000 extra officers nationally to provide the proactive policing that committed police officers want to deliver. We will work with policing to set up a specialist team to make sure all police forces have access to, and make use of, the best mobile working apps to enable forces to free up extra hours to spend at the frontline.

Greater transparency in how public money is used locally. It is necessary for police to hold financial reserves, including primarily for contingencies, emergencies and major change costs. As at March 2017 police forces held usable resource reserves of over £1.6 billion. This compares to £1.4 billion in 2011. Current reserves held represent 15% of annual police funding to PCCs. There are wide variations between forces with Gwent for example holding 42% and Northumbria holding 6%. This is public money and the public are entitled to more information around police plans for reserves and how those plans will support more effective policing. So we will be improving transparency around reserves in the new year through enhanced guidance and through national publication of comparable reserves data. HMICFRS are also consulting on plans for force management statements, which could make more information on police forces available to the public.

We will be entering into discussions with police leadership to agree milestones against these priorities that need to be achieved over 2018.

I have listened to the views of PCCs and Chief Constables, who have requested greater certainty about future funding to help more efficient financial planning. If the police deliver clear and substantial progress against the agreed milestones on productivity and efficiency in 2018, then the Government intend to maintain the protection of a broadly flat police grant in 2019-20 and repeat the same flexibility of the precept, i.e. allowing PCCs to increase their band D precept up to a further £12 in 2019-20.

I am grateful for the work of the core grant distribution review, earlier this year, which considered potential changes to the police funding formula. In the context of changing demand and following my engagement with police leaders, providing funding certainty for 2019-20 is my immediate priority. It is intended that the funding formula will be revisited at the next spending review.

Not only are we supporting the police by making sure they have enough resources but in other ways too, such as ensuring police have the full protection of the law when carrying out their duties. That is why we are supporting the Assaults on Emergency Workers Bill which will increase penalties available to those who attack emergency service workers. We are also helping frontline officers to tackle crime by making sure that officers feel able to pursue suspected criminals where it is appropriate to do so by reviewing the legislation, guidance and practice around police pursuits.

The Communities Secretary is announcing the council tax referendum principles for all local authorities in England in 2018-19, including those applicable to PCCs. After considering any representations, he will set out the final principles in a report to the House and seek approval for these in parallel with the Final Local Government Finance Report. Council tax in Wales is the responsibility of Welsh Ministers.

I have set out in a separate document the tables illustrating how we propose to allocate the police funding settlement between the different funding streams and between PCCs for 2018-19. These documents are intended to be read together.

Police grant tables can be viewed online at: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2017-12-19/HCWS372/>.

[HCWS372]

## JUSTICE

### Criminal Justice System: BAME Individuals

**The Lord Chancellor and Secretary of State for Justice (Mr David Lidington):** In 2016 the Prime Minister asked the right hon. Member for Tottenham (Mr Lammy) to chair “An independent review into the treatment of, and outcomes for, BAME individuals in the CJS”. The review made 35 recommendations for the Government to implement, and today the Government publish their response.

The Government welcome the impetus that the Lammy review brings to the debate about ethnicity and race, and would like to thank the right hon. Member for Tottenham for his thorough and incisive research on the topic. We welcome the core principles detailed in the review—transparency, fairness, and responsibility—as a framework on which policy and practice should stand.

In the response, we have clearly outlined the actions we have taken or will take in relation to each recommendation. We have also examined the review to find ideas that, while not being explicit recommendations, nevertheless warrant greater attention and action.

There are already a number of steps the Government have taken in line with the review recommendations, announced at the publication of the race disparity audit. We are already moving to publish more and better data, and will adopt a co-ordinated approach to improving data quality to determine where disparities occur and why. In addition, the Government have adopted the principle of “explain or change” to identify and objectively assess disparities, and then decide whether and how changes need to be applied. We feel this principle is particularly valuable in relation to smaller groups in the criminal justice system, such as Gypsies, Roma and Travellers, and BAME women.

On a small number of the recommendations we have indicated that we need to proceed with caution, if significant barriers exist that prevent us from implementing a recommendation as it stands. Where this is the case, we aim to be transparent about the reasons and open to change, as circumstances alter.

Beyond the review’s recommendations, we will set up governance procedures to monitor our progress driven by a Race and Ethnicity Board of senior officials, chaired at the level of director general within the MoJ.

It will update the Criminal Justice Board, of which I am chair. The Race and Ethnicity Board will consider and agree the scope and timelines for the work needed to reduce race disparities. This will include timings for the actions set out in the Government's response.

These governance structures will cover the agenda articulated by the right hon. Member for Tottenham and will contribute to the Government's wider work around tackling race disparities, and direct sustained effort to give this agenda the longevity it deserves.

[HCWS367]

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