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**HOUSE OF COMMONS**  
**OFFICIAL REPORT**

**PARLIAMENTARY**  
**DEBATES**

**(HANSARD)**

**Monday 22 January 2018**

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# HER MAJESTY'S GOVERNMENT

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(FORMED BY THE RT HON. THERESA MAY, MP, JUNE 2017)

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## OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-SEVENTH PARLIAMENT OF THE  
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND  
[WHICH OPENED 13 JUNE 2017]

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

SIXTH SERIES

VOLUME 635

TENTH VOLUME OF SESSION 2017-2019

### House of Commons

*Monday 22 January 2018*

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

#### PRAYERS

[MR SPEAKER *in the Chair*]

### Oral Answers to Questions

#### HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

*The Secretary of State was asked—*

##### **Remedial Fire Safety Work**

1. **Laura Pidcock** (North West Durham) (Lab): How much Government funding has been allocated to local authorities for remedial fire safety work as a result of the Grenfell Tower fire. [903413]

**The Secretary of State for Housing, Communities and Local Government (Sajid Javid):** The Government will consider providing financial flexibilities for local authorities to undertake essential fire safety work to make buildings safe. We have not turned down any requests for such flexibilities. Separately, we have provided funding to local authorities for the collection of data on private buildings.

**Laura Pidcock:** Before Christmas, the former Housing Minister, the hon. Member for Reading West (Alok Sharma), revealed that 36 local authorities had contacted the Department about work to secure fire safety in tower blocks, but none of them have received any financial help so far—why not?

**Sajid Javid:** Let me update the hon. Lady. My records show that the number of authorities is still 36. We have requested further information from 10 of them, and four have provided it. As I said a moment ago, however, we are ready to provide any local authority with whatever financial flexibilities are necessary to ensure that all essential fire safety work is done.

**Andy Slaughter** (Hammersmith) (Lab): How are local authorities or other landlords to know what steps to take to ensure that there is adequate fire protection when the relevant building regulations are 11 years old and no review of them has yet commenced?

**Sajid Javid:** Perhaps the hon. Gentleman was not in Parliament last year when the Home Secretary and I asked for an independent review of all building regulations by Dame Judith Hackitt. Just a few weeks ago, in the House, I presented the findings of her interim report, the recommendations of which we accepted in full.

**James Gray** (North Wiltshire) (Con): Grenfell Tower is seared in all our memories, and of course we must do whatever we can. I very much agree with what was said by the hon. Member for North West Durham (Laura Pidcock)—I hope I can call her my hon. Friend—but am I not right in thinking that if a local authority runs out of funds for fire protection measures, a trigger mechanism allows them to spend more, beyond their normal restraints?

**Sajid Javid:** First, I can tell my hon. Friend that I am not sure that the hon. Member for North West Durham (Laura Pidcock) is his hon. Friend. As for his question, mechanisms do exist, and we have gone further by saying to local authorities that if there are certain flexibilities that they need, they should contact us, and those flexibilities will be provided.

**John Healey** (Wentworth and Dearne) (Lab): My hon. Friends the Members for Denton and Reddish (Andrew Gwynne), for Rochdale (Tony Lloyd) and for Oldham West and Royton (Jim McMahon) are absent

to pay tribute and respect to Kieran Quinn, whose funeral is taking place this afternoon. He was the leader of Tameside Council, which was council of the year in 2016. Our thoughts and condolences are with his family and friends today.

I welcome the new ministerial faces to the Department with a new name, but what the country really needs are new policies to fix the growing housing crisis. More than seven months on from the Grenfell Tower tragedy, how many tower blocks with the same dangerous cladding have had that cladding taken down and replaced?

**Sajid Javid:** I join the right hon. Gentleman in extending my condolences to Kieran Quinn's family and friends on what will certainly be a very difficult day for all of them.

According to my figures, which I think are accurate up to 10 January, 312 buildings have been tested, of which 299 have not passed the test. The cladding on a number of buildings has started to come down and is slowly being replaced. We are anxious to ensure that there is enough capacity in the industry to meet the extra demand that it is now experiencing, and we are working on that with both the industry and my right hon. Friend the Business Secretary.

**John Healey:** I wonder whether the Secretary of State has read the update that his Department issued this morning. The number of tower blocks with the same dangerous flammable cladding that has been taken down and replaced—more than seven months on from Grenfell Tower—is three. How has it come to this? Seven months on from Grenfell, only one in four families who are Grenfell survivors has a new permanent home. The Government still cannot confirm how many other tower blocks across the country are unsafe. Ministers still refuse to help to fund essential fire safety work when they know that blocks are dangerous. The Secretary of State is sitting back and letting individual flat owners, rather than landlords and developers, pick up the full costs for private tower blocks. The Secretary of State must know that that is not good enough. What new action will he take to sort out these serious problems?

**Sajid Javid:** The right hon. Gentleman will know, because he shares this view, that the No. 1 priority for buildings safety following the Grenfell Tower tragedy is to ensure that anyone living in any tower that might have similar cladding feels completely safe and that those buildings are properly tested. If anything is found before that cladding can be taken down and replaced, which will of course take time, we must ensure that adequate measures such as 24/7 fire wardens are put in place, on the advice of the local fire and rescue service. That is exactly what has been done in every single case. The right hon. Gentleman also asked about private sector tower blocks and the cost of any remedial work that is needed. I have made it clear in the House and since our last oral questions that, just as social landlords are picking up the tab for those changes, and whatever the legal case might be in the event of a private relationship, the moral case is clear: the tab should be picked up by the freeholders of those properties.

**Several hon. Members** *rose*—

**Mr Speaker:** Order. These are extremely important matters, but we need to speed up a bit because we have a lot of questions to get through.

## Housing First

2. **Michael Tomlinson** (Mid Dorset and North Poole) (Con): What progress has been made on piloting the Housing First approach to tackling homelessness.

[903414]

**The Secretary of State for Housing, Communities and Local Government (Sajid Javid):** In the recent Budget, we announced £28 million to pilot Housing First for some of the country's most entrenched rough sleepers in the west midlands, the Liverpool city region and Greater Manchester. We are continuing to work with the pilot regions to refine the scope and design, ready for launch later this year.

**Michael Tomlinson:** Ahead of the commencement of the Homelessness Reduction Act 2017, will the Secretary of State join me in praising the work of Routes to Roots, a local charity that helps homeless and vulnerably housed adults in Poole?

**Sajid Javid:** First, let me thank my hon. Friend for the role that he played on the Bill Committee in getting that legislation on to the statute book. It will help to prevent homelessness in Poole and elsewhere. I agree that there is a lot that individuals can do to help to end the homelessness cycle, including by getting involved with voluntary groups such as Routes to Roots in his constituency, and to make a real difference for vulnerable people.

**Emma Hardy** (Kingston upon Hull West and Hessle) (Lab): On Boxing day, a group called Activists for Love created a squat to shelter homeless people in Hull. I went to meet the residents on Saturday. The landlord, MRC lettings, has been very accommodating and is actually going to find everyone living there a home. However, I am concerned that the funding cuts to Hull City Council mean that it does not have the money for much-needed aftercare support to prevent these people from becoming homeless again. Will the Government please commit to providing more money for an aftercare homelessness service for Hull West and Hessle?

**Sajid Javid:** I can tell that the hon. Lady shares our desire, and that of all Members, to fight homelessness and rough sleeping. That is why I am sure that she will welcome the £1 billion that the Government have allocated to 2020 to fight homelessness, including £315 million for core funding for local authorities.

**Bob Blackman** (Harrow East) (Con): I commend the Government for initiating the Housing First pilots, but what assessment has my right hon. Friend made of rough sleeping in London, which is clearly under the greatest pressure? We want to ensure that people get a firm home of their own and that the Mayor of London actually delivers affordable housing for the capital.

**Sajid Javid:** I know that my hon. Friend cares deeply about this issue and has done much on it, not least through his work on the Homelessness Reduction Act 2017. He is right to raise this issue. We will not solve the problem of homelessness in this country unless London does its bit, and I am afraid that the Mayor of London is letting the people of London down. In his first year in office, not a single home for social rent was started in London. That is a tragic record.

**Rachael Maskell** (York Central) (Lab/Co-op): The centre for housing policy at the University of York is leading on policy development and on validation of the Housing First initiative, yet City of York Council has presided over a fifteenfold increase in street homelessness since 2010. How will the Minister ensure that the residents of York can benefit from Housing First not just in theory, but through action?

**Sajid Javid:** I hope that the hon. Lady agrees that it makes sense to pilot Housing First properly so that we ensure that when it can be rolled out across the country, it will work properly. That is why we have set up the pilot areas. There are still lots of types of help in other parts of the country, much of which comes from the £1 billion of funding that we have allocated to 2020, which includes funding for local authorities such as York.

**Melanie Onn** (Great Grimsby) (Lab): The December report of the local government and social care ombudsman, “Still No Place Like Home”, found that in seven out of 10 of the housing cases that it investigated, families were being placed in bed and breakfast accommodation for unlawfully lengthy periods, with some lasting more than two years. The report highlights the appalling physical and mental impact, including on children, of living in inadequate, crowded and sometimes damp conditions. Does the Secretary of State recognise just how damaging living in insecure, inappropriate housing is? Will we see any improvement for those families in the next 12 months?

**Sajid Javid:** I share the concerns of many hon. Members, which is why the Government have made fighting homelessness and reducing rough sleeping an absolute priority. The hon. Lady’s question recognises that action is required on many fronts—economic, mental health, addiction and other issues—and the Government have put together a programme to pursue them.

### Fire Safety

3. **Royston Smith** (Southampton, Itchen) (Con): What recent steps his Department has taken to ensure the fire safety of buildings in England. [903415]

**The Secretary of State for Housing, Communities and Local Government (Sajid Javid):** I am grateful for the recommendations of Dame Judith Hackitt’s “Independent Review of Building Regulations and Fire Safety”. Our building safety programme is making good progress in identifying potentially unsafe aluminium composite material cladding in English tower blocks. Through that and future action, we will make buildings much safer.

**Royston Smith:** The use of sprinklers in high-rise blocks has been widely discussed since the tragic event at Grenfell Tower. Many of our tower blocks are constructed using individual compartments that are designed to prevent the spread of fire to other flats. However, there are many examples of where the integrity of such compartments has been compromised. Will my right hon. Friend assure the House that the fire resistant properties of individual flats will form part of the ongoing reviews?

**Sajid Javid:** My hon. Friend raises an important point. Fire and rescue services have visited over 1,250 high-rise buildings since the tragedy at Grenfell Tower, and those inspections have included the checking of compartmentalisation, fire doors and other relevant features. The National Fire Chiefs Council has reaffirmed the principle of “stay put”, but it is the responsible person who must determine what is appropriate for each particular building.

**Mr Clive Betts** (Sheffield South East) (Lab): I want to refer to Approved Document B of the building regulations and the guidance contained within it. Paragraph 12.7 specifically prevents the use of combustible material in the insulation of high-rise buildings. Will the Secretary of State confirm that the guidance is a lot less clear about cladding and appears to allow for the continued use of combustible materials in the cladding on high-rise buildings? If so, is the Secretary of State comfortable with that situation?

**Sajid Javid:** I do not think that that is still the case. However, the hon. Gentleman raises an important point about the need to review the guidance and the regulations themselves. That point was made clear by Dame Judith Hackitt in the interim report that she published last month, the recommendations of which we accepted in full.

**Mr Steve Reed** (Croydon North) (Lab/Co-op): Citiscape is a residential block in Croydon with the same flammable cladding as Grenfell Tower, and its residents fear that they are living in a deathtrap. The Secretary of State has told them that the responsible person should take action, but the freeholder, the developer, the managing agent and the insurer all deny liability, and the cladding stays in place while legal wrangles go on. There is only one responsible person left, so when will the Secretary of State take action to remove the dangerous cladding, and to keep people and their families safe?

**Sajid Javid:** I am happy to reiterate that the responsible person in such situations is clearly the freeholder. Whatever the legal case might be, the freeholder should take responsibility. My hon. Friend the Minister for Housing has spoken to the chief executive officer of Proxima GR Properties, the company in this case, and is engaged in dialogue to try to see what we can do to ensure that it does the right thing.

**Dr Roberta Blackman-Woods** (City of Durham) (Lab): As the Secretary of State has said, one of the key recommendations of the interim review of building regulations and fire safety was to restructure the whole suite of approved documents to provide more clarity on how fire safety measures are applied. Will the Secretary of State therefore provide an update on what steps his Department is taking to implement that recommendation, with particular regard to planning guidance?

**Sajid Javid:** The hon. Lady will know that the report was an interim report, with the final report due in the spring. There were some interim recommendations that we could act on immediately, and we have accepted all of them. For example, a recommendation about restricting how and when desktop studies can be used is being implemented right now. The hon. Lady might be interested to know that a convention involving industry experts,

stakeholders and Dame Judith Hackitt is going on as we speak, just down the road from Parliament—I attended this morning—to look at what more can be done in the interim.

### Rough Sleeping

4. **Matt Western** (Warwick and Leamington) (Lab): What assessment he has made of trends in the number of homeless people sleeping rough between 2010 and 2016. [903416]

11. **Jenny Chapman** (Darlington) (Lab): What assessment he has made of trends in the number of homeless people sleeping rough between 2010 and 2016. [903424]

13. **Mr Paul Sweeney** (Glasgow North East) (Lab/Co-op): What assessment he has made of trends in the number of homeless people sleeping rough between 2010 and 2016. [903426]

17. **Wayne David** (Caerphilly) (Lab): What assessment he has made of trends in the number of homeless people sleeping rough between 2010 and 2016. [903430]

22. **Eleanor Smith** (Wolverhampton South West) (Lab): What assessment he has made of trends in the number of homeless people sleeping rough between 2010 and 2016. [903435]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Mrs Heather Wheeler):** There are too many people sleeping rough and I am determined to do more. That is why the rough sleeping and homelessness reduction taskforce will deliver a cross-Government strategy to tackle this issue, with the help of an expert advisory panel.

**Matt Western:** I welcome the Minister to her new role. Rough sleeping has doubled nationally since 2010, but in my constituency it has doubled in the past two years, according to our local charities Leamington Winter Support and Helping Hands. Of course, the biggest cause of homelessness is a lack of affordable housing. In my constituency, developers have delivered—

**Mr Speaker:** Order. I apologise, but we have a lot to get through. What we need is a question, not a series of statements—a question with a question mark. One sentence, please. Help others; help yourself.

**Matt Western:** Thank you, Mr Speaker. Given the lack of affordable housing being delivered by developers—the rate is currently running at 27% compared with the 40% set in the local plan—what does the Minister plan to do to ensure that that is enforced locally?

**Mrs Wheeler:** That is an interesting question, because those statistics are not aligned with November's rough sleeping statistics. However, we recognise concerns about viability assessments for affordable housing. Last autumn we consulted on proposals to simplify viability assessments and increase transparency. We will announce further details of our approach when we publish the new national planning policy framework consultation later this year.

**Jenny Chapman:** The number of rough sleepers in Darlington has doubled since 2010. Is that caused by: (a), a reduction in council budgets; (b), more than £5 million of cuts to housing benefit; (c), the bedroom tax; (d), the lack of affordable housing; (e), universal credit—I could go to (z), Mr Speaker—or the Minister's failure to tackle soaring rents in the private sector?

**Mrs Wheeler:** I thank the hon. Lady for her question but, frankly, this is not a laughing matter. The Government are clear that one person without a home is too many. We have already taken steps towards combating rough sleeping and homelessness. For instance, we have implemented the most ambitious legislative reform in decades through the Homelessness Reduction Act 2017, which comes into force this April. I congratulate my hon. Friend the Member for Harrow East (Bob Blackman) for all his hard work on that Act. We will ensure that more people get the help they need earlier to prevent them from becoming homeless in the first place.

**Mr Sweeney:** The massive increase in homelessness and rough sleeping in my city of Glasgow is in stark contrast to the situation under the last Labour Government, when homelessness fell by more than three quarters. Given that shocking situation, what plans does the Minister have to roll out the finished Housing First pilot scheme, which prioritises rapid rehousing and permanent tenancies as a national strategy following the excellent pilot results in several British cities?

**Mrs Wheeler:** I thank the hon. Gentleman for his question, which rather seemed to be about a devolved matter. As the nation gets to grips with this issue, the rough sleeping advisory panel, which I will chair, will include key figures from local and central Government, as well as homelessness charities. The panel's role will be to support the taskforce in developing a cross-Government strategy to halve rough sleeping by 2022, and to eliminate it altogether by 2027. The first meeting of the advisory panel will take place on 1 February.

**Wayne David:** Earlier this month, the Wales Audit Office produced a report stating its belief that the Government's welfare policies were having a detrimental impact on homelessness in Wales. Does the Minister accept that what is true in Wales is also true in England?

**Mrs Wheeler:** I like truths across the whole UK. The interesting issue will be the amount of money and the packages that we can put in place to spread funding for affordable housing across the nation. That is something that we are determined to do.

**Eleanor Smith:** In Wolverhampton, the estimated number of rough sleepers has doubled since 2010. What plans do the Government have to decrease the number of rough sleepers, because their current plan is certainly not working?

**Mrs Wheeler:** The interesting thing about the Wolverhampton area is that it is part of the west midlands, so we are working very hard with Mayor Andy Street, who will be joining me on the rough sleeping strategy panel. I look forward to our first meeting on 1 February.

**Michelle Donelan** (Chippenham) (Con): I am launching an appeal for mobile phones with local charity Doorway to enable those who are homeless or suffering to get back on their feet—literally—and have an emergency lifeline. Will the Minister offer support for what is, for some people, a controversial initiative locally and agree that it is much more controversial that in the UK today we still have some people who are homeless, which is why the Government are prioritising that area?

**Mrs Wheeler:** I thank my hon. Friend for referring to that interesting, innovative way to deal with such issues in the future, and I would be interested to see how the pilot in her area works. I congratulate her local area on being so proactive.

**Mark Pawsey** (Rugby) (Con): In Rugby, council officers go out into the community to speak to rough sleepers and have recently placed four in supported accommodation, but more often than not offers of support are declined and only last week Warwickshire police charged two rough sleepers for aggressive begging. Does the Minister agree that it is vital that we provide support for those who are forced to sleep rough, but that it is important also to ensure that support goes to those who are in genuine need?

**Mrs Wheeler:** My hon. Friend is quite correct: this is a complex matter involving some inherent difficulties such as mental health issues, family breakdown, crisis and chaos, but equally, the state has to be fair-handed, and if people are begging aggressively and have properties of their own, the state will do what it has to do. Our focus is on rough sleepers who need the help most.

**Kevin Foster** (Torbay) (Con): It is a pleasure to welcome the Minister to her place. She will be aware that, following a grant that provided funding for the Torbay End Street Homelessness campaign, we have seen the number of rough sleepers fall. Will she confirm how work of that sort will be complemented by the Homelessness Reduction Act coming into force later this year?

**Mrs Wheeler:** I thank my hon. Friend, whom I have known for many years, for his good question. We want to pick up on the pilots around the country that are working so well, and the Homelessness Reduction Act means that councils will have a duty to try to help people before they become homeless. That is why, as part of a suite of efforts, we are looking into dealing with these matters. We are confident that, by 2022, we will halve rough sleeping in this country.

**Philip Davies** (Shipley) (Con): There has been a noticeable increase in the number of rough sleepers in Shipley over the past year or so. Will the Minister set out what the Government are doing with Bradford Council to try to deal with that issue? Does she agree that, to help homeless people, it is important that Bradford Council develops new housing in cheaper, affordable areas in Bradford, rather than concentrating on building unaffordable, expensive houses on the green belt in Wharfedale in my constituency?

**Mrs Wheeler:** I thank my hon. Friend for that question; he never fails to disappoint. Interestingly, one area where councils will be able to flex their muscles more is

in taking on empty homes and looking into quality rented properties that are affordable for everybody so that communities stay together. I think that is something Bradford Council ought to do.

#### Affordable Homes: Rural Areas

5. **Neil Parish** (Tiverton and Honiton) (Con): What steps the Government are taking to increase the number of affordable homes in rural areas. [903417]

**The Minister for Housing (Dominic Raab):** More than 119,000 affordable homes have been delivered in rural communities since 2010. Homes England has invested £142 million in the rural affordable homes programme schemes in the past four years, which is around 9% of total spend.

**Neil Parish:** I very much welcome those figures on affordable homes. There are redundant farm building sites, which could be classed as brownfield sites. If they were, that would release a lot more land for affordable homes. Will the Minister consider that, please?

**Dominic Raab:** My hon. Friend is absolutely right: we have introduced a requirement for each local authority to publish registers of brownfield land. More than 90% of local authorities have done so, and the information to date suggests that nearly 16,500 brownfield sites covering 26,000 hectares have already been identified in England alone.

**Steve McCabe** (Birmingham, Selly Oak) (Lab): As well as helping rural areas, what is the Minister going to do for places such as Birmingham? How will he respond to the council's request for additional assistance with the provision of new homes, essential maintenance on existing properties and the discharge of statutory obligations, such as health and safety and annual gas inspections?

**Dominic Raab:** Since 2010, we have delivered more than 370,000 new affordable homes, but of course we are ambitious to do more—working with housing associations and local mayors such as Andy Street. Of course, we have raised the housing revenue account borrowing cap for local authorities to give them greater flexibility.

**Sir Patrick McLoughlin** (Derbyshire Dales) (Con): In welcoming my hon. Friend to his new role, may I ask him to look, with the intellectual vigour that I know he has, into what national parks do to supply affordable homes? They are not exempt from the need.

**Dominic Raab:** My right hon. Friend has considerable experience, both as a Minister and as a long-standing Member. We will certainly look into all such matters because we are absolutely committed to using every lever that we possibly can to increase home building in this country for the next generation.

**Gareth Thomas** (Harrow West) (Lab/Co-op): One of the best ways to provide more affordable homes to rent in rural and, indeed, urban areas is through the provision

of more co-operative housing. What further co-operative housing initiatives are the Minister and his Department thinking of pursuing?

**Dominic Raab:** The hon. Gentleman is right, and a lot of social housing is of a co-operative nature. It particularly depends on any given community's specific needs, which are often for the local authorities to help to identify. Local authorities in rural areas need to focus on the particular needs of their communities. For example, some areas have rural exception sites, which provide long-term protection for affordable homes in rural areas.

### Coastal Communities

6. **Peter Aldous** (Waveney) (Con): What progress his Department has made on supporting the economies of coastal communities. [903418]

20. **Trudy Harrison** (Copeland) (Con): What progress his Department has made on supporting the economies of coastal communities. [903433]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Jake Berry):** Since 2012, we have invested £174 million in 295 coastal communities fund projects throughout the UK. Those projects are forecast to deliver 18,000 jobs, and we have announced that round 5 of the coastal community fund, worth £40 million, will open shortly.

**Peter Aldous:** I am grateful to the Minister for that reply. The Lowestoft coastal communities team has developed an exciting strategy for the regeneration of the town's historic seafront. Will my hon. Friend visit Lowestoft to see for himself the work that will transform Britain's most easterly town into the east coast's destination of choice?

**Jake Berry:** My hon. Friend's constituency has already received more than £1.5 million from the coastal communities fund, which shows how he is delivering for his constituents through his campaigning. I would be delighted to visit when I am in his area.

**Trudy Harrison:** The Social Mobility Commission's "State of the Nation" report revealed that the socioeconomic prospects of those who live in rural coastal areas are poor. We have world-class industries and skills in many sectors, so what steps is the Minister taking to ensure that we realise our full potential?

**Jake Berry:** I had the pleasure and privilege of visiting my hon. Friend's constituency last year, and I saw those world-class skills in action, particularly in the nuclear supply chain. I am delighted that, through our industrial strategy and the northern powerhouse, we are supporting people throughout the country, so that they can grow the economy, wherever they may reside.

**David Hanson** (Delyn) (Lab): The Minister is leading on this issue, so he will know that the northern powerhouse growth deal, which will affect north Wales and its coastal communities, is about connectivity with Liverpool and Manchester and the improvement of infrastructure. Will he give an indication of when he will reach some conclusions on the budget for that growth deal?

**Jake Berry:** Ultimately, my right hon. Friend the Secretary of State for Wales and his Ministers are leading on the north Wales growth deal, but with them I have an absolute determination to ensure that the deal delivers for the people of north Wales. On Thursday this week, I shall visit local authorities in north Wales to ask them what progress they have made and to update me on the projects that they would like to see.

**Alison Thewliss** (Glasgow Central) (SNP): I extend the condolences of the Scottish National party group to the friends and family of Councillor Kieran Quinn for the sadness and sudden loss they have faced.

Is the Minister aware of the Cardiff declaration by the Conference of Peripheral Maritime Regions? It was signed in November by the Scottish Government, alongside representatives of more than 20 other EU regions. Does he agree with its statement that Brexit will have a disproportionate impact on coastal regions and their key economic sectors?

**Jake Berry:** I do not agree with the statement that Brexit will have a disproportionate impact on the coastal regions, because taking back control of our fishing industry will pay a huge dividend for the people who live along our coast. It was hugely exciting for me to visit Dumfries and Galloway only last Thursday to talk about the borderlands deal, which is unique in that it goes from coast to coast, covers the English and Scottish border areas and is a partnership of two Governments—the Scottish Government and the UK Government—coming together as equals to deliver for the people of the borderlands.

**Alison Thewliss:** That does not really answer the question. Coastal communities face economic and social deprivation, and the Cardiff declaration highlights the fact that a hard Brexit will exacerbate that. Will the Minister meet representatives of the CPMR, and does he agree with them that if this Government do the unthinkable and walk away from a deal, Scotland, Wales and Northern Ireland should still be able to access EU funding programmes?

**Jake Berry:** Of course I will be happy to discuss having a meeting with the people to whom the hon. Lady refers. However, I gently point out that this Government—the UK Government—have already invested £174 million in our coastal communities and are getting behind those communities. What have the Scottish Government done? I think nothing.

### Self-build Housing: South-west

7. **Scott Mann** (North Cornwall) (Con): What steps he is taking to promote self-build housing projects in the south-west. [903419]

**The Minister for Housing (Dominic Raab):** The Government are promoting a step change in self-build through the £4.5 billion home-building fund and the 2016 self-build regulations.

**Scott Mann:** I welcome the Minister to his place. May I just ask him what discussions he has had with the Treasury regarding the continuation of the community housing fund to deliver more local houses for people in Cornwall?

**Dominic Raab:** My hon. Friend is right to raise this issue. The community housing fund was worth £60 million in its first year. In the context of the Budget in November, we announced that it would be continuing for a further three years. That includes capital and revenue funding, and it is part of the Government's drive to support community groups bringing forward home-build projects.

### Looked-after Children

8. **Alex Cunningham** (Stockton North) (Lab): What recent discussions he has had with the Secretary of State for Education on outcomes for looked-after children. [903421]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Rishi Sunak):** Like the hon. Gentleman, this Government have high ambitions for looked-after children and care leavers. The forthcoming corporate parenting provisions in the Children and Social Work Act 2017 will ensure high-quality care and support for these vulnerable young people.

**Alex Cunningham:** I welcome the Minister, my near neighbour, to his new post. When will the Government actually provide adequate funds properly to support these special young people?

**Rishi Sunak:** The hon. Gentleman will be pleased to know that, shortly, the Government will announce the winning applicants to their social impact bond to provide funding for local authorities to improve outcomes in education, training and employment for care leavers.

**Lucy Allan** (Telford) (Con): I, too, welcome the Minister to his position, and I know that he will be excellent in his role. Does he agree that no child should be taken into care if family support would allow them to stay safely at home? What will he do to provide more support to struggling families to prevent children from being taken into care?

**Rishi Sunak:** I thank my hon. Friend for her warm words and wholeheartedly agree that, where possible, children are of course looked after best by their own families. That is why the troubled families programme, in which we are investing £1 billion through to 2020, is working with those families to reduce the need for children to go into care. I am delighted to tell her that the results in December show a decrease in the number of children in need in that programme.

14. [903427] **Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): May I remind the Minister that, whether we are talking about children in care or the elderly in care, the real question that he must answer is what has happened to the fabric of social support and care, which has been driven down by local authority cuts over the past few years?

**Rishi Sunak:** This Government are ensuring that local authorities have the resources they need to provide important local services: £200 billion over these five years; a real-terms funding increase over these two years; and £2 billion announced in the last Budget specifically for social care.

### Local Government Finance

9. **Karen Lee** (Lincoln) (Lab): What assessment he has made of the effect of the local government finance settlement on the ability of local authorities to meet their statutory responsibilities. [903422]

19. **Lilian Greenwood** (Nottingham South) (Lab): What assessment he has made of the effect of the local government finance settlement on the ability of local authorities to meet their statutory responsibilities. [903432]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Rishi Sunak):** Our fair and sustainable financial settlement gives local authorities the ability to protect important local services. It marks the third of a four-year deal, providing funding certainty to local government and a real-terms increase in available resources to the sector.

**Karen Lee:** How does the Minister intend to ensure that, under the fairer funding review, individual local authorities receive an adequate level of funding that is not only fair, but sustainable, given that the Government's intention to reset the business rates baseline from 2020-21 may result in all the individual growth that has been built up since the start of the business retention scheme being taken away? Can the Minister provide any assurances that this growth will be protected?

**Several hon. Members** *rose*—

**Mr Speaker:** Order. May I gently encourage colleagues in preparing their questions to recognise the merits of the blue pencil? Usually something drafted can be shortened.

**Rishi Sunak:** The Government are piloting 100% business rates retention and have seen extraordinary applications for those pilots, and we are learning from them to design the appropriate system to take over in 2019-20 together with, as the hon. Lady said, a full review of fair funding, so that we can get the allocations right.

**Lilian Greenwood:** This Government have deliberately targeted their cuts at the most deprived communities. Nottingham City Council has lost a staggering 80% of its funding since 2010. Now the Government's only answer to the social care crisis is to add another 3% to council tax bills. In Nottingham, that will raise just £3 million, which is way short of the extra £12 million the city needs to meet the costs of caring for more elderly and disabled people. When will the Minister stop dumping the financial burden on to Nottingham's taxpayers and start funding social care properly and fairly?

**Rishi Sunak:** I gently point out to the hon. Lady that core spending power per dwelling in the 10% most deprived local authorities is actually 23% higher than that in the least deprived, and indeed in her local authority, it is 11% higher than the national average.

**Mr Philip Hollobone** (Kettering) (Con) *rose*—

**Mr Speaker:** Can the hon. Member for Kettering (Mr Hollobone) write the brevity textbook?

**Mr Hollobone:** I welcome the Government's best value inspection of Northamptonshire County Council. Will the Minister ensure that the transfer of the fire service out of the council to the police and crime commissioner is not delayed by this inspection?

**Rishi Sunak:** As my hon. Friend knows, the Secretary of State has asked Max Caller to look at the authority, and we await his findings eagerly. It is difficult for me to comment further at this time, as I am sure my hon. Friend appreciates.

**Mr Marcus Fysh (Yeovil) (Con):** I welcome my hon. Friend to his new post. Somerset, which is underfunded relative to other local authorities, was disappointed not to be part of the business rates pilot. Will he meet me to discuss the upcoming local government finance round?

**Rishi Sunak:** As my hon. Friend will know, we had an overwhelming number of applications for the pilot, and I am disappointed for him that Somerset is not a member. He should encourage his local authority to apply again when we rerun the pilot this year. In the meantime, I would be delighted to meet him to discuss fair funding for Somerset.

**Yvonne Fovargue (Makerfield) (Lab):** The local government finance settlement descended into a complete and utter shambles last week. The figures sent to local authorities were wrong. Back in March 2017, the National Audit Office was concerned that there was not the capacity within the Department for Communities and Local Government and the Valuation Office Agency to handle the Secretary of State's plans. This new error will certainly not engender confidence in the Department. What steps are being taken to ensure that the error is not repeated?

**Rishi Sunak:** The Valuation Office Agency made a mistake with the initial calculations. That was corrected and the Department has moved swiftly to provide accurate information to local authorities. I gently point out that overall the error meant that local authorities will receive an increase in the business rates retention forecast for this year.

**Yvonne Fovargue:** The last time we were able to question the Secretary of State, we asked how he planned to address the unsustainable and insufficient funding for children's services and what he would do about the £2 billion funding gap. He told us to wait and see what happened in the local government finance settlement. Well, we waited and looked at his proposal, but there is no new money for these vital services. Was that another error, and will it be corrected in future?

**Rishi Sunak:** As I have already mentioned, local authorities will receive a real-terms increase in their aggregate funding this year and next. The Government have also invested £200 million in a social care innovation programme to look at ways to improve the delivery of children's social services.

### Thames Estuary 2050 Growth Commission

10. **James Duddridge (Rochford and Southend East) (Con):** What steps the Government are taking to ensure that the Thames Estuary 2050 Growth Commission takes account of the needs of south Essex. [903423]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Jake Berry):** Under Sir John Armitt's leadership, the Thames Estuary 2050 Growth Commission is engaging all interested parties, including on last Friday's visit to Southend airport, which I understand my hon. Friend attended. The commission is developing an ambitious vision for south Essex, north Kent and east London, and will publish its final report this spring.

**James Duddridge:** I thank my hon. Friend for that reply. London Southend airport, as we like to refer to it, will have a major impact on the commission. What role does he see London Southend airport playing in boosting growth and productivity across the whole of south Essex?

**Jake Berry:** I, too, like to refer to it as London Southend airport, which I think is its correct name. It is a real success story and has great potential for growth—it has an ambitious 2 million passenger target this year. Stobart Group has already invested £162 million in a new terminal. That puts London Southend airport at the heart of the Thames estuary commission's growth plans.

### Carillion

12. **Ged Killen (Rutherglen and Hamilton West) (Lab/Co-op):** What discussions he has had with local authorities on local government contingency arrangements as a result of Carillion entering liquidation. [903425]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Jake Berry):** We have been working in close partnership with the Local Government Association, which contacted affected local authorities before Christmas about the financial difficulties Carillion was facing to ensure that they have appropriate contingency plans in place. We will continue to work with the LGA to ensure that there is no, or minimal, disruption to public service.

**Ged Killen:** Following revelations in the *Sunday Herald* that Keith Cochrane, the interim CEO of Carillion, sits on the Government's network of non-executive directors, can the Minister advise on whether he or anyone from his Department has taken advice from or held meetings with Keith Cochrane?

**Jake Berry:** I am not aware of any meetings taking place or advice being given. However, I will check the records when I return to the Department and write to the hon. Gentleman if there have been such meetings.

### Homes for Social Rent

15. **Afzal Khan (Manchester, Gorton) (Lab):** What recent assessment he has made of trends in the number of new homes for social rent since 2010. [903428]

16. **Helen Hayes** (Dulwich and West Norwood) (Lab): What recent assessment he has made of trends in the number of new homes for social rent since 2010.

[903429]

**The Minister for Housing (Dominic Raab):** We have delivered 357,000 affordable homes since 2010—more than in the preceding seven years. That includes 257,000 for rent and 128,000 for social rent.

**Afzal Khan:** Will the Secretary of State adopt Labour's plans to lift the borrowing cap on councils' housing revenue accounts, which could alone build 80,000 council homes, according to the Local Government Association?

**Dominic Raab:** We are not going to take on Labour's plans in this area or any other, because frankly they are not sustainable. We are going to increase the affordable homes budget to £9 billion up to 2021. We are restless to deliver more affordable homes, including for social rent. The hon. Gentleman may like to know that in the past year there were 1,100 new housing starts in Manchester, and we are talking to the Mayor of Manchester about the housing deal, which will include a social housing component.

**Helen Hayes:** Whichever way Ministers try to present the figures, the number of genuinely affordable social homes built with public sector grants on their watch is pitiful. If the Minister will not accept Labour's policy, will he accept the recommendation of the Treasury Committee by lifting the borrowing cap on councils' housing revenue accounts completely to enable councils to build desperately needed council homes—or will he confirm that only a Labour Government will take the action that we need on council housing?

**Dominic Raab:** The record speaks for itself. We have delivered 357,000 more affordable homes since 2010—more than in the preceding seven years under the previous Labour Government. We are raising the cap; we did that in the last Budget. We are also creating a stable financial envelope for local authorities and housing associations with long-term rent deals: the settlement is CPI plus 1%. That is the sustainable way to drive home building in this country.

#### Surplus Public Land

18. **Mr Mark Prisk** (Hertford and Stortford) (Con): What progress his Department has made on enabling the development of surplus public land for housing.

[903431]

**The Minister for Housing (Dominic Raab):** Between 2011 and 2015, Government land was sold with the capacity to deliver up to 109,000 new homes.

**Mr Prisk:** Some Labour councils, particularly in London, own hundreds of acres of surplus land. May I urge the new Minister to challenge those Labour authorities so that we can turn that land into family homes?

**Dominic Raab:** My hon. Friend is absolutely right. In the 2015 autumn statement, the Chancellor set out our aim to release enough Government land by 2020 for 160,000 extra homes to be built. The Government are

providing local authorities with money to help to facilitate that. I met Nick Walkley, the CEO of Homes England, last week to make sure that we get cracking on this top priority.

#### Temporary Accommodation

21. **Kate Green** (Stretford and Urmston) (Lab): What recent assessment he has made of trends in the number of households in temporary accommodation. [903434]

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Mrs Heather Wheeler):** Temporary accommodation ensures that no family is left without a roof over their head. Prevention is at the centre of our approach to protect the most vulnerable. We are spending over £1 billion until 2020 to prevent homelessness, as well as implementing the most ambitious legislative reform in decades—the Homelessness Reduction Act 2017, introduced by my hon. Friend the Member for Harrow East (Bob Blackman).

**Kate Green:** Why does the Minister think that the number of children in temporary accommodation has risen by 73%, to 120,000, since 2010, according to the Public Accounts Committee, when the number had been falling under Labour?

**Mrs Wheeler:** I very much regret to have to point out to the hon. Lady that the number of children living in temporary accommodation is lower than at its peak in 2006. In 2011, we changed the law so that councils can place families in decent and affordable private rented homes. This now—[*Interruption.*] Behave yourself, love, please. This now means that homeless households should not have to wait as long for settled accommodation.

#### Anti-Semitism and Holocaust Denial

23. **Iain Stewart** (Milton Keynes South) (Con): What steps his Department is taking to tackle anti-Semitism and holocaust denial. [903436]

**The Secretary of State for Housing, Communities and Local Government (Sajid Javid):** Anti-Semitism and holocaust denial are completely unacceptable in a civilized society, and this Government have taken a strong lead in tackling both. We have adopted the International Holocaust Remembrance Alliance working definition of anti-Semitism, and we are planning a striking new national memorial beside Parliament.

**Iain Stewart:** Does my right hon. Friend agree that the work of the Holocaust Educational Trust is as important as ever, given the worrying levels of organised hatred and intimidation both at home and abroad?

**Sajid Javid:** I agree wholeheartedly, and I am very pleased to praise the work of the Holocaust Educational Trust. I was also pleased to announce in Speaker's House last week that we are giving £144,000 of support jointly to the Holocaust Educational Trust and the Union of Jewish Students to tackle anti-Semitism, prejudice and intolerance on our university campuses.

### Topical Questions

T1. [903438] **Sir Patrick McLoughlin** (Derbyshire Dales) (Con): If he will make a statement on his departmental responsibilities.

**The Secretary of State for Housing, Communities and Local Government (Sajid Javid):** The new year has meant a new name for my Department, the Ministry of Housing, Communities and Local Government—or MoHoCoLoGo for short—and a fantastic new ministerial team, who will build on the great strides achieved by my hon. Friends the Members for Nuneaton (Mr Jones) and for Reading West (Alok Sharma). The name underlines the importance of our commitment to fix the broken housing market, and we will continue to help to build strong communities and to support local government. Something that resonates especially strongly this week is Holocaust Memorial Day, which is an opportunity to reaffirm our commitment to rooting out hatred and anti-Semitism wherever it exists.

**Sir Patrick McLoughlin:** I thank my right hon. Friend for that upbeat statement. Both Scotland and Wales are totally served by unitary local authorities. How many people in England are served by unitary authorities, and what does he expect the figure to be in five years' time?

**Sajid Javid:** First, may I say that it is a privilege to receive a question from my right hon. Friend? This is the first time I have received one from him in Parliament, and it is an opportunity for me to thank him for all the work he has done in government, of which he can be incredibly proud. I can tell him that 60% of English people are served by unitary authorities, and I expect the number to be higher in five years' time, given the views of many local people about unitary authorities and our commitment to consider unitarisation whenever requested.

**Mr Speaker:** The Secretary of State is clearly overflowing with excitement, and we are very pleased for him.

T3. [903440] **Ellie Reeves** (Lewisham West and Penge) (Lab): Recent statistics published by the Department show that 54,000 households in London are living in temporary accommodation and, as my hon. Friend the Member for Stretford and Urmston (Kate Green) said, 120,000 children are living in temporary accommodation this winter. Often, the standards are some of the worst, and the accommodation houses some of the most vulnerable. What steps will the Department now take to end the temporary accommodation crisis both in London and in the rest of the country?

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Mrs Heather Wheeler):** I thank the hon. Lady for that question. First, it is a very serious matter, which is why we have put more money into local authorities so that they can look at the quality of the private rented accommodation in which temporary accommodation now takes place. Secondly, on the point about children, we have made it clear that bed and breakfast accommodation should be acceptable for only an incredibly short period where children are concerned, and local authorities know that.

T2. [903439] **Iain Stewart** (Milton Keynes South) (Con): Will the Secretary of State assure me that he will set up cross-departmental arrangements with the Department for Transport and the Department for Digital, Culture, Media and Sport to ensure delivery of the Oxford-Milton Keynes-Cambridge corridor, as envisaged by the National Infrastructure Commission?

**Sajid Javid:** First, may I congratulate my hon. Friend on becoming the champion for the Oxford-Milton Keynes-Cambridge corridor? I know he is very determined to do an excellent job, and he will make a great difference. The cross-departmental co-operation he talked about is absolutely essential. It is exactly what we are arranging, and I know he will help with it.

T4. [903441] **Alan Brown** (Kilmarnock and Loudoun) (SNP): Earlier, the Under-Secretary of State for Housing, Communities and Local Government, the hon. Member for Rossendale and Darwen (Jake Berry), promoted the borderlands growth deal and Moray apparently hopes to finalise a growth deal in the summer, so will someone in this Government tell me what blockers are preventing the UK Government from signing up to the original non-city deal, the Ayrshire growth deal?

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Jake Berry):** As the hon. Gentleman will be aware, these growth deals are extremely complicated. That is why I have agreed to meet the backers of the Ayrshire growth deal to talk about how, for our part, the UK Government can take an exciting deal forward.

T9. [903446] **Jack Lopresti** (Filton and Bradley Stoke) (Con): Does my hon. Friend agree that the ability to buy a home at an affordable price is vital to developing and enhancing social mobility and to realising the Government's goals on aspiration and opportunity? Does he also agree that we must massively increase house building and speed up the process right across the country?

**The Minister for Housing (Dominic Raab):** My hon. Friend is absolutely right. We delivered 217,000 new homes last year, which is 50% more than the last year of the last Labour Government. We want to get that level up to 300,000. We have planning reform, release of public sector land and targeted funding to achieve that, which is crucial for key workers, the next generation and those on low and middle incomes.

T5. [903442] **Karen Lee** (Lincoln) (Lab): City of Lincoln Council is aiming to build 500 homes in the next five years to help to tackle its waiting list of more than 1,000 households. If the Government will not consider raising the borrowing cap on local housing revenue accounts, how do they plan to tackle the shortage of truly affordable rented housing?

**Dominic Raab:** We have, of course, raised the cap by £1 billion. It needs to be done in a responsible way, because we have to consider the amount of debt that has been taken on, but we will keep it under review. That is one aspect of the huge drive towards building the extra homes we need. I have talked about some of those issues, including targeted funding and release of public sector land. We want to make sure that we get up to the annual target of 300,000 as soon as possible.

**Martin Vickers** (Cleethorpes) (Con): Regeneration in Cleethorpes will be greatly assisted if the Government can conclude discussions with the local authority about a town growth deal under proposals by the Greater Grimsby project board. When do Ministers expect to reach a conclusion?

**Jake Berry:** I met members of the board of the Grimsby town growth deal on a recent visit to Cleethorpes and the town of Grimsby. I am sure that my hon. Friend will be as pleased as I am that the growth deal was specifically referenced in the industrial strategy, and I encourage him to contact the Secretary of State for Business, Energy and Industrial Strategy to talk about how it can be taken forward.

T6. [903443] **Kevin Brennan** (Cardiff West) (Lab): May I ask the new Under-Secretary of State for Housing, Communities and Local Government, the hon. Member for South Derbyshire (Mrs Wheeler), whether she thinks that Government policy since 2010 has played any part in the sharp rise in rough sleeping?

**Mrs Wheeler:** This is a very complex matter. The interesting thing that I find now that I am getting to grips with it as a Minister is the different layers of problems that people have in their chaotic lives. It is very important that different councils have moved on with building new council housing, including my own Conservative South Derbyshire District Council—I declare an interest as my husband was the leader. Different levels are really attacking the issue and it is going to be a pleasure to get my teeth into it.

**Nick Boles** (Grantham and Stamford) (Con): The Secretary of State attended the launch of the new all-party parliamentary group on new towns, chaired by my hon. Friend the Member for Telford (Lucy Allan). My right hon. Friend will know that the new towns and Milton Keynes were created because they were able to acquire land at a reasonable valuation close to its current use. That is no longer possible, because of the Land Compensation Act 1973. Among his many admirable ambitions for housebuilding in this country, will he agree to look at the Act and the possibility of reforming the valuation of land that is acquired?

**Sajid Javid:** My hon. Friend speaks with great experience. He made a number of important planning reforms when he was a Minister. I will commit to looking at the issue he raises and point him to some of the work we have already done, including an amendment in the Neighbourhood Planning Act 2017 which allows the Secretary of State to designate planning zones.

T7. [903444] **Preet Kaur Gill** (Birmingham, Edgbaston) (Lab/Co-op): The leader of Birmingham City Council wrote to the Secretary of State about financial support from Government to make safe Birmingham's 213 tower blocks in the aftermath of the Grenfell Tower fire. Will the Secretary of State provide an update on the proposal submitted and whether the finances will be made available?

**Sajid Javid:** We are working with Birmingham City Council on its request. As I said earlier, no request for financial flexibility will be turned down. We have received further information and we are working on it with Birmingham right now.

**Bob Blackman** (Harrow East) (Con): My right hon. Friend the Chancellor provided money in the Budget for a national rental deposit scheme. What plans does the Department have to introduce that scheme, and how many families does it believe it will assist?

**Dominic Raab:** We are certainly looking at that as part of our wider strategy, which I have already described. I am very happy to write to my hon. Friend about its particular impact on his constituency.

T8. [903445] **Toby Perkins** (Chesterfield) (Lab): I find the level of rough sleeping in Chesterfield and across the country deeply humiliating as an MP, and it infuriates and disgusts my constituents. When Ministers walk past people living in sleeping bags, do they believe that it is the halving of councils' Supporting People budget or the £5 billion cut to housing benefit that is most responsible for this national scar on our society?

**Sajid Javid:** We have made it an absolute priority in government to help to fight rough sleeping and homelessness. We have committed to halving it by the end of this Parliament and to eliminating it completely by 2027. I share the hon. Gentleman's concerns, but I hope that he agrees that this issue is not a party political football, and we should all work together across the House to deal with the issue.

**Eddie Hughes** (Walsall North) (Con): I am delighted that the new Housing Minister has agreed to work with me to improve tenant safety in respect of carbon monoxide poisoning. Does he agree with the National Landlords Association and Headway, a brain injury charity, that more needs to be done to protect the public at large from death or injury through carbon monoxide poisoning?

**Dominic Raab:** I congratulate my hon. Friend on the tenacious way he has built the campaign. We will certainly listen to all voices on this issue. I am grateful to have had the opportunity to sit down with him to talk about his private Member's Bill. We share the aim to make progress on carbon monoxide in both the key areas of his Bill. I look forward to working with him in future.

T10. [903447] **Liz Twist** (Blaydon) (Lab): Gateshead Council, of which I am a member, has seen its Government funding cut by 52% since 2010. Fifty per cent. of its budget is spent on vulnerable children and adult social care and demand is rising. With over 90% of our properties in council tax bands A to C, the social care precept does not go near addressing the shortfall. Will the Secretary of State urgently address the shortfall in funding for children and adult social care in Gateshead and elsewhere now, and will he produce a truly fair—

**Mr Speaker:** Order. It is very well meaning but topical questions are supposed to be shorter than substantives. That was just as long.

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Rishi Sunak):** Gateshead will receive a 1.5% real-terms increase in core spending power this year and, thanks to the steps taken in the spring Budget by my right hon. Friend the Chancellor, an additional £40 million to fund adult social care in the forthcoming financial year.

**Mr Philip Hollobone** (Kettering) (Con): Will the Ministry of Housing, Communities and Local Government work with the libraries taskforce at the Department for Digital, Culture, Media and Sport to see how Northamptonshire's public libraries can all be kept open?

**Sajid Javid:** Yes.

**Mr Speaker:** Splendid. That exchange should be circulated to all colleagues.

**Dan Jarvis** (Barnsley Central) (Lab): The Secretary of State will have seen the leader of Wakefield Council's announcement this morning that he now supports a wider Yorkshire deal. That means that 18 of the 20 local authorities across wider Yorkshire support it. Does the Secretary of State agree that in addition to finalising the detail of any Sheffield city region deal, an important conversation now needs to be had with the 18 leaders about a wider Yorkshire deal?

**Sajid Javid:** The crucial decision about any wider Yorkshire deal, if there ever is one, is in the hands of the local authorities concerned. We will be going ahead with the South Yorkshire deal, but earlier this week, as I am sure the hon. Gentleman is aware, we put forward a proposal to allow others, such as Barnsley and Doncaster, to take a different route, if they choose to do so.

**Mark Pawsey** (Rugby) (Con): For the coming year, the Secretary of State has enabled councils to increase tax by 3%, compared with just 2% last year, but the cash limit has been retained at £5 when parity would be £7.50. That affects 88 small district councils. Will the Secretary of State consider a change?

**Sajid Javid:** A number of people have made that representation. I have listened carefully and we will keep the issue under review. As my hon. Friend knows, the draft settlement is just that at the moment, and we are looking at it carefully.

**Wera Hobhouse** (Bath) (LD): May I welcome and congratulate the new members of the team? Ending a private rented sector tenancy is now the leading cause of homelessness. Will the Secretary of State extend the mandatory licensing scheme for landlords in the private sector?

**Mrs Wheeler:** I thank the hon. Lady for her question. We are looking closely to see where certain councils have introduced this. At the moment, it is something we are keeping under review.

**John Cryer** (Leyton and Wanstead) (Lab): Waltham Forest Council, which covers some of the poorest wards in London, has had to put through more than £100 million in cuts. To what extent is that situation sustainable?

**Rishi Sunak:** The Government recognise the pressure on local councils and are determined to get them the resources they need, which is why there will be a real-terms funding increase for local authorities across the country this year, together with the flexibility to deliver more money for adult social care, in the hon. Gentleman's council and elsewhere.

**Thangam Debbonaire** (Bristol West) (Lab): Will the Government please commit to reviewing the situation whereby street homeless people are crossing local authority boundaries, going from one where there is little support to others such as Bristol, where there is a great deal?

**Mrs Wheeler:** The hon. Lady asks a very interesting question. The taskforce will be looking at cross-county and rural-to-city issues. Perhaps we could meet to discuss this further after our first meeting on 1 February.

**Ruth Cadbury** (Brentford and Isleworth) (Lab): If the Treasury Committee can recognise the social and fiscal benefits of removing the council house building borrowing cap completely, why cannot the Government?

**Dominic Raab:** Of course, the borrowing cap has been raised by £1 billion, but it has to be done sustainably. We remain open-minded, however, and are keeping it under review.

**Mr Ranil Jayawardena** (North East Hampshire) (Con): With Holocaust Memorial Day this week, does my right hon. Friend agree that on both sides of the House we really need to face up to anti-Semitism wherever we see it and whatever form it takes?

**Sajid Javid:** Holocaust Memorial Day is a reminder to us all of the horrors of what mankind can do—of what we can do to each other—if no one speaks up. It is incumbent on all parties in this House to face up to anti-Semitism. I noted just a few days ago the Jewish Labour Movement was appealing to the Labour party leadership to throw out people who allegedly practise anti-Semitism. The Labour party talks about combating hate crime, but it has to show people that it really means it.

**Gloria De Piero** (Ashfield) (Lab): Too many people moving into brand-new homes on brand-new housing estates struggle with poor or no wi-fi. Will Ministers work with developers to ensure that the necessary infrastructure is in place when these houses are being built?

**Dominic Raab:** The hon. Lady is absolutely right to raise that issue. We have worked with local authorities and developers, but also with the Department for Digital, Culture, Media and Sport in relation to that.

## Private Sector Pensions

3.36 pm

**Debbie Abrahams** (Oldham East and Saddleworth) (Lab) (*Urgent Question*): To ask the Secretary of State for Work and Pensions if she will make a statement on the Government's plans to stop private sector pension abuse.

**The Secretary of State for Work and Pensions (Ms Esther McVey)**: The vast majority of employers do the right thing by their pension schemes, and members can expect to receive the pension benefits they have paid for throughout their working lives. The Pensions Regulator and the Pension Protection Fund were set up in 2004 to provide pension scheme members with a safety net to ensure pension benefits receive some protection when things go wrong—it is a fact that some businesses will fail. The PPF approach has been supported on a cross-party basis since 2004.

To prevent irresponsible employers from off-loading pension liabilities on to the PPF, the regulator was given a range of powers, including the ability to recover significant assets where employers failed to take account of the scheme. There are about 6,000 defined benefit schemes, however, and such cases are very few and far between. It is the responsibility of the regulator to strike a balance between protecting members and PPF levy payers, and minimising any adverse effects on the sustainability of employers and businesses when it comes to the regulation of defined benefit funding.

The regulator does not have the power to stop businesses paying out bonuses to executives or dividends to shareholders, but if it believes that a scheme is not being treated fairly, it will investigate to see whether the use of its powers is appropriate. The Government are clear, however, that where sponsoring employers can meet their pension promises, they should and must do so. That is why we have suggested ways of strengthening the current scheme to enable the regulator to be more proactive. In fact last February we published our Green Paper, "Security and Sustainability in Defined Benefit Pension Schemes", which included suggested measures that could strengthen the powers of the Pensions Regulator by introducing punitive fines for actions that harm a pension scheme. We also set out powers to enhance the regulator's ability to demand information to ensure effective governance and spot issues before damage is done.

Our manifesto in June 2017 reaffirmed this intent by proposing to give the regulator the power to impose punitive fines alongside contribution notices so that pension scheme members are fully protected. The details of the fine would be worked through with all the relevant stakeholders, but it would represent a significant strengthening of the deterrent. We also intend to make certain corporate transactions subject to mandatory clearance by the Pensions Regulator, but we must take care to ensure that these measures do not have an adverse effect on legitimate business activity and the wider economy.

I should tell colleagues that we have received 800 responses to the Green Paper, and they are being reviewed by the Department. The White Paper is in progress and will be published in the spring. Effective

regulation is dependent on a prompt flow of information between the parties concerned, and on compliance with rules and processes. Following the publication of the White Paper, we will introduce new regulation to ensure that the regulator gets the information it requires to conduct investigations and casework effectively and efficiently. It remains the case that the Government support free markets, enterprise and businesses, but this has to be conducted responsibly.

**Debbie Abrahams**: Yesterday, the Prime Minister chose to announce via the media, in part in response to the collapse of Carillion, that the Government planned to introduce tough new rules to stop private sector pension abuse. Carillion had 13 defined benefit schemes in the UK, with 28,500 members and a combined pensions deficit of £587 million. Between the end of 2015 and last year's interim results, the difference between Carillion's assets and liabilities almost doubled, from £317 million to £587 million. We know that profit warnings started to be issued in the summer of 2017. Given the severity of the financial problems facing Carillion, why did the Government not act then, rather than attempting to close the stable door after the horse had bolted?

We have argued for years that the Government should take better action to protect people's pensions. The Government had the opportunity to act in 2013 and again in 2015, by supporting Labour's amendments to pensions governance in legislation. More recently, the Work and Pensions Committee warned the Government of the need for protections and for more powers for the regulator. Although we welcome the Green Paper, the urgency has just not been there. Why did the Minister choose to ignore those warnings?

The Committee made a number of recommendations, including that the Pensions Regulator should have mandatory clearance powers for corporate activities that put pension schemes at risk, and that it should have new powers to impose fines at a level that would genuinely deter such dangerous and irresponsible behaviour. Why did the Government refuse to implement those recommendations at the time? Are the Government now ready to commit to implementing them fully? If the Government had taken action, Carillion's massive debt accrual might have been arrested.

Given the scale of the liabilities and the concerns for other defined benefit schemes, what does this mean for the adequacy of the Pension Protection Fund? The collapse of Carillion has already led to a rise in pension scammers targeting those with pension pots. What about the defined contribution schemes that are not covered by the Pension Protection Fund? Will the Secretary of State investigate the apparent conflict involved in BlackRock being responsible for those schemes while simultaneously betting against their employer? Finally, can she advise the House what measures will be proposed in the White Paper, and when, exactly, they will be brought to the House?

**Ms McVey**: As Members on both sides of the House know, the regulator is an independent, arm's length body. It was set up in 2004 after much discussion about how it should work and how it could best support pensioners when they needed its help. What it never did was to interfere with the running of a business; that was what was decided. We said that we needed to make sure

[Ms McVey]

that we could go further if we had to. That is why we have set about introducing a Green Paper—as I said, we have had 800 consultation responses—looking at where it is best to intervene, to make sure that we get the balance right. We do not want to tip the edge and unnecessarily cause harm to a business.

Profit warnings mean that a company will not get the profit that it expected—no more than that. We have to make sure that the Government do not precipitate anything that could be seen as negative from business. That is why we are looking at all these 800 responses, looking carefully and considering how to protect companies' employees, protect pensions and move forward in the most conducive and careful manner. The new White Paper will be coming forward later this year.

**Mr Bernard Jenkin** (Harwich and North Essex) (Con): May I draw my right hon. Friend's attention to the way the British public are reacting to this issue? They are seriously repelled by the notion that executive directors and even ex-directors should carry on drawing large payments at the same time as there is a mounting pension deficit. If this was what capitalism was really like, people would not want it. What are the Government going to do to draw the attention of businesses and executive directors to their governance responsibilities in these situations in the future, although this is nothing like as bad as the Maxwell scandal?

**Ms McVey:** I completely agree with my hon. Friend. This is about strengthening the corporate governance of organisations. This is about giving power to the boardroom. This is about giving shareholders responsibility. This is about having responsible businesses doing the right thing. Where we can ensure that that happens, and where we can look into investigating what is going wrong—should things be going wrong—it is right that we do. As I said at the beginning, most businesses—the vast majority of businesses, and there are over 6,000 defined benefit schemes—are doing the right thing, but where they are not, it is right that there is fury from the public to make sure that they do the right thing. That is why the Insolvency Service carries out investigations in this regard and gets money back where it can.

**Neil Gray** (Airdrie and Shotts) (SNP): Thank you, Mr Speaker, for granting this urgent question, and I congratulate the hon. Member for Oldham East and Saddleworth (Debbie Abrahams) on securing it.

That we are talking about private sector pensions again highlights the fundamental need to address the regulation of the pensions industry—something that the SNP has been calling for for years, but that has until now fallen on deaf ears. The BHS pension scheme was in deficit by more than £500 million. Carillion is estimated to be up to £900 million in the red, and there are over 5,000 other private sector defined benefit schemes in deficit, to the tune of £900 billion—a ticking time bomb for savers.

However, the real issue is that, while top executives make bad decisions and are rewarded for it, 11 million people who rely on a final salary pension could still be at risk of having the rug pulled from under their feet and of facing reduced entitlements should cases such as BHS or Carillion continue to be repeated.

The SNP has long called for the establishment of an independent pensions commission to ensure that employees' savings are protected and that a more progressive approach to fairer savings is considered. Alongside that, will the UK Government make sure that the Pensions Regulator is now given the appropriate authority to step in and protect the interests of savers and pensioners before cases such as those of BHS and Carillion happen again?

**Ms McVey:** The Pension Protection Fund is there to do just that: to support pensioners. It does step in and support them where necessary. The hon. Gentleman is quite right: where businesses have not worked responsibly, we should be getting involved, and we did that when we saw the conditions with British Home Stores. What happened there is that anti-avoidance enforcement did take place, and £363 million was got back, so we did not have to use the PPF. Also, a prosecution did take place. All these instances have been different, but the hon. Gentleman is quite right: where there has been an abuse of the system, we will carry out an investigation and bring people to account.

**Rachel Maclean** (Redditch) (Con): What action is my right hon. Friend taking in working with the Secretary of State for Business, Energy and Industrial Strategy to look at the conduct of the directors of Carillion in this regard? Specifically, following on from the point raised by my hon. Friend the Member for Harwich and North Essex (Mr Jenkin), what can be done now to recover any of this money for the people affected?

**Ms McVey:** I thank my hon. Friend. An investigation is going on. Not only is there one that has been initiated by the Business Minister, but the Insolvency Service will also be investigating what went on. If there is any evidence that untoward things have been done, a prosecution will follow. That is what we are about: we want businesses to act responsibly. They employ the majority of people in this country, so it is only right that we support them when they need our support and bring them to account when they are doing things wrong.

**Stephen Timms** (East Ham) (Lab): I welcome the right hon. Lady back to this Department. The Government, of course, are responsible for the regulatory framework for pensions. Will she respond to the point raised by my hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams) about defined contribution schemes? Are the Government looking at possible changes to the rules for those, as well as for defined benefit schemes, which the Minister has said the Government are looking at?

**Ms McVey:** We are not currently considering changing the rules on defined contribution schemes. In that instance a contribution has been made which will be protected and moved to another pension, whereas a pension in a defined benefit scheme is what someone was expecting to receive at the end, and will therefore be protected. They are very different schemes, and different protections and rules apply to them.

**Mrs Pauline Latham** (Mid Derbyshire) (Con): Can my right hon. Friend confirm that constituents with existing Carillion pensions will receive 100% recovery through the Pension Protection Fund?

**Ms McVey:** I can indeed state that that is the case, but anyone who is concerned about a pension should call the free hotline. The number is 0800 756 1012. I know that my hon. Friend is a great supporter of employees and businesses in her local area.

**Helen Goodman** (Bishop Auckland) (Lab): The Secretary of State does not seem to have grasped the fact that the decision to carry on paying dividends and to boost the bonuses of the board while running up a pensions deficit was made by the board itself. What will she do to prevent that from happening again?

**Ms McVey:** I do understand the gravity of what happened, but there is one thing that we never seek to do in the House. In 2004, after much discussion, we asked an independent arm's length body to look into these matters. When there have been misdemeanours and irresponsible behaviour and things have gone wrong, we announce that investigations are under way, but we are not the investigator. What we do is legislate to ensure that people are brought to account—and if they have done something wrong, my goodness, we need to bring them to account.

**Mr Marcus Jones** (Nuneaton) (Con): A number of my constituents have been affected by the Carillion situation. What will the Pension Protection Fund do to support those who have pensions through Carillion, and what more will the Government do to ensure that people with private pensions can be confident that investing their savings in a company pension fund is the right thing to do?

**Ms McVey:** I can reassure my hon. Friend that the Pension Protection Fund is there to provide a lifeboat. Those who have retired will receive 100% support, while those who have not will receive 90% support, with a cap. That is what we are here to do: to protect the people who have done the right thing in saving for their future and to look after them in a responsible way, while also ensuring that regulations and processes exist to bring to account those who have done the wrong thing.

**Cat Smith** (Lancaster and Fleetwood) (Lab): BlackRock was responsible for Carillion workers' pensions, while simultaneously betting against their employer on the stock market. What measures will the White Paper contain to ensure that such a conflict of interests cannot happen again?

**Ms McVey:** We received 800 responses to the Green Paper. We want to learn from the people who know most about these matters what they think is the best way to tackle the problem, because obviously we do not want such things to happen again.

**Sir Desmond Swayne** (New Forest West) (Con): What impact would renationalisation below the market have on pension funds?

**Ms McVey:** It would be an absolute disaster.

**Tonia Antoniazzi** (Gower) (Lab): My constituent Michael Evans, a retired employee of Barclays, has raised serious concerns about the future of its pension fund. Given the

£7 billion shortfall, is Barclays moving its liability to its investment branch in the hope that it can avoid having to cover the deficit?

**Ms McVey:** People who are concerned about their pensions should take advice from the Pensions Advisory Service. That is the best thing they can do. Obviously, the regulator will look into any incidents that it thinks need to be investigated.

**Alex Burghart** (Brentwood and Ongar) (Con): I welcome the Government's commitment to do more to protect the pensions of private sector workers. Does the Secretary of State agree that it is absolutely necessary to have private sector providers of public services, and that the Government should continue to support them?

**Ms McVey:** Of course it is important that we have the private sector delivering an array of services, because as the world gets more complicated and more specific, we need people with specific skills to go forward and do that. That is the best way to have a well-functioning country.

**Stephen Kinnock** (Aberavon) (Lab): The creation of the British Steel pension scheme mark 2 created fertile territory for unscrupulous pension advisers to swoop in like vultures and exploit vulnerable people. What lessons have been learned from the British Steel experience, and what will the Secretary of State do to ensure that we do not see the whole sorry tale of Carillion leading once again to the privatisation of profit and the socialisation of risk?

**Ms McVey:** What we have learned from that is that straight away, eight companies were banned from doing what they had done in any kind of pension scam. We are also going to bring together all the advice under a single body so that people are well aware of what they can and should be doing and whether they have done the right checks to ensure that they are dealing with a positive organisation for their pension.

**Mrs Anne Main** (St Albans) (Con): Workers have been encouraged to take part in buying their pensions, and they need to have confidence in their scheme. My hon. Friend the Member for Harwich and North Essex (Mr Jenkin) mentioned the fact that fat cats are seen to bear no risk in this process. What more can we do to achieve greater transparency in how private pensions work within companies? What can we do to enable people to get the best possible information to ensure that they are not being sold short while other people seem to float high above all the risk?

**Ms McVey:** My hon. Friend raises a key point. There does need to be transparency. A pension is something that people invest in all their lives and hope to recoup when they retire, so transparency is key. Our White Paper will seek to determine best practice and, in parallel, to set out stronger corporate governance within pensions organisations.

**Stephen Lloyd** (Eastbourne) (LD): I should like to thank you, Mr Speaker, for granting an urgent question on this important issue. I should also like to welcome the Secretary of State back to the Front Bench. Is she

[Stephen Lloyd]

aware that, under the current rules, pension obligations are unsecured, meaning that insolvent companies fund their pension schemes only when they have compensated their other, supposedly more important, secured creditors? If so, has her Department considered carrying out a review of those rules so that employees with private pensions can be given a justifiably higher priority in future?

**Ms McVey:** That is key—where do they fit in the line of creditors? Are people being given the correct protection for their pensions? That is why the Pension Protection Fund was brought in. Again, this is something that needs to be brought forward under the governance rules for pensions.

**Maggie Throup** (Erewash) (Con): The whole subject of pensions is very complex. In the context of providing advice for people who are looking for a pension, or who already have one, what action are the Government taking to ensure the better delivery of financial and debt advice?

**Ms McVey:** The Financial Guidance and Claims Bill, which we will be debating straight after this urgent question, deals with the advice and support that people can get in order to understand what options are on the table. That represents a positive move by this Conservative Government to allow people to control and understand their finances, because they need to know where to put their money and be assured that it will come back to them in a good pension.

**Diana Johnson** (Kingston upon Hull North) (Lab): Further to the question asked by my hon. Friend the Member for Bishop Auckland (Helen Goodman) and in the light of Carillion's board members rewarding themselves with bonuses while allowing the pension deficit to grow, does the Secretary of State agree that she needs additional powers to bring such executives to account for their corporate greed and irresponsible behaviour?

**Ms McVey:** The situation is being assessed at the moment, and what happened is being investigated. The regulator already has the power to look into anti-avoidance measures and enforcement, which could be utilised to do precisely what the hon. Lady talks about. Strengthening the regulator's hand was in our manifesto, and we will be bringing that forward in the White Paper.

**Jeremy Quin** (Horsham) (Con): Hon. Members are understandably focusing on the directors of Carillion but, having been through the BHS investigation conducted by this House, I encourage my right hon. Friend to look closely at the expertise, advice and powers available to pension trustees.

**Ms McVey:** I will indeed do that. My hon. Friend knows a lot about such matters. We will take advice such as that and the 800 responses to the Green Paper into account when drawing up our solution.

**Mr Jim Cunningham** (Coventry South) (Lab): Over the past 30 years, successive Governments have made promises from time to time about strengthening the rules around pension schemes, but nothing happens.

The Carillion situation will have a major impact on the west midlands supply chain. When are we going to get tough on directors and get some tough legislation? The White Paper will not be worth the paper it is written on unless the Government do something positive.

**Ms McVey:** The hon. Gentleman is right that we are looking for ways to bring to account those who have not acted scrupulously. The regulator has taken measures, and they have proved successful. For example, BHS was prosecuted and we recouped £363 million. We have to adapt to situations as they arise and try to pre-empt other things, because none of the cases that have been mentioned today resulted from the same action. The hon. Gentleman is right that we have to ensure that unscrupulous businesspeople are brought to account, because we need good private business and good entrepreneurs.

**Rebecca Pow** (Taunton Deane) (Con): I applaud the Prime Minister's call for tougher new rules for executives who put workers' pensions at risk. My constituents want to be confident that private pensions are secure and sustainable. After all, we have encouraged them to take them out. To put my constituents' minds at rest soon, will my right hon. Friend please give an assurance that the Government are taking matters seriously?

**Ms McVey:** My hon. Friend is right to raise that point. The people watching at home who have a pension or are thinking about investing in one want to know that they are safe. They also want to know what the Government are doing to ensure that they will be safe going forward. That is exactly what we intend to do with the White Paper by reinforcing corporate governance measures and making them tougher.

**Alan Brown** (Kilmarnock and Loudoun) (SNP): As Carillion owes millions of pounds to subcontractors such as small plumbing companies, it is inevitable that there will be other insolvencies. If a plumbing company goes under, its nominal liabilities transfer to fellow employers through a multi-employer pension scheme. That is clearly unfair, but it happens because the PPF refuses to act as guarantor of last resort for multi-employer schemes. When will the Government end that anomaly? If they will not, will they support my ten-minute rule Bill that would sort out the situation?

**Ms McVey:** I am aware that that was debated with the Pensions Minister 10 days ago, and he is looking specifically at the points the hon. Gentleman raised then. The hon. Gentleman is fighting a good cause, and I am sure that we will be able to come up with a solution.

**Paul Masterton** (East Renfrewshire) (Con): The best form of pension protection that anyone can have is a sustainable employer. While the Pensions Regulator has wide-ranging powers, they are rarely used and it is often a bit toothless. Is the Secretary of State satisfied that any new powers, welcome though they may be, will be backed by proper resources?

**Ms McVey:** When we bring forward new powers, it is vital that they are workable, that they have a strong, secure footing and that they are affordable. We are looking at that as we review how to introduce stronger legislation.

**Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): As part of the Tata Steel-Thyssenkrupp merger, workers faced the slashing of their pension funds if they joined the PPF or if they joined a new scheme with reduced benefits. Others opted for personal plans, leading to a feeding frenzy of mis-selling. Does the Secretary of State think the steelworkers of Wales were treated fairly, considering that the new company's annual sales are estimated at £15 billion?

**Ms McVey:** We have to make sure that we look after people with pensions. We also have to ensure that we keep companies going as a viable concern. At the time, this was deemed to be the best option for the future. We always have to make sure it is the best solution at the time, and we have to secure future legislation to ensure that we have better regulation and better law in place.

**Nigel Huddleston** (Mid Worcestershire) (Con): Even this weekend I heard and saw some commentators, who really should know better, say things such as that Carillion pensioners risk losing their pensions. Can the Secretary of State confirm what percentage of their anticipated pension many Carillion pensioners can now expect to get through the PPF?

**Ms McVey:** My hon. Friend raises a good point. Those who are in receipt of a pension will receive 100%, and those who receive a pension in the future will get 90%, subject to a cap. People who are concerned about their pension should rest assured, and they can always go to our free helpline.

**Lucy Allan** (Telford) (Con): I warmly welcome the Secretary of State to her new position and thank her for the reassurances she has given the House this afternoon. GKN employs 340 people in Telford and is currently the subject of a proposed hostile takeover. Will she confirm that the safety of pensions at GKN will be a priority for her Department if the takeover proceeds?

**Ms McVey:** That is a matter for the Pensions Regulator, but obviously we have the Pension Protection Fund in place, and we will be looking to ensure that pensioners are safe and protected.

**Mr Philip Hollobone** (Kettering) (Con): How is it that some of these private sector pension fund deficits are allowed to get so large before any action is taken?

**Ms McVey:** We allow businesses to run themselves without interference from Government, and therefore we do not know the complete structure of their profit

and loss, and of their assets and liabilities. Should anyone wish to raise a concern about their business, they are free to do so with the regulator. With our combined corporate governance review and new legislation, we will make sure that pensions are on as firm a footing as possible. We will make sure that such abuses do not happen.

**Kevin Foster** (Torbay) (Con): I am sure the Secretary of State will agree that the recent prosecution of Dominic Chappell by the Pensions Regulator should put directors who take decisions that might endanger their employees' pensions on notice of the liabilities they could face. But will she reassure me that the role and powers of the Pensions Regulator, particularly how much further we can go in attaching personal liability to those responsible for disastrous decisions, will be part of the White Paper?

**Ms McVey:** I reassure my hon. Friend that that is exactly what we will be doing. We are looking at how we empower the Pensions Regulator and, if need be, how we allow it to levy fines. It has to be a balanced response, not a knee-jerk response, and we have to make sure it works for both pensioners and businesses.

**Richard Graham** (Gloucester) (Con): When a major UK business collapses it is incredibly important that both existing and future pensioners are given reassurances about their situation. In the case of BHS, this House elected to constitute a joint Select Committee inquiry to consider aspects of both the pensions and the business. Does she agree that a joint Select Committee inquiry looking into both the pensions and business aspects of the collapse of Carillion would be welcome?

Secondly, in the worst-case scenario, existing pensioners will get 100% of what is due to them through the Pension Protection Fund, and future pensioners will get 90%. The PPF, with assets of some £29 billion, is extremely well funded and capable of looking after the worst-case scenario.

**Ms McVey:** My hon. Friend, who has a lot of experience in these matters, is right in saying that the Pension Protection Fund is robust. It has a lot of resources, so people are safe and will be protected. That is what they need to know now. The Government have very clearly, from the moment this happened, set out the support for pensioners, so that they knew that their pensions were safe and they could go to work knowing that they were being looked after. He is quite right: we have to make sure that we are taking the right approach going forward.

## Points of Order

4.11 pm

**Mike Gapes** (Ilford South) (Lab/Co-op): On a point of order, Mr Speaker. On Friday, the Secretary of State for Justice and Lord Chancellor came to my constituency and attended a meeting in Redbridge town hall. I first knew about this today, from the website of the *Ilford Recorder*, to which the Secretary of State has given an extensive interview talking about policing, crime, youth crime and other issues relating to my borough and my constituency. He did not have the courtesy to inform me—nor did he inform the leader of the council, Councillor Jas Athwal, or anybody else in Redbridge, except a few selected councillors—that he was coming to my constituency.

I have informed the Member today, through the answering machine in his House of Commons office, of this point of order. I tried five numbers at the Ministry of Justice, but all were unobtainable, including the public number given to me by the House of Commons Library. At least I had the courtesy to inform him that I was raising this point of order, but, Mr Speaker, I seek your advice. Given that Ministers will be quite active in coming to constituencies in the coming months, can we have it made clear that they should at least inform the Members for the constituencies that they are going to visit?

**Mr Speaker:** I am grateful to the hon. Gentleman for his characteristic courtesy in giving me advance notice of his intention to raise that point of order. Moreover, the House has just learned from his detailed description of the prodigious efforts he made to contact the Secretary of State for Justice and Lord Chancellor, even if ultimately they were to no avail. I thank him, as I say, for giving me notice of the point of order.

As I have said on many occasions, colleagues, it is a strong convention, albeit not a rule, that a Member should give reasonable notice to a Member whose constituency he or she is intending to visit in a public capacity of the fact of that prospective visit. Apart from anything else, I regard this as a matter of courtesy.

I would say on this occasion that I am surprised to learn of this development, because I know the Secretary of State. Ordinarily, he would be regarded, I think,

as one of the most courteous Members of the House. I do regard this as a lapse. It is regrettable and I hope that it will not happen again. We ought to treat each other with courtesy, which means giving some advance notice, as I have said.

**Marsha De Cordova** (Battersea) (Lab): On a point of order, Mr Speaker. I seek your guidance as to whether you have received notification from the Secretary of State for Work and Pensions that she will make an oral statement on personal independence payment. As you may be aware, late on Friday afternoon, the Government put out a written statement announcing that they would not appeal the High Court judgment of 23 December 2017 that in effect reversed the emergency PIP regulations that they introduced early last year.

As I am sure you recall, Mr Speaker, those regulations were brought in without a vote of the House as a negative statutory instrument despite two urgent questions, an emergency debate and widespread concern about their impact. I would be grateful for your guidance on how Members might have the opportunity to question Ministers in detail on this vital policy change, which will affect more than 150,000 people—primarily those with mental health conditions.

**Mr Speaker:** I am grateful to the hon. Lady for her point of order. In short, I have received no notification from the Secretary of State for Work and Pensions of an intention to make a statement on that matter. As the hon. Lady will know, the Secretary of State is in her place; she is welcome to come to the Dispatch Box and respond if she wishes, but she is under no obligation to do so.

**The Secretary of State for Work and Pensions (Ms Esther McVey)** *indicated dissent.*

**Mr Speaker:** She does not wish to do so at this time. The hon. Member for Battersea (Marsha De Cordova) should table questions and see where she gets. If she and her colleagues judge that they wish to seek a debate on the matter, it is open to them to do so. For now, she has aired her concern and it will have been heard by those on the Treasury Bench.

## Financial Guidance and Claims Bill [Lords]

[Relevant document: *Third Report of the Work and Pensions Committee, Protecting pensions against scams: priorities for the Financial Guidance and Claims Bill, HC 404.*]

*Second Reading*

4.15 pm

**The Secretary of State for Work and Pensions (Ms Esther McVey):** I beg to move, That the Bill be now read a Second time.

The Bill will reform the current financial guidance service landscape to improve outcomes for people in their everyday lives. It will bring about two changes. First, it will restructure the financial guidance landscape for members of the public by creating a new single financial guidance body and providing funding to the devolved authorities for locally commissioned debt advice. Secondly, it will move the regulation of claims management services from the Ministry of Justice to the Financial Conduct Authority. Both measures will benefit members of the public and provide a sustainable legislative framework for public financial guidance and the future regulation of claims management companies.

Ensuring that people, especially those who are struggling, are easily able to access free and impartial financial guidance to help them to make more effective financial decisions and to improve their confidence in dealing with financial service providers is an important step towards improving people's financial capability. In addition, ensuring that people are able to access high-quality claims management services speaks to the Government's commitment to ensuring that action is taken when markets work against consumer interests.

The provisions in part 1 of the Bill follow three consultations, conducted by the previous Conservative Government, on the provision of pensions and money guidance and the provision of advice on debt management. In particular, the consultations examined the demand for such services, how their provision should be structured and how to make that provision more effective for consumers. The final consultation revealed a broad consensus for a single body for financial guidance. As a result, the Bill will bring together the important work done by the Money Advice Service, the Pensions Advisory Service and Pension Wise to create a single financial guidance body. The relevant measures have received strong support from industry, stakeholders, charities and consumer groups.

**Mr Chris Leslie** (Nottingham East) (Lab/Co-op): It is vital that we all work across party lines on financial guidance. I encourage the Secretary of State to place on the new financial guidance body a duty to promote financial resilience. Every year in Britain, 2 million people have unforeseen sickness absence. They cannot cope as their income suddenly falls. Eight out of 10 people in this country have very little savings, or none at all. It would be a real step forward to have a body that promotes financial resilience.

**Ms McVey:** The hon. Gentleman makes an important point. Once the new body is set up, it will be able to see what is needed in the public arena and shape and craft

what it does. That is important, as is debt advice for vulnerable people, who need to be able to plan a path for their future.

**Rebecca Pow** (Taunton Deane) (Con): The fact that household debt in this country now stands at £1.9 trillion shows just how important it is to give people knowledge and understanding about the management of their finances. I welcome the Bill. Will the Secretary of State assure us that it will help constituents such as mine in Taunton Deane, who currently have to go to a plethora of bodies to get advice, to make the decisions that we hope will prevent them from getting into debt?

**Ms McVey:** My hon. Friend raises a very good point about how to help those who are most vulnerable—how to help them to get out of debt. Debts are at high levels, but they are lower than they were in the first quarter of 2010. The latest figures, for the third quarter of 2017, showed that they had gone down, but they are still high, and we need to help people understand their finances. Understanding really is key to this—they need to understand what is going out, what is coming in and how to get life on a firmer footer, so that they can go forward with confidence.

**Gareth Thomas** (Harrow West) (Lab/Co-op) *rose*—

**Steve McCabe** (Birmingham, Selly Oak) (Lab) *rose*—

**Ms McVey:** If I can make a bit progress, I will take some more interventions.

Old Mutual Wealth has noted that consolidating the Money Advice Service, the Pension Advisory Service and Pension Wise into a single financial guidance body presents an opportunity materially to improve the quality and reach of Government-led primarily industry-funded services to encourage consumer engagement. Accordingly, the new body will ensure that people have access to the information and guidance needed to make the necessary and effective financial decisions that we all have to make throughout our lives. This information, guidance and, in respect of debt, advice will be not only independent and impartial, but free at the point of use, making it accessible to all those who need it. By merging those services into a single body, we will remove duplication of services, increase the efficiency of the service and ensure that those who require information, financial guidance and debt advice know exactly where to find it.

A single body also gives us the opportunity to provide a more seamless customer journey, doing the joining up behind the scenes. Importantly, it provides a hook back into the customer for follow-up support. The Government are concerned about low levels of financial capability in the UK. We recognise that not enough people know how to manage their money effectively, which is why we are taking decisive action through the Bill.

**Steve McCabe:** I am very grateful to the Secretary of State for giving way. As she seems to be acknowledging, the evidence suggests that too many people do not have sufficient knowledge to make the best choices about their pensions. On that basis, does she agree that it is important that the new body concentrates on trying to provide as much face-to-face active support and guidance as possible, and does not simply rely on websites, which are a much more passive form of assistance?

**Ms McVey:** The hon. Gentleman raises a very good point. Different people glean information through different channels, so a website works for some and telephones work for others, and there will be a need for face-to-face advice. At the moment, that is being offered through the citizens advice bureaux. Therefore, he is right in saying that face-to-face advice is important, too.

**Mr Jim Cunningham** (Coventry South) (Lab): One big problem with information for ordinary people is that it is complex. Will right hon. Lady give us an assurance that any information or advice that is being given is in simple language that people can understand? That is always the big difficulty with lots of forms—people just do not understand them.

**Ms McVey:** Again, a valid point—the advice has to be impartial, free and in a language that people understand. Sometimes people might not feel confident to say that they do not understand the terminology, because they think that there is a presumed knowledge that might not be there. I concur with what the hon. Gentleman says.

The new body will have a number of statutory objectives: to improve the ability of people to make informed financial decisions; to support the provision of information, money and pensions guidance and debt services in areas where it is specifically lacking; to ensure that information, guidance and debt advice is clear, cost-effective and not duplicated elsewhere; to ensure that information, guidance and debt advice is available to those most in need, particularly people in vulnerable circumstances; and to work closely with the devolved authorities.

**Gareth Thomas:** Further to the question asked by the hon. Member for Taunton Deane (Rebecca Pow) about the rise in household debt, does the Secretary of State accept that there is a particular problem with household debt generated by high-cost credit lenders, such as BrightHouse? Under clause 10, the Financial Conduct Authority can levy to cover the costs of the new single financial guidance body. Can she reassure me that high-cost credit companies such as BrightHouse will be covered by such a levy, and will she tell the House what this body will do to encourage the take-up and awareness of the products offered by credit unions—a far lower cost of debt provision?

**Ms McVey:** First, debt is not rising. It has actually fallen over the past eight years, but it is still too high. This new body will offer guidance and advice, so that people understand what loans they are taking out and, fundamentally, what paying them back will mean for them. Secondly, we are today putting in place the legislative framework to set up the body, but it will determine the key things it wants to pursue. I am convinced that it will listen to the advice that the hon. Gentleman and others put forward.

The new body will also provide advice on a breathing space scheme, providing additional support to the Government's policy development. The scheme will allow an individual in problem debt to apply for a period of protection from further fees, charges and enforcement action, alongside establishing a statutory debt management plan. One of the new body's key functions will be to support over-indebted consumers, ensuring the provision

of high-quality debt advice that is free at the point of use. Last year, the Money Advice Service spent £49 million to fund 440,000 debt advice sessions. We want the new body to build on that good work.

**Kevin Hollinrake** (Thirsk and Malton) (Con): Further to the point that the hon. Member for Nottingham East (Mr Leslie) made about financial resilience, is the Secretary of State aware that household debt as a proportion of household income rose from 93% to a peak of 157% in 2008, under the previous Government? Does not that demonstrate that these kinds of measures are essential in helping people to make sensible choices about their finances?

**Ms McVey:** My hon. Friend makes a good point. Household debt rocketed under the previous Labour Government, and we are now ensuring that it comes down, because it is still too high. I particularly appreciate that the Bill has cross-party support, because we all know that we need to help people who are in debt.

As a result of a range of broader reforms and initiatives, such as automatic enrolment, which has increased the number of people saving into pension schemes and the pension freedoms that allow anyone aged 55 and over to take their whole pension as a lump sum without paying tax on the first 25%, the number of people looking for high-quality, impartial financial guidance continues to rise. We look forward to the new body meeting those challenges, building on the existing good work of the Money Advice Service, the Pensions Advisory Service and Pension Wise.

**Yvonne Fovargue** (Makerfield) (Lab): Has the Minister considered whether the breathing space will apply to public as well as private sector debts, because many people find that they are pursued more vigorously by those creditors?

**Ms McVey:** While looking at this respite, we are having a call for evidence to determine how best to proceed, and no doubt the hon. Lady's point will be raised.

**Several hon. Members** *rose*—

**Ms McVey:** I will make a little progress before taking any more interventions, because otherwise I will never get through this, and I need to.

The second part of the Bill makes provision to strengthen the regulation of claims management companies. As many hon. Members will be aware, there is evidence of malpractice in the claims management sector in the form of disproportionate fees, nuisance calls, poor service, and the encouragement of fraudulent claims.

Following an independent review of claims management regulation led by Carol Brady, the Government announced in the 2016 Budget their commitment to clamping down on malpractice in the sector. Part 2 delivers this commitment in two key ways. First, it transfers regulatory responsibility for claims management regulation from the Claims Management Regulator, a unit based in the Ministry of Justice, to the Financial Conduct Authority. Secondly, it introduces new measures to ensure that consumers are protected from being charged excessive fees. Those measures include a duty on the Financial Conduct Authority to make rules restricting fees charged for

services provided in relation to financial services and products such as payment protection insurance claims, and a power for the FCA to introduce caps in other claims sectors should the need arise.

**Jonathan Edwards** (Carmarthen East and Dinefwr) (PC): It is great to see you back in your rightful place, Mr Deputy Speaker.

May I take the Secretary of State back to the first part of the Bill and the devolved functions in terms of debt advice? How will they be funded? Will it be based on a percentage share—a population share—of expenditure in England? Will it be based on Welsh need, or, as I read the Bill, will the Welsh Government send the Treasury a bill for its functions and then that will be levied by the FCA?

**Ms McVey:** I reiterate what the hon. Gentleman said by welcoming you, Mr Deputy Speaker, to the Chair.

The money will be collected. At the moment, what is spent and how it is spent is down to the new body being formulated. However, it will be done by Government grants and then money will be taken back—financial bodies will be paying in. Obviously, going forward, where there is most need is where most money will be going. That is how it will be viewed.

**Robert Neill** (Bromley and Chislehurst) (Con): I very much welcome part 2, which does improve protections. Is my right hon. Friend aware that the Justice Committee looked at this issue in relation to changes to the small claims limit in personal injuries matters? Will she bear in mind the very strong evidence suggesting that, because the likely increase in the small claims limit will mean more litigants in personal injuries cases, the current cap in relation to payment protection insurance should be extended to personal injuries cases in order to extend consumer protection? Will she consider a “fit and proper person” test in relation to claims management companies operating in this area?

**Ms McVey:** My hon. Friend always provides wise words. I can assure him that those matters will be taken into consideration.

This is not to say that claims management companies should be regulated out of existence. The Government believe that these firms provide a valuable service to consumers who may be less likely or unable to bring claims themselves. A well-functioning CMC market can also benefit the public interest by acting as a check and balance on business conduct. The measures therefore aim to strengthen claims management regulation in the round in order to enhance both consumer protection and professionalism in the sector.

The Bill ensures that those who use claims management services to make claims in relation to PPI are protected in the interim period before the FCA exercises its duty to introduce a fee cap. The Bill does this through the provision of an interim fee cap on PPI claims management services during the period between Royal Assent and implementation of the FCA cap. The Bill will cap these fees at 20% of the final compensation amount. The Association of British Insurers welcomed the claims management regulation measures, stating:

“Confirmation of tougher regulation of claims management companies cannot come soon enough for people who are plagued by unsolicited calls and texts.”

**Andy Slaughter** (Hammersmith) (Lab): One thing that the Bill was silent on, until it was amended by the Opposition in the other place, is cold calling. In the seven years since the Legal Aid, Sentencing and Punishment of Offenders Act 2012, the Opposition have been pressing to have cold calling and spam texts outlawed. Is the Secretary of State going to say anything about that? Does she agree that there is no defence for having this blight on the lives of almost everyone in this country, and that it should not just be regulated but banned?

**Ms McVey:** There will be a ban on pension cold calling, and we will work through the detail of how that will work best for consumers at home.

**Patricia Gibson** (North Ayrshire and Arran) (SNP): Will the Secretary of State give way?

**Ms McVey:** If I may, I will continue a little bit further and then I will take another question.

I will reflect on the passage of the Bill through the Lords. There was overwhelming support in the other place for the measures originally contained in the Bill. The amendments in the other place sought to include a Government manifesto commitment—a debt respite scheme—because noble Lords were concerned about legislative space. Some amendments made explicit in the Bill what was always implicit in policy, including making it clear that the single financial guidance body’s services are free at the point of use, and ensuring that the information, advice and guidance are impartial.

Other changes were more substantial, but none the less welcome. These ranged from the inclusion of a clause making it a criminal offence to impersonate the body to safeguarding clauses for its wind-up and requiring the FCA to create rules on signposting individuals to the body. Further additions include an interim fee cap for PPI claimants, which will ensure that CMCs charge fair and proportionate fees in relation to financial services claims during the interim period between Royal Assent and the introduction of the FCA’s fee cap, and making provision for the establishment of a debt respite scheme, which I will expand on shortly.

**Patricia Gibson:** Does the Secretary of State share my concern about the UK Government’s intentions with regard to adopting the provisions in my ten-minute rule Bill to do with director-level responsibility for unsolicited marketing communications? The Government have on two occasions set themselves a deadline to adopt this legislation, and on two occasions the deadline has passed. I hear what the Secretary of State has said about the provisions in this Bill, but is she concerned, like me, that it will be confined to protecting consumers with regard to pensions, not in a whole host of areas right across the marketplace?

**Ms McVey:** We are of course looking at pensions today, but other rules, regulations and laws are in place to protect people from unsolicited, unwanted cold calls and the Department for Digital, Culture, Media and Sport is looking at how to strengthen them further. I now want to address some of these issues.

**Several hon. Members** *rose*—

**Ms McVey:** I will briefly give way but I will then continue with my speech.

**Vicky Ford (Chelmsford) (Con):** I listened very closely to what the Secretary of State said about the breathing space, which is a really welcome period to help individuals—she mentioned individuals—to sort out their debts without getting into more problems. Will she confirm that that also covers households and families so that it helps the whole family, not just the individual?

**Ms McVey:** When people call seeking advice and support, they may be doing so for themselves or for the household—for example, they may need respite for all the family—and if so, they will invariably be looking for help not just for themselves, but for their family in its entirety.

**Mr Edward Vaizey (Wantage) (Con):** May I welcome my right hon. Friend to her new position? As the former Minister with responsibility for telecoms, I was involved in trying to stamp down on cold calling. It may not be necessary to ban cold calling entirely, but I certainly welcome the fact that the Bill has been amended to take account of the knock-on effects of claims management companies on cold calling. I hope that the Secretary of State will comment on the need to make it explicit that the new regulator must consult Ofcom on some of these issues. Ofcom is the body charged with cracking down on cold calling. We often forget that when we introduce measures that are consumer-friendly—rightly, to allow people to have redress—that can, unfortunately, inspire some of the less scrupulous to up their game in terms of cold calling.

**Ms McVey:** I thank my right hon. Friend for his intervention. No one knows more about this subject than him, and I am glad he has put that on the record. These are all things that we need to consult on to make sure that we get the new regulation right.

**Chris Philp (Croydon South) (Con):** On the question of cold calling raised by my right hon. Friend the Member for Wantage (Mr Vaizey), the cold calling provisions appear in clause 4 in part 1 of the Bill. Could the Secretary of State clarify whether those powers to prohibit cold calling will apply not just to financial guidance but to claims management companies, which are the topic of part 2? I hope that the answer is yes.

**Ms McVey:** That is our intention and that is what we will do, but those finer points will be worked out by the body as it works responsibly on behalf of UK citizens.

I want now to address issues that I know will be of interest to hon. Members. The Government have been clear that we will not stand for unlawful, persistent cold calling made by companies in the claims management sector. Cold calling is already illegal under certain circumstances. Under the privacy and electronic communication regulations, we have forced companies to display their numbers when they call, made it easier to take action against those involved in making the calls, and strengthened the powers of the Information Commissioner's Office to impose fines.

That being said, a number of companies continue to act disreputably, so it is only right that the Government continue to take steps to further regulate the sector.

That is why the Government committed in the other place to introduce measures to tackle those issues. The Department for Digital, Culture, Media and Sport is currently working through the details of an amendment to prohibit CMCs from making live, unsolicited calls unless the receiver has given prior consent. That step, combined with the Government's previous actions in this area, should act as a warning to those acting unlawfully that we will not rest until the problem has truly been eradicated.

**Neil O'Brien (Harborough) (Con) *rose*—**

**Ms McVey:** If I can continue for a little longer, I will take some more interventions.

The Government welcome the findings of the report of the Select Committee on Work and Pensions exploring how to protect pensions from scammers. We remain committed to protecting savers from pension scams. We have already announced that we are banning pensions cold calling, tightening HMRC's rule to stop pension scammers and fraudulent schemes, and preventing the transfer of money from occupational pension schemes into fraudulent ones.

The Government are currently reviewing the alternative proposals for banning cold calling under the Bill. We have also listened to concerns about the risks of not receiving sufficient guidance or advice prior to taking advantage of the pensions freedoms, and we are currently considering the amendments recommended to ensure that members of the public are aware of the importance of receiving guidance.

Hon. Members will also be interested in the addition of the provision for a debt respite scheme, which includes a breathing space period and a statutory debt repayment plan. We understand the valuable additional support that the scheme could provide for thousands of vulnerable individuals and want to implement a breathing space scheme as quickly as possible.

The Government are pressing on with policy development. We have already set out a firm timetable for consultation and are continuing to work closely with a wide range of stakeholders. The call for evidence on breathing space was published in October last year and has now closed. After responding to that call for evidence, we will consult on a single policy proposal. The Bill gives us an enabling power to lay regulation to establish the scheme after receiving advice from the single financial guidance body on the design and certain aspects of the scheme. It is important that we take time to get this right. The scheme will achieve its intended benefits for indebted individuals only if it is properly designed. I look forward to the Government working constructively with hon. Members so that we can enable a scheme to benefit vulnerable families as quickly as possible.

**Neil O'Brien:** One of the important things that the Bill does is to regulate nuisance cold calling. It is sometimes tempting to dismiss it as merely a nuisance, but it is more than that for some vulnerable people. A constituent has emailed me to say:

"All my friends and family have signed up to the TPS, but are still bombarded by these parasites. Our friend who suffers from dementia seems to get several a day, as I check his phone calls each time we visit. These vulnerable people...say yes to anything",

even if they have not had an accident. My constituent adds that

“TPS does not work...The only way to stop this abhorrent practice is for the regulator to hand out punitive fines”.

Will my right hon. Friend both maximise the scope of the Bill and encourage the regulator to clamp down hard on that kind of behaviour?

**Ms McVey:** I thank my hon. Friend for raising that important point. I bet that many constituents could bring forward similar cases. The maximum penalty for breaches will remain the same; that is up to half a million pounds. We must make sure that people do not abuse the system, which is why, particularly in this Bill, we are looking at ways to ban pension cold calling.

**Andy Slaughter:** Will the Secretary of State give way?

**Ms McVey:** I will, but this intervention will be the last one.

**Andy Slaughter:** The Secretary of State is being extremely generous. I sense some puzzlement on both sides of the House that the Government are pulling their punches on cold calling. There is to be greater regulation; that is to be extended in some areas. Apart from the cold callers themselves, the consensus is that this should be banned. That includes claimant organisations such as the Association of Personal Injury Lawyers. Why will the Government not undertake now to ban spam texts and cold calls?

**Ms McVey:** We have brought that forward. That will be for this Bill. For pensions, there will be a ban. It is about working out how that is done, how we deliver it and how it is possible, but that is the intention.

Hon. Members will no doubt be aware that in October the DWP took on responsibility from the Treasury to work with regulators, the industry and other sectors to create a pensions dashboard. That digital interface would allow individuals to see all their pension savings in one place by collecting information about pensions held with different providers. We are conducting a feasibility study to explore the key issues and determine a path towards implementation. We expect to be able to report on that in March.

The Government believe that the needs of the consumer must be at the heart of the dashboard's design. We want to maximise people's engagement with their pensions while maintaining their trust. We will ensure that people's interests are properly safeguarded and their information protected. As part of the study, we are also considering what role, if any, the single financial guidance body may have in relation to the dashboards.

I firmly believe that the Bill is useful, fair and has the individual at its heart. Its goal is to ensure that people are easily able to access free and impartial financial guidance to help them to make more effective financial decisions. Having access to guidance will boost their confidence when dealing with financial service providers and it is a crucial step towards improving their financial capability. The Bill sends a clear message to CMCs by transferring regulatory responsibility to the Financial Conduct Authority, providing a stronger framework to ensure that individuals are accountable for the actions of their businesses, and by introducing fee-capping powers to protect consumers from excessive fees.

This lies at the heart of Conservative philosophy. It is about understanding how an individual can be stronger by understanding their finances and, where possible, by not allowing themselves to get into debt. It is about supporting the individual, the family and the community, and they can best do that by understanding their finances. I look forward to having a constructive and positive dialogue in this House.

4.47 pm

**Debbie Abrahams** (Oldham East and Saddleworth) (Lab): How lovely it is to see you in your place, Mr Deputy Speaker; I extend my good wishes to you.

It was remiss of me not to welcome the Secretary of State to her place during the earlier urgent question. I congratulate her and look forward to working with her, possibly not always in the same tone as today. I think this will be a constructive debate, but there is a lot for us to discuss in the Work and Pensions portfolio.

I thank the Secretary of State for outlining the content of the Bill. I take this opportunity to thank Members of the other place who have spent many months scrutinising it. Although concessions have been made, we believe that several more are still needed. However, we recognise the importance of the Bill's stated aims: principally, to increase the levels of financial capacity, reduce the levels of problem debt and to improve public understanding of occupational and personal pensions. As such, we will not oppose it.

As has been explained—I will rush through this bit—the Bill is in two parts. The first establishes a new arm's length entity to provide money and pensions guidance and debt advice. This body will replace three existing publicly funded consumer bodies: the Money Advice Service, the Pensions Advisory Service and the Department for Work and Pensions' Pension Wise service. The new single financial guidance body will also have responsibility for the strategic function of supporting and co-ordinating the development of a national strategy. To ensure that the Bill's stated aims are met, we want the new body to be a highly visible and properly resourced organisation able to identify and support the many people who need help.

The second part of the Bill introduces a tougher and welcome regulation regime to tackle conduct issues in the claims management market. We can also support that provision.

**Gareth Thomas:** Is not one problem that risks inhibiting the success of the new single financial guidance body the fact that we do not know where the highest levels of problem debt are in this country? Might it not be sensible to take the opportunity in Committee or on Report to consider the example of an American piece of legislation, the Community Reinvestment Act, which requires all lenders to publish anonymised details of the debts taken out with them so that community organisations and debt advice bodies can know where to target their expertise and help?

**Debbie Abrahams:** My hon. Friend makes a valuable point. I am not familiar with that particular piece of American legislation, but I will look at it and see what we can do in terms of tabling amendments in Committee.

[Debbie Abrahams]

As we have heard, the FCA will regulate claims management company activity as a regulated activity, taking over responsibility from the Ministry of Justice. The Bill is a high-level framework Bill that, thanks to our colleagues in the other place, is now in much better shape. We particularly welcome the Government's assurances that the SFGB will work closely with the FCA and the Treasury on issues of financial inclusion. Given, however, that the Work and Pensions Committee, of which I was a member at the time, raised concerns nearly three years ago about the inadequacy of Government measures to protect pension savers, and given also the difficulties that have arisen since, I am bound to ask why it has taken so long to recognise these failings.

I am also concerned that there are no specifics on delivery channels, especially given the very large number of people currently failing to access services. It is vital that the SFGB has the autonomy and resources to make itself truly visible to the public. Given the failings in other parts of the Secretary of State's Department, and given the complex needs and limited resources of the people who will most need its services, "digital by default" is not a mantra we want to hear from the SFGB or its sponsoring Department.

**Stephen Kinno** (Aberavon) (Lab): The transfer of the British Steel pension scheme into a new scheme was announced in early 2017 and was very public. When it all blew up and became fertile territory for unscrupulous pensions advisers, the FCA seemed surprised it was happening. Why did it not see that coming? What steps should the Bill take to improve the early-warning system so that regulators can see these things coming down the track and be far more proactive in getting out there? After all, prevention is better than cure.

**Debbie Abrahams:** My hon. Friend makes a very valuable point that I will come to later. This is what we are seeing: we saw it with the BPS and are now seeing it with Carillion and the pension savers there.

Last year's statistics from the FCA make shocking reading. Of those over 55 planning to retire in the next two years, only 10% had used the Pensions Advisory Service, and only 7% had used Pension Wise. The new SFGB will have to do much better than that. Eight million people in the UK are over-indebted, according to a Money Advice Service report from last March, and less than one in five of these individuals currently seeks advice. Many are among the most vulnerable: over half the clients seen by MAS-funded debt advice projects have had a diagnosed mental health condition. It is vital that those people continue to be supported during the transition period, and that the SFGB develops strategies to identify and reach people who do not currently use any services. The impact assessment talks about "long-term...savings" once the SFGB has been established. It is difficult to see how such savings will be made if the new body is to fulfil all its objectives, particularly its objective of ensuring that information, guidance and advice are available to those who most need them. Have the Government considered what resources the SFGB will need to identify and support those who do not currently access advice or guidance? Has the Minister

considered what arrangements will be put in place to ensure that people can continue to access existing services during the transition period?

The five areas on which the SFGB is expected to concentrate include provision of debt advice, and provision of information and guidance relating to occupational and personal pensions, accessing defined contribution pots and retirement planning. We welcome the Government's decision, at the urging of our colleagues in the other place, to make it explicit in the Bill that the information, guidance and advice will be impartial, and that it will continue to be provided free to members of the public.

The SFGB will also help consumers to avoid financial fraud and scams; give information on wider money matters, and co-ordinate and influence efforts to improve financial capability; and co-ordinate non-governmental financial education programmes for children and young people. It also has a strategic function: to support and co-ordinate a national strategy. Given the appointment of a Minister with responsibility for financial inclusion, that needs to be strengthened to a "develop and deliver" function.

We welcome the focus on the provision of financial education for children and young people, but we think that the Government should be bolder, as recommended by the House of Lords Financial Exclusion Committee report "Tackling financial inclusion". The new body will have to cope against a backdrop of rising prices and stagnant wage growth, a fall in real incomes and saving levels that have crashed. Evidence provided to the Lords Select Committee referred to fears expressed by debt agencies about the rise in queries concerning rent arrears, energy and water bills, telephone bills and council tax.

Then there is the impact of universal credit. As I have mentioned on numerous occasions inside and outside the House, we support UC's aims of simplifying the benefit system, making transitions into work easier and, fundamentally, reducing child poverty. However, the Citizens Advice report "Universal Credit and Debt" showed that some aspects of UC risk causing or exacerbating personal debt problems. UC clients are more likely to have debt problems than those on legacy benefits. A quarter of the people that Citizens Advice helped with UC needed help with debt. UC clients are also struggling to pay off their debts. More than two in five debt clients on UC have no spare income to pay creditors.

Citizens Advice makes a number of recommendations, which are particularly pertinent in the context of the Bill. They include the need for more funding for free, impartial debt advice to meet existing increases in demand resulting from UC. In addition, Citizens Advice wants the Financial Conduct Authority actively to monitor the roll-out of UC. Has the Minister considered the impact of UC on personal debt, and its implications for the resourcing of the new SFGB? Taking up the Citizens Advice recommendations would alleviate some of the problems caused by UC. Fundamentally, as I have said, the Government must stop the roll-out of the programme and reverse the cuts to UC, which mean that it is failing to make work pay and failing the very people it is meant to help.

The SFGB will have to cope with an increasingly complex pensions sector. The growth of auto-enrolment brings more and more people within the scope of

occupational pensions. The other major change has been the introduction of pension freedoms. In that context, we welcome the Government's commitment in the other place to the delivery of the pensions dashboards. However, given the increasing issues that pension scheme members face—including those of British Steel, and now Carillion—in addition to a much tougher pension regulation framework, I want the Government to tackle the appalling abuse perpetrated by opportunistic financial scammers, who have targeted BPS and Carillion pension members. I will say more on that later.

**Mr Leslie:** Does my hon. Friend agree that it would be useful to have a connection between the new financial guidance body and the Financial Conduct Authority? I slightly regret the fact that we are moving away from Treasury involvement in this whole issue. My hon. Friend may know that some of the products that people are investing in with asset managers and insurers, having got their pensions freedoms, are known as PRIIPs—packaged retail and insurance-based investment products. New regulations came out this month, but there is a risk of these products opening a whole new mis-selling scandal, because they are creating all sorts of wild projections about the amounts that could be earned. Does my hon. Friend agree that the guidance body needs to keep on top of this with the FCA?

**Debbie Abrahams:** My hon. Friend has made an absolutely key point. To go back to my urgent question, things are slipping through the net, and those links need to be tightened up. Again, this is something we need to explore in Committee.

As it stands, the SFGB will provide advice to the self-employed on their personal finances and debts only, and not on their business finances or debts. The Money Advice Trust, which helped more than 38,000 people last year, says that, for many self-employed people, there is simply no distinction between their personal and business finances. To exclude business finances and debts from the SFGB's remit is a missed opportunity, particularly given the significant growth we have seen in self-employment in recent years. The self-employed as a group have also seen falling incomes since the recession. Will the Minister consider extending the SFGB's remit to cover business finances and debts?

On the changes regarding claims management companies, we agree that the current arrangements regulating the industry are unsatisfactory. The current situation has been characterised by poor value for money, information imbalances, nuisance calls and texts, and the progression of speculative and fraudulent claims. We accept the proposition that there is a public interest in having an effective claims management market operating in the interest of consumers, as that can provide access to justice for those who are unwilling or unable to bring a claim for compensation.

Further, as the Carol Brady review asserts, a well-functioning CMC market can act as a check and balance on the conduct and the complaints-handling processes of individual businesses. We note that the Brady review considered that a move to the FCA would represent a step change. That seems the right decision, especially as 99% of turnover relates to financial services—PPI, packaged bank accounts or insurance.

Let me turn now to the content of the Bill. While we generally support the Bill, there are several aspects that we will look to strengthen, particularly in relation to clauses 4, 5, 25 and 28.

**Gareth Thomas:** I thank my hon. Friend for giving way again. I am fortunate enough to chair the Co-operative party, and one thing we are keen to encourage is the take-up of the services offered by financial co-operatives, such as credit unions. Would she be sympathetic to an amendment on Report from Co-op MPs urging the single financial guidance body actively to promote credit union services across the country?

**Debbie Abrahams:** Again, my hon. Friend makes a very interesting point, and I would look to work with him on the details of that to understand exactly what he wants to achieve.

I also want to talk about the need for a duty of care on financial service providers and a breathing space for those trying to manage their debt problems.

On clause 4, we welcome the Government's commitment to ban cold calling, which is the leading driver of pension scams. The scope of the clause is still too narrow, and the clause is not nearly urgent enough. Every day that passes without a ban, people are being avoidably conned out of their life savings.

However, there are also scams that work against businesses. In the last four years, the Association of British Travel Agents has recorded a 520% increase in gastric illness complaints. As a result, hoteliers in the markets affected are now threatening significant price increases, and some are even considering withdrawing the all-inclusive product from UK holidaymakers entirely. ABTA has recently released shocking statistics showing that one in five people have been contacted about making a compensation claim for holiday sickness, with cold calling being the most common method of approach.

On clause 5(2), within 24 hours of the collapse of Carillion last week, adverts started to appear online encouraging people to cash in their pension pots. That reflects the experience of BPS members. The Minister will have noted the evidence to the Work and Pensions Committee, before which the extent of pensions scamming was revealed. That involved some advisers travelling hundreds of miles in the hope of capturing high fees for each pension pot they succeeded in transferring. The Select Committee described retirement savings sharks reportedly circling around the British Steel pension scheme members, providing a “honeypot for scammers”. One steelworker is reported to have missed out on £200,000 of his pension transfer value after being advised, and as I have said, we are already seeing a similar targeting of Carillion pension members.

The law does not currently prohibit firms from acting as introducers, provided that they do not stray into providing services for which they require FCA authorisation. That applies to any non-regulated firm. Last year, the FCA received 8,612 reports of potential unauthorised activity in the United Kingdom. If the firms and/or individuals reported are within the remit of the FCA, it can investigate and take action, which ranges from publishing unauthorised firms' and individuals' warnings and taking down websites, to taking civil court action to stop activity and freeze assets, insolvency proceedings, and, in the most serious cases, criminal prosecution.

[Debbie Abrahams]

Last year, the number of enforcement cases taken was 69. Given the current climate, it is clear that enforcement action needs to increase, but most of the funds that the FCA collects from penalties on financial services firms go directly to the Treasury. What consideration has the Minister given to removing the exemption of introducers from the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, and allowing the FCA to keep the financial penalties that it receives so that it can expand its enforcement work?

Free and impartial Pension Wise guidance is essential at times like this, and it is greatly valued by those who use it, but take-up is nowhere near high enough. Far too many people are currently making vital decisions in the dark, which puts them at greater risk of suffering irrevocable financial detriment through scams or choices that are contrary to their interests, such as transferring pensions to savings accounts. Those problems will only grow as people become more reliant on income from direct contribution pensions in retirement. The existing Pension Wise promotion regime of signposting by pension providers—who have no business interest in promoting the service—and advertising has proved insufficient.

We welcome the Government's acceptance that people should be given more encouragement to take guidance, but we believe that there should be a stronger nudge. Although clause 5(2) is welcome, we think that it can be improved through exemptions to avoid unnecessary burdens and stronger core requirements to make taking guidance a true default option. While individuals could choose not to take free and impartial guidance before accessing their pension pots, that would no longer be the consequence of passivity: as with the highly successful automatic enrolment policy, people would have to actively opt out. Default guidance would promote shopping around, better-informed decision making and protection against scams. Combined with a ban on cold calling, it would represent a step forward in consumer protection in an era of pension freedoms. Will the Minister agree to introduce new provisions in Committee to impose an immediate ban on cold calling and to introduce default guidance to assist people accessing or seeking to transfer their pension assets, with strong penalties for advisers who wilfully and detrimentally scam pension members?

Clause 25 gives the FCA the power to impose a cap on the fees that claims management companies can charge for their services, and a duty to exercise that power in respect of financial services firms. The Government have also introduced an interim cap on the fees that CMCs can charge consumers in relation to payment protection insurance claims. However, that does not go far enough to protect consumers from paying disproportionately high fees for what is often very little work. The Ministry of Justice estimates that the average amount of commission charged to consumers by CMCs is 28%, plus VAT. The FCA estimates that the average payout for PPI mis-selling is around £1,700, which means that a CMC would, on average, charge a successful claimant £476 plus VAT. Although the proposed fee cap would reduce the amount that consumers must pay CMCs, it would still mean an average charge of £340 with VAT on top. If the Government want to take meaningful action to protect consumers from high fees, they should propose a solution that would allow them to keep 100% of PPI compensation.

The Government should require firms to pay CMC costs for PPI claims, capped at 20% plus VAT, when they are at fault and when the consumer has used a CMC rather than claimed directly. This measure would apply only for the interim period until the new FCA regulations came into force or until August 2019, the deadline for making PPI claims, whichever was the sooner. This would incentivise firms still paying compensation to proactively reach out and encourage consumers to make claims directly to them, and to allow that to be done easily. It would also protect consumers from paying high charges to CMCs.

We support the strengthening of the regulation of CMCs, but we look forward to a regulatory regime that better protects consumers from high charges, poor value for money and unacceptable behaviour on the part of far too many CMCs. We also welcome the improvements made during consideration of part 2 in the other place, notably clause 28, which introduces an interim cap on the fees that CMCs and law firms can charge for claims in respect of PPI. This is an important protection for consumers in the run-up to the FCA's claims deadline of August 2019. Customers can claim directly from their PPI provider for free, but those who choose to enlist support should not have to face the fees currently being charged by some CMCs.

However, the clauses introduced by the Government at the urging of Baroness Meacher apply only to PPI claims, even though the Ministry of Justice's original consultation considered other bulk claims by CMCs, notably in respect of packaged bank accounts. In the vast majority of cases, the pursuit of such claims does not require a significant amount of work, but in its response to the consultation, the MOJ merely asserted that

“analysis of the evidence received”

suggested that

“PBA claims should be grouped with other financial-services claims due to additional work needed on these types of claims.”

It is far from clear that CMCs undertake significant work or add significant value in submitting PBA claims on behalf of consumers. If the CMCs' approach to PBA claims truly differs little, if at all, from their approach to PPI claims, the Bill should cap their charges in exactly the same way. If the Government cannot provide justification or act to protect customers from millions of pounds of excess charges for PBA claims before the FCA introduces its own rules a year or more from now, we will table amendments in Committee to achieve that. We ask the Government for a better justification of their decision not to apply the interim fee cap to PBA claims.

I shall move on to the breathing space scheme. An estimated 2.4 million children live in families in problem debt in England and Wales, and the FCA estimates that half the UK population is financially vulnerable. It is shocking that an estimated 600,000 families in England and Wales are spending more on overdue bills than they spend on food. A measure that would protect such families is a breathing space scheme. Such a proposal would introduce a legal freeze on interest and charges, collections and enforcement action to give people time and space to stabilise their finances and put in place an affordable and repayment-sustainable plan. Such a scheme, which has been championed by the Children's Society, StepChange Debt Charity and many others, was included in our manifesto and that of the Conservatives, and I

am delighted to see that, following pressure in the other place, a commitment is now on the face of the Bill. Yet again, however, the timescales for implementation are too slow.

I appreciate that the consultation on the breathing space scheme has now closed, but I want it to have certain fundamental tenets. First, it should include a legal freeze on interest and charges, collections and enforcement action. Secondly, as many debts as possible need to be included, especially debts to public bodies. Thirdly, there should be no gaps in protection between the initial breathing space period and the transition to a statutory debt management plan. Finally, the breathing space scheme needs to be implemented as quickly as possible. Again, I would be grateful for the Minister's response to those points, either at the end of the debate or in writing to me.

I would now like to focus on an idea that received a great deal of support in the other place and that has been raised by Members here today—namely, a duty of care on financial service providers. That is not currently in the Bill, but we now have an important opportunity to discuss the support that banks provide to their vulnerable customers. Research from Macmillan Cancer Support, which was mentioned earlier, shows that four out of five people with cancer are affected financially by increased costs and loss of income following their diagnosis. As the Bill recognises, ensuring that people have access to the right help and advice is essential to stopping financial problems.

**Justin Tomlinson** (North Swindon) (Con): On that point, will the hon. Lady join me in congratulating Nationwide Building Society, which has led the way by working with Macmillan to ensure that appropriate support is made available as soon as there is a diagnosis?

**Debbie Abrahams**: I congratulate Nationwide and all organisations that recognise that they have a duty of care to their customers. We need to put that duty of care on the face of the Bill, particularly for those who find themselves in vulnerable circumstances.

As providers of mortgages and other key financial commitments, banks and building societies have a huge influence—good or bad—on the financial wellbeing of many households. When the right support is put in place, that can lead to improved outcomes for customers, as we have just heard. However, that Macmillan research shows that problems still exist and that there is a lack of consistency in the support offered to people when they seek help.

With that in mind, will the Government support a revision of legislation to incorporate the recommendation made by the Lords Financial Exclusion Committee regarding a duty of care? The Committee concluded that the Government should amend the Financial Services and Markets Act 2000 to introduce a requirement for the FCA to make rules setting out a reasonable duty of care for financial services providers. I appreciate that any change as significant as that must be subject to proper consideration, and it is therefore welcome that the FCA has committed to publishing a discussion paper. However, the Government and the FCA have said this must wait until

“after the UK's withdrawal from the EU”

becomes clear, but I do not think that we can wait, because people cannot wait. I therefore urge the Minister to look carefully at the issue and to bring forward suitable proposals in Committee.

In conclusion, we by and large support the Bill, but a number of areas can be strengthened significantly—for instance, the duty of care needs to be addressed on the face of the Bill—so I urge the Minister to act on those areas, and I look forward to his response.

**Several hon. Members** *rose*—

**Mr Deputy Speaker (Sir Lindsay Hoyle)**: Order. Before I call the next speaker, I want to suggest an informal time limit of between 10 and 12 minutes.

5.17 pm

**Chris Philp** (Croydon South) (Con): I will try to do a great deal better than 10 minutes to 12 minutes, Mr Deputy Speaker. It is a great pleasure to follow the thoughtful speech of the hon. Member for Oldham East and Saddleworth (Debbie Abrahams). I welcome the Bill and will of course be delighted to support it later on this evening, and I want to talk about part 2 and claims management companies.

The reason why I have taken an interest in claim management companies is that my wife and I were involved in a minor road traffic accident on the M5 a few years ago, while heading to Cornwall for a family holiday. For a year or so following that minor bump, I was plagued with calls to my mobile phone on an almost weekly basis by a claims management company. Goodness knows how it got my number. In each call, it essentially tried to persuade me to submit a fraudulent claim for whiplash. No matter how persistently I told the caller that my family and I suffered absolutely no injury and that we did not have even the slightest ache or pain, they would say, “Well, if you just tell us that your neck hurts a bit, we will get you £3,000.” They were extremely persistent, and I can imagine that if somebody was a bit short of cash, they might succumb to that kind of blandishment. I therefore made the topic something that I wanted to get involved in after being elected, and I have raised it several times in Westminster Hall and am delighted to be able to raise it again today.

The number of whiplash or soft tissue injury claims following minor road traffic accidents has increased by an astonishing 50% over the past few years. At the same time, the number of road traffic accidents has gone down by 30%, so the number of accidents that lead to a claim has increased stratospherically. If we compare the number of claims in this country with those in an equivalent European country, such as France or Germany, there are far more claims here than elsewhere in Europe.

As the hon. Member for Oldham East and Saddleworth mentioned, a similar phenomenon has recently started in relation to claims for gastric illness—tummy upsets—on holiday. I remind the House of my declaration in the Register of Members' Financial Interests of a shareholding in a small holiday business, although not one that has had a significant problem in this area.

Since 2013, there has been a 568% increase in claims for tummy upsets on holiday. There have been some notorious cases, such as that of Deborah Britton and Paul Roberts, who a short time ago were respectively sentenced to nine months and 15 months in prison by Liverpool Crown court having rather foolishly tweeted and posted on Facebook about how wonderful their

[Chris Philp]

holiday was before trying to claim, at the behest of some claims management company, that the holiday had been ruined by gastric illness.

Such cases, in which claims management companies have incited the public essentially to commit fraud, are becoming all too common. My objection to the activities of such claims management companies is twofold. First, they are inciting otherwise law-abiding members of the public to commit fraud, which is clearly a morally corrosive phenomenon. Secondly, of course, the cost of all these compensation payments is ultimately borne by drivers through higher insurance premiums—some people estimate the total cost of that at an extra £2.5 billion—or by consumers through higher holiday costs.

It is consumers—our constituents—who end up bearing the cost of such activities, so I am pleased that the Bill will begin to take steps to sort it out. Why does this happen? It happens because there are enormous financial incentives for claims management companies to operate in this way, particularly due to the concept of one-way cost shifting whereby, unusually, even if the defendant—the holiday company or the car insurance company—successfully defends a case, it none the less has to pay the claimant's legal costs. The legal costs for a fully contested case often run up to £10,000 or more, whereas settling a case often costs only £3,000 or £4,000, so the insurer or the holiday company sadly has a financial incentive to settle and the claims management company, knowing that, simply has to process the paperwork to collect very high fees.

Claims management companies are responding to a financial incentive that the current system has unfortunately created. The number of claims management companies mushroomed from 500 in 2006 to 3,300 in 2011. I am pleased to say that measures already taken have reduced the figure to 1,500, but that is still far too high and there is definitely more we need to do.

I welcome the fact that the Bill will transfer oversight responsibilities to the Financial Conduct Authority, and I certainly welcome the introduction of fee caps for claims management companies. We must be careful to draft those regulations to ensure that claims management companies cannot circumvent the cap. The cap refers to 20% or 25% of net recovery, and we need to ensure claims management companies cannot somehow extract any portion of the recovery by way of fixed charges levied upfront. We have to be careful about the detail of the wording because these companies are adept at circumventing Government attempts to restrict their activities.

**Stephen Kerr** (Stirling) (Con): My hon. Friend is making a powerful speech on an important issue. He will understand how much Scottish Conservative Members support the Bill because, until now, in Scotland there has been no protection whatever for consumers in the face of this onslaught by claims management companies.

**Chris Philp:** I am shocked to learn that the Scottish Government have been so slow to take action when the Westminster Government have been so quick.

**Neil Gray** (Airdrie and Shotts) (SNP): The hon. Gentleman will understand that this is a reserved matter, so the Scottish Government have no locus to act.

**Stephen Kerr:** That's not true.

**Chris Philp:** I notice that my hon. Friend takes a different view from the hon. Member for Airdrie and Shotts (Neil Gray), and no doubt he will elaborate on that point if he speaks later in the debate.

**Vicky Ford:** I thank my hon. Friend for making this powerful speech. In addition to raising the cost of insurance for everybody else and encouraging people to commit fraud, does he agree that cold calling can often cause huge distress to the person on the other end of the phone, who is constantly reminded about an accident that they might wish to forget?

**Chris Philp:** My hon. Friend makes a good point. I consider myself a fairly robust individual, but the constant pestering by those companies was distressing, and if somebody is vulnerable in any way, I can imagine that it would be very distressing indeed.

That leads me to my next point in relation to the cold call ban contemplated under clause 4. I strongly welcome the clause's inclusion, but its structure invites the new single regulatory authority to make a recommendation to the Secretary of State, who then, by regulation, has power to act. Given the pressing nature of the problem, will the Secretary of State consider a more direct route—that is, the Secretary of State having the power to ban cold calling in this area immediately, without needing to wait for a referral by the new regulatory authority? I see that the Secretary of State is listening to the point. I hope she will consider it, as Members on both sides of the House might welcome such an amendment as consideration of the Bill progresses.

There are other things that we need to do that are probably beyond the scope of the Bill but important none the less. In particular, the Government are consulting on the civil procedure rules and bringing overseas claims—holiday claims—within the scope of the fixed fee schedule. That would be an extremely welcome move, and I encourage the Ministry of Justice to expedite its response to that consultation, which is welcome.

In 2017, I had the pleasure of serving on the Committee that considered the Prisons and Courts Bill—I see the Minister recalls that—whose work was unfortunately interrupted by the general election. I believe that the Government plan to introduce a civil liability Bill in due course. Again, I encourage them to introduce that Bill as quickly as possible, because many important measures could be included in it that would assist in dealing with the problems to which I have referred, not least raising the threshold for the small claims track to £5,000, considering a ban on general damages in relation to low-value injuries and ensuring that the medical evidence standard for these various claims is made a little higher—for example, requiring someone actually to see an independent doctor face to face. The civil liabilities Bill could do a range of things once introduced.

Not wishing to stretch the elastic of your guidelines, Mr Deputy Speaker, I conclude by saying that this is a welcome Bill that will do a great deal to strengthen consumer protections. It is a great pleasure to speak in support of it on Second Reading.

5.28 pm

**Neil Gray** (Airdrie and Shotts) (SNP): May I say on behalf of those on the Scottish National party Benches what a pleasure it is to see you back in the Chair where you belong, Mr Deputy Speaker? Welcome back.

I am pleased to have the opportunity to speak for the SNP in this debate, and I should say at the outset that we broadly welcome the Bill's aims and will not oppose its Second Reading.

By way of background and context, I should say that the Bill sets out in part 1 the proposal to merge three Government-sponsored guidance services—the Money Advice Service, the Pensions Advisory Service and Pension Wise—to create a new single financial guidance body. The UK Government hope that this will help to

“ensure that members of the public can access good-quality, free-to-client, impartial financial guidance and debt advice.”

The SFGB is expected to be set up and operational from late 2018, as predicted during the passage of the Bill through the House of Lords.

Part 2 will make changes to the regulation of claims management companies. CMCs provide advice and services to assist people in making compensation claims in various sectors, such as personal injury and financial products such as payment protection insurance.

The Government have expressed concern that “there is evidence of malpractice”

in the industry. In March 2016, following an independent review, the Government said that they would change the regulatory system for CMCs. Under the Bill, the regulatory responsibility will pass from the Ministry of Justice to the Financial Conduct Authority.

Also under part 2, complaints handling will be transferred from the legal ombudsman to the Financial Ombudsman Service, and the FCA will be given the power to impose a cap on the fees that CMCs can charge for their services. Ahead of that, an interim cap on fees will apply to payment protection insurance claims.

The Bill also makes provision for the devolution of levy funding associated with debt advice provision. Powers over debt advice are, of course, already devolved to Scotland. I shall elaborate on all those elements during my speech.

On advice services, we welcome any measures that make the pensions or financial markets more accessible for people. There are aspects that we wish to query, and we hope to get some reassurances from the Minister in his response. First, I would like some detailed reassurances from the Minister that the amalgamation of three expert services into one will not dilute the overall service in any way, in terms of either output or quality. The Minister is shaking his head, but I hope he can provide some detailed reassurance as to how the Government will make sure of that. Whenever there is a merger of this sort, it normally results in a reduction of either specialism or capacity. I hope that he can assure us all that neither will happen. I also hope he will commit to significant investment in the new body to ensure that it is properly promoted and that awareness is therefore increased. Government and Opposition Members have already stressed the importance of that.

We need reassurances on funding. It appears that all funding discretion currently rests with the Treasury, so who will take the decision on the budget of the new

single body? Who will be able to challenge the Treasury on any additional funding? It is clear that for the new body to work, it needs to be properly resourced by both the financial sector and the Government. I ask because we all—not least the Government, I am sure—hope that the Bill will do some of the work necessary to catch up on some of the problems with pension freedoms that we all warned about and that are now starting to happen.

According to the FCA, more than a million defined-contribution pension pots have been accessed since George Osborne's reforms were introduced. The FCA also says that it has become the new norm to access pension pots early. That is where our concern starts. Between October 2015 and September 2016, the number of non-advised drawdown sales was on the rise, and it is currently at 30% of drawdown sales, compared with 5% before the reforms. Some 63%—almost two thirds—of all annuity sales are now to consumers who have not received advice. Indeed, the FCA estimates that only around 20% of consumers who accessed a DC pension in the third quarter of 2016 had a Pension Wise appointment either by telephone or face to face. That is a huge concern that I am sure the Government share. Indeed, I know that it now concerns them, because they are trying to play catch-up on the issues with pension freedoms that we warned about when they were being introduced. I am not sure that the Bill adequately addresses those issues yet.

I am not sure that the Bill addresses those customers who do not make a decision upon retirement. We are seeing more people choosing just to draw down the pot and put it in the bank. With interest and inflation rates as they are, those decisions are clearly losing people money. But people are doing it because that is what they know and are comfortable with. Even to seek pensions advice or guidance is a daunting, complex and alien prospect to most people. I am keen to hear from the Minister about not only his expectation for increased usage of the new service, but how the Government plan to ensure that the service engages people who are put off talking about pensions at all. That will probably need to start with what they plan to call the organisation, because the “single financial guidance body” probably is not the most intriguing, approachable or marketable name.

I want a firm commitment from the UK Government that they will not in any way attempt in Committee to water down the amendment to clause 5, secured by the Opposition in the Lords, that requires scheme managers or trustees to check whether members have received any guidance. In fact, I wonder whether the Government wish to go a little further towards what some stakeholders feel might be more appropriate, which is automatic guidance with an opt-out system.

When most people are near retirement, they will encounter the pensions world and its lexicology and products for the first time. It is intimidating, which is why we see some people using pension freedoms to bung their pots in the bank. For them to get the most out of their investments, we need to make sure that people are properly guided to make not only a decision, but an informed decision that is of benefit to them. It is a high-stakes game: once an annuity is purchased, that is it—it cannot be reversed. We need to ensure that people have the confidence to take a decision, and that comes from being informed that taking no decision and hoarding

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cash may not be the best decision and that there is specialist help out there and it does not have to cost.

The Government also tabled a useful amendment to clause 2 in the Lords, which seeks to ensure that cognisance is taken of the needs of people in vulnerable circumstances. Perhaps that could be strengthened and clarified by including it in the clause 3 functions.

I would also appreciate it if we had a word from the Minister as to whether the UK Government plan to provide greater clarification on what guidance and paid-for advice will be in terms of the Bill. Providers and other stakeholders will appreciate that clarification.

Part 1 also covers action on cold calling. Clearly, we are delighted that the campaigning efforts on cold calling by the Scottish National party, the Scottish Government and my hon. Friend the Member for North Ayrshire and Arran (Patricia Gibson) have started to pay off. I congratulate her on this partial win, which should hopefully make a difference to people, particularly pensioners, getting bombarded by nuisance calls. Recent research from the Money Advice Service suggests that there could be as many as eight scam calls every second—the equivalent of 250 million calls a year. Citizens Advice has calculated that 10.9 million consumers have received unsolicited contact about pensions alone since April 2015. Perhaps the UK Government may wish to use the opportunity in clause 4 to go a bit further on cold calling and hold company bosses accountable, as suggested by my hon. Friend in her Bill 18 months ago.

Clause 9 appears to afford a lot of power to the Secretary of State to direct the exercise of the functions of the new body, stating that it must

“comply with directions given to it by the Secretary of State”.

I hope that the Minister will explain why the UK Government feel that that is a necessary provision and how it will not be abused.

On debt, I want to query something that the Secretary of State said at the Dispatch Box in her opening speech. If I picked her up correctly, I think she said that household debt was falling. If that is the case, I am sure that she would want to correct the record because, clearly, household debt is not falling. Standard & Poor's came out with very important research at the back end of last year about its concern regarding UK rates of household debt. Perhaps that could be clarified in time either by the Minister or the Secretary of State.

**Ronnie Cowan** (Inverclyde) (SNP): Very briefly, on the subject of clarification, does my hon. Friend agree that, under devolution legislation, financial and economic matters—fiscal, economic and monetary matters, including financial services—are specific reservations held here at Westminster?

**Neil Gray:** That clears up an earlier point of issue in a previous speech regarding where responsibility lies for the regulation in these areas. I thank my hon. Friend for his intervention. We are pleased that the Scottish Government have secured an improved allocation in terms of the proposed funding formula for devolved levy funding for debt advice provision. That improved allocation will ensure that Scotland's share takes account of our adult population share and the levels of indebtedness

in Scotland. As a result of those discussions, Scottish Government levy funding will increase from around £2.2 million to more than £4.7 million, according to estimates from the Scottish Government.

The Scottish Government have also obtained agreement on certain wider principles that shall apply in respect of the new body, in that it must take greater account of differences in the money and debt advice landscape in Scotland to ensure that available resources are pooled effectively, delivering a more holistic and joined-up advice landscape. It must also establish a committee with membership drawn from representatives from each of the devolved Administrations, thereby embedding the Scottish Government in its governance arrangements, providing the Scottish Government with influence and ensuring that collaborative working is achieved in practice across money and pensions guidance. It must also be capable of channelling funding in a way that best ensures effective oversight and co-ordination or delivery of debt advice, in the light of the devolution of levy funding.

Keith Brown MSP, the Cabinet Secretary for the Economy, Jobs and Fair Work, has met the chief executive and Scotland manager of the Money Advice Service as part of a series of Scottish Government stakeholder engagements, which are intended to help to ensure that there is a seamless transfer of debt advice responsibilities to the Scottish Government, and that the new body engages effectively and delivers for Scottish consumers from the outset.

I am grateful to StepChange for its briefing and for its questions to the Minister: will the Government agree on the importance of a certain implementation timeframe to ensure that organisations can plan and develop the relevant systems to deliver the breathing space scheme; will they consider amending the Bill to commit to a clearer target implementation date, for instance to have regulations in place by the end of 2019 so that the scheme can be launched by 2020; will they confirm their manifesto promise and commit to introducing statutory repayment plans as part of the proposed breathing space scheme; do they agree that the initial period of breathing space protection needs to be long enough for people to gain acceptance for a long-term solution to their debts; and will they consider allowing a regulated debt adviser to extend the initial protection where necessary?

Does the Minister agree that the breathing space scheme should cover all a person's debts, including—this point has already been made—debts owed to the public sector? Does he agree that it would be unhelpful to the scheme's success to have creditors outside the scheme undermining people's ability to stabilise their finances? Could he also please clarify what powers will be conveyed under clause 21(7), which allows the Secretary of State to amend any provision made by an Act of Parliament, an Act of the Scottish Parliament, a Measure or Act of the National Assembly for Wales, or legislation of the Northern Ireland Assembly? That seems rather far reaching to me, so I would appreciate some guidance on the reasoning behind that provision.

With regard to part 2 of the Bill, which relates to claims management companies, I hope that the Minister can answer some queries and reassure us. Lloyds Banking Group has highlighted that, although a cap on the fees that CMCs can charge consumers on PPI claims is welcome, CMCs are bringing other types of claims on behalf of consumers that potentially require strengthened

regulation—packaged bank accounts, for example, which are current accounts that come with a package of extra features, from mobile phone and travel insurance to better rates on overdrafts and loans. Have the Government looked widely at the claims being brought by CMCs, and can they provide an assurance that customers are not potentially being exploited through exorbitant fees for other types of claims?

I am also concerned that the Financial Conduct Authority should take ownership of this from the Ministry of Justice as quickly as possible, to ensure that people are not exploited in between times. We must bear in mind that, with a deadline for PPI claims set in the next 18 months, CMCs will be rather busy trying to muster business in that period. We want to ensure that we can protect vulnerable people as much as possible.

In conclusion, the Bill has the right intentions and moves us in the right direction. I have posed a number of questions, and if the Minister is unable to answer them directly this evening, I hope that he will follow them up in writing in plenty of time before the Bill goes into Committee. I am grateful to Just, the People's Pension, Lloyds Banking Group, StepChange and others for their briefings for today's debate. I look forward to maintaining close and constructive engagement with the Bill as it progresses to ensure that it guarantees consumer rights, offers proper support for those needing advice and protects people from those seeking to exploit them.

5.42 pm

**Michelle Donelan** (Chippenham) (Con): I am delighted to have this opportunity to speak in today's debate. I am particularly passionate about the need to provide more support to help people out of debt, to give them that lifting hand. For that reason, I shall focus on part 1 of the Bill.

Debt creates a vicious cycle that leaves people unable to pay the bills and pushes them further into debt. It soon becomes a fast-moving, downward spiral that can leave people feeling isolated, alone and trapped, and it can create and exacerbate mental health problems, leading to family breakdown and even suicide. Like all hon. Members, I have heard constituents tell harrowing stories of how they ended up feeling that they could not get out of the situation they were in—stories that started with a small amount of debt that grew out of control. There is a strong relationship between debt and mental health, as a number of studies have shown, including a recent one from the University of Southampton. Debt is serious, complex and challenging in so many ways, which is why it requires a robust and comprehensive approach.

As has been discussed, the Bill creates a new, single financial guidance body that will replace the three existing public financial guidance providers. I echo the strong support that stakeholders have expressed for establishing a single body. It will improve access to free and impartial money guidance, pensions guidance and debt advice, enabling people to make informed decisions about their finances by offering a more co-ordinated and strategic approach. Most importantly, it will simplify the help on offer to people, because the current situation can be very confusing. For the first time, it will provide a statutory requirement to target help towards those most in need, particularly those in the most vulnerable circumstances. It will also remove the duplication of services and identify gaps in provision.

The levels of secured and unsecured debt in the UK are a problem. In the past few decades those levels have increased with the rise of the credit card and payday loan era. Debt is easy to access and easy to accrue. At quarter 3 in 2017, the total level of household debt in the UK was a staggering £1.9 trillion, according to the Office for National Statistics. As we heard in the House of Lords, part 1 will ensure

“that people have access to the information and guidance they need to make the important and effective financial decisions that we all have to make at some point in our lives.”—[*Official Report, House of Lords*, 7 July 2017; Vol. 783, c. 904.]

What is important, though, is implementation, so that people know that they have access to this free and impartial help and how to get it. Proactive promotion is key. I have met far too many constituents who are unsure of where to turn to and how to access the help that they need. The Bill seeks to rectify this, but it is important that there is proactive promotion. I would like to hear more from the Minister about the plans for that.

This includes starting financial education early, at school age. I was delighted when, in 2014, for the first time, the Government made financial literacy statutory as part of the curriculum for 11 to 16-year-olds. I am equally delighted that clause 2 outlines a key function of the SFGB as being to improve the provision of financial education for children and young people.

**Justin Tomlinson:** At the time, I was chair of the all-party parliamentary group on financial education for young people, and I was very grateful for my hon. Friend's support in that campaign. I echo her comments. We live in a very complex society, with direct debits, standing orders and complicated marketing messages coming forward. Making sure that we equip people of all ages to make informed decisions is an absolute priority.

**Michelle Donelan:** I thank my hon. Friend for his intervention. I completely agree with his comments and commend him for the work that he did in this area.

After all, debt is more prominent among young people, with 71% of 25 to 34-year-olds having a credit card compared with only 20% of those aged 65 and over. It is time for this Bill, because the ease and availability of credit, over-lending, and the attendant consequences of problem debt are stark.

On Third Reading in the Lords, the Government amended the Bill to enable the introduction of a debt respite scheme in England, Wales and Northern Ireland. This was in the Conservative party manifesto, and it is crucial. It will offer breathing space to people who are trapped in debt—a ladder out of the hole they are stuck in—by stopping further interest, charges and enforcement action for a set period, and enabling a realistic repayment plan to be put in place. Budgeting advice is all well and good, but if the levels of interest and charges are compounding to an extent that people do not have the money to budget with, it is simply useless. That is why the debt respite scheme is so essential. It is crucial that it is offered and promoted effectively to help people in need.

This does, though, pose the question of how long the respite scheme would last for, which will be in the Secretary of State's power. Charities in the sector are urging a six-month period. It is important that it is a

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meaningful amount of time that will allow people enough time to address their debt problems and get achievable plans in place. It is in everyone's interests that it is not a mere six-week period. In fact, StepChange, the debt charity, says that its clients usually take six to 12 months to stabilise their finances. The debt respite scheme will particularly help families. One in five parents say that they have had problems in the past year with problem debt, whereas in Scotland, where there is already a respite scheme, only 10.9% of families said the same thing.

I believe that our role as parliamentarians is to open doors and create opportunities. However, opportunities are useless if people are unable to access them. The debt respite scheme will offer people the helping hand that they need to seize those opportunities and the help that will be available from the Bill. In addition, we need the current system to work with the Bill, actively referring people and taking a more proactive approach to debt.

Universal credit streamlines benefits, which can assist with debt management and making work pay, but we are still offering and giving budgeting loans to those in considerable debt. More work needs to be done to identify and to help people with chronic and severe debt problems. I would like a debt review to be done when people make applications for budgeting loans. This is similar to what StepChange does when it reviews how to help a person. If the applicant has severe problems with debt, they can be referred and given the help, information and advice they need, as well as offered the debt respite scheme, with an achievable repayment plan.

It is irresponsible to add to such people's debt in the way we currently do, so I urge the Minister to consider the matter in the context of debt support and management, especially given the disproportionate link between debt and unemployment. I have seen far too many constituents crippled by debt and then given a budgeting loan on top, which eats into the amount of universal credit that they have to manage with. Such people do not come forward and offer information about their debt for fear of stigma, fear of losing benefits and concerns about the legitimacy of having so many bank overdrafts and credit card debts. They therefore do not get the help they need and, instead, we give them a budgeting loan, which further compounds their problems. Budgeting loans are an excellent way to help many people with short-term finance issues and start-up costs, but they are not right for those already swimming in debt, who are often the most vulnerable. Those are the people the Bill is designed to help.

In conclusion, debt is arguably the biggest challenge to social mobility in this country and it is time we had a more proactive response in giving support. That is why I support the Bill. It is in the interests of all of us to address debt: this is not just a personal problem, but a national one. In fact, StepChange estimates that the cost to the state and society of problem debt, on top of the personal cost, is about £8 million. Although I applaud the Government for the Bill and their appreciation of the need to tackle debt, I also ask for a much more proactive approach to its implementation to ensure that the Bill is as effective as it can be.

5.52 pm

**Yvonne Fovargue** (Makerfield) (Lab): It is a pleasure to follow the hon. Member for Chippenham (Michelle Donelan). Unsurprisingly, I will talk about debt later.

I welcome the thrust of the Bill. Consolidating the three bodies into one makes sense, but the new one must be well run. It may be a little churlish, but I would point out that the Money Advice Service has rightly been criticised over the years, not least in this place, for its attempts to duplicate the work undertaken by more experienced agencies that are better known to the public. It has spent an inordinate amount on a fancy website and on television adverts—£26 million in one year—which did little to raise its profile. After all, who apart from me remembers, “What would MA say?” in its adverts? I remember that only because I used to swear at the television when they came on.

The new body has to be leaner. The thrust of its role must be to facilitate the work of others. That is where the money should go: not on promoting itself—not on fancy adverts—but on facilitating the work of others that already have brand recognition. Frontline delivery should be key, and it should not duplicate existing services, but focus on filling the gaps using existing high-quality not-for-profit providers.

I am a little alarmed that the recent contract round included for-profit providers. I worked at a debt advice charity when A4E got contracts, and I remember what a disaster it was during those contracts. Given the recent privatisation of Carillion and the problems it has had, perhaps we should focus on not-for-profit agencies that have existed for a very long time. In fact, the 80th anniversary of Citizens Advice is coming up shortly. It has existed for over 70 years with very little funding, so it—we—can manage money.

Clause 3(10) makes it clear that the new body needs to “work with others” in carrying out its strategic function. I interpret this as meaning that it should take a collaborative approach, and I hope that that will be the case. Any standards put in place should be designed in conjunction with the relevant providers and other bodies, and designed around people's needs—those of the people who use the service and of the people who deliver it—and what works in practice. I must say that quantity does not always equal quality and good outcomes for people using the service.

There should be different channels with different funding. People may sometimes want to start on one channel and move to another. Face-to-face access can be more important, but people sometimes need an initial contact. As I always say, it used to be a black joke in the citizens advice bureau where I worked that if someone walked in with a carrier bag with unopened bills, we would say, “Aha! That's a debt client.” If such people cannot even open their bills, they are not going to go online.

The object of the single financial guidance body is to ensure that the public have access to good-quality, free and impartial financial guidance, pension advice and debt advice. That aim is fine, but if the new body is to work well, we must ensure that its objectives and functions are clear and comprehensive; that the governance and oversight structure, under the Department to which it is responsible, is robust; and that it does not stray into trying to raise awareness of itself and conduct its own

research. I want the body to have a laser-like focus on commissioning high-quality, independent services that will help more people to avoid financial difficulty and debt.

Improvements were made in the Lords to the Bill as originally drafted, and I welcome them. For example, the consumer protection function is really vital, and I hope that the Government will not to remove the provision when the Bill goes into Committee. The same goes for cold calling. That amendment gives the new body the power to advise the Secretary of State to ban cold calling for pensions.

We have heard enough on both sides of the House to be able to say that such a ban should apply across the board. There is a strength of feeling in favour of saying that cold calling is not helping consumers or anyone else. I get cold calls asking whether I have had an accident, but I have not had an accident in my car—touch wood—for 25 years. When I had such a call last week, I got the name of the company and its telephone number, and I reported it to the Telephone Preference Service, but the TPS still could not find the company—it was a shell company—and that is not good enough.

To be fair, the Minister in the other place did listen, and on Third Reading the Government introduced their own amendment to add the objective that the new body should bear in mind

“the needs of people in vulnerable circumstances”.

That is a real move forward, but it would be good to link this more explicitly with the promotion of financial inclusion, and it is a real shame that that was missed. It is a real boon to have Ministers with responsibility for financial inclusion—they are a bit like buses: we wait for one, and then two come along at once—but there is a worry that something may fall through the cracks. I believe that the Lords Financial Exclusion Committee, which looked at this issue, was right to say that there should be a financial inclusion Minister who works across the board. How many Departments have been mentioned already today? We have heard about BEIS, DCMS, the Treasury, the DWP and the Ministry of Justice. We need somebody who can look at this across all Departments and have a proper financial inclusion strategy.

**The Parliamentary Under-Secretary of State for Work and Pensions (Guy Opperman):** I merely make the point that my hon. Friend the Economic Secretary to the Treasury and I will be hosting the financial inclusion policy forum together. Surely the whole purpose of the response to the Financial Exclusion Committee’s report was to ensure joined-up Government by the two principal Departments holding other Departments’ feet to the fire, and I assure the hon. Lady that that is what we intend most fully to do.

**Yvonne Fovargue:** I am very pleased to hear that, but I think financial inclusion is so important on so many levels that it needs a Cabinet position, and having one Minister responsible for it would be really helpful.

I am pleased to hear about the breathing space, for which there is cross-party support. It is long overdue, and we need to ensure that it is up and running as soon as possible. We should not really wait for the creation of the financial guidance body as is proposed in the Bill, because that will be at an uncertain date and we need a

timeframe now. After all, six in 10 people, while they are waiting for advice, take out more credit while they are not protected and are being chased by creditors, because it is very easy to promise something to the last person who rings them or knocks on the door.

We have to get the scheme details right, as has been said. It should not just act as a moratorium or a freeze. It should introduce a statutory repayment plan so that debtors are protected while they repay their debts, and the period needs to be long enough for the debt solution to be put in place after seeking advice. Six weeks is not long enough. Frankly, when somebody brings in all their debts, they often forget one. When people write to creditors, some reply immediately while others delay, thinking, “If we don’t bother, we can put a bit of pressure on.” Then the person finds another debt that they had forgotten about, so they have to write again and do another financial statement. Six months is the minimum amount of time to get everything back and to work out a proper financial statement that covers all creditors. Twelve months is probably reasonable, but there should be a minimum period and an option to extend. It should be a reward for those people who are doing the right thing and seeking debt advice.

The scheme needs to include all debt, including that owed to central and local government, which have the worst record on forbearance. In fact, the utility companies, which are often derided, are often better. On council tax arrears, bailiffs are called in far too early and far too often.

It is crucial that the Government get it right when replacing the Money Advice Service. Getting effective financial guidance to people early is key to improving household finances and economic security. We need a body that recognises that people often need help before they reach crisis point. Moreover, once they reach that crisis point, they need to be able to access debt advice quickly, and they need to go to the right body. It is after they have sought debt advice and have a financial statement that they will focus on budgeting for the future, so let us give them guidance after they have had debt advice, because that is when they will concentrate on household bills and what they will do in the future.

The scheme also has to recognise that it does not take a lot to push those on low income into financial difficulty and a spiral of debt. It only takes an income shock. It does not always have to be a big thing such as divorce, job loss or bereavement. It is often something simple such as the washing machine breaking down or expensive repairs to the car they need to get to work. A little resilience and savings would help to address such issues. I want a scheme that helps people save, and the new body could play its part in that. Yes, there is the savings gateway, but, frankly, that expects people to design their lives around the savings scheme, which will not work. People on a low income regularly have small income shocks and saving every month is not always feasible.

I am keen on the work of the Behavioural Insights Team and the interesting developments it has seen on how to save. For example, some supermarket bills say, “You have saved £2 by using this supermarket”, and that money could be put into a savings scheme. People have to be able to say, “This week I cannot or can afford to save.” A regular amount is not really possible in today’s climate.

[Yvonne Fovargue]

The Bill has been improved in the Lords and I hope that it can be further improved in this place, to produce a Bill that makes a real difference to people—not just those on a low income, but anyone who receives an income shock, is having problems managing their finances or needs a bit of help budgeting. Financial education in schools is really important. It is important that we teach children how to deal with their finances, but when the washing machine breaks down, speed trumps any form of lessons, interest rates and so on, and that is why the companies say—we have seen the adverts—“I can get the money to you tomorrow.”

6.4 pm

**Ben Bradley** (Mansfield) (Con): It is a pleasure to follow the heartfelt advice of the hon. Member for Makerfield (Yvonne Fovargue). It is clear that the world of personal finance can be hard to navigate. Without consolidated guidance, anybody could run into difficulties. That is why I welcome the Bill and the certainty it will provide, replacing a complex array of support services for different areas with a simple process for seeking advice.

There have long been calls to consolidate the financial advice services currently available in the UK, and I regularly signpost constituents to those organisations. The problem, however, is that constituents' problems are rarely simple, and an individual experiencing financial hardship because of issues with their pension may benefit from more holistic financial advice. A single and well-publicised point of access for financial advice would certainly be of huge benefit to my constituents and provide timely and professional assistance to people across the country who encounter difficulties. I look forward to a strong marketing strategy to promote the service to my constituents, ensuring that everybody is aware of the opportunity to get help. Without such a strategy to raise awareness, it will be a waste of time.

I welcome the news that the Government have consulted extensively on the measures, that they are widely supported and that we already have a framework for financial advice that is fit for purpose. StepChange has commented on how important that is for social justice and for supporting families, including many in Mansfield who are just about managing.

Having heard a number of horror stories about the mismanagement of financial claims, I am also pleased that there is now a simpler way of seeking support when an insurance or other claim fails to go to plan. This simpler form of financial assistance is key in educating service users and promoting a sustainable and resilient population. I hope that the measure is met with approval from not just my constituents but people across the country. It sends a clear message to the companies involved that individuals will be held accountable for their business practices, and to consumers that we are on their side.

Finally, cold calling is a particular blight for older people in Mansfield, with many elderly constituents describing to me a feeling of intimidation because of daily calls asking them to make a claim for an accident that they probably have not had, or because of unsolicited scams and financial advice that they do not want. I am delighted that clause 4 makes provision for the Secretary of State for Work and Pensions to ban cold calling,

in effect putting those unscrupulous companies on notice and protecting vulnerable people. Like my hon. Friend the Member for Croydon South (Chris Philp), I too have been plagued by calls following a minor car accident, asking me to submit a false claim for whiplash—an injury that I never had. In fact, I could probably run through 20 or 30 numbers that I have saved on my mobile phone under “PPI” or “Car Crash Scam” to alert me not to answer calls from them. The impact of the high level of such fraudulent claims can only have a huge and detrimental effect on insurance premiums, preventing people, particularly young people, from being able to afford to drive, so it is absolutely right that we take action.

The Bill represents an opportunity for the Government to provide more support and easily accessible financial assistance to the public, and delivers on our manifesto commitment to offer respite from debt. It is a real step forward for millions who are struggling with debt or who are having problems making financial claims. That is more evidence, if it were needed, that this Government and the Conservative party are supporting vulnerable people and promoting financial security.

6.7 pm

**Stephen Lloyd** (Eastbourne) (LD): On behalf of my party, may I say that it is a pleasure to welcome you back to the Chair, Mr Deputy Speaker?

I support the Second Reading of this Bill because I support its key purpose of merging the Money Advice Service, the Pensions Advisory Service and Pension Wise into a new, single financial guidance body. The current landscape for free financial advice and guidance is unnecessarily complex, convoluted and often difficult to access, with several different agencies providing support. The Bill will, sensibly, improve the situation by creating a single, visible body, making it easier for people to find debt advice and consequently make more informed choices about their personal finances and pensions.

Another key reason why I support the Bill is that it transfers responsibility for regulating claims management companies, including PPI claims companies and the more dubious personal injury legal businesses, from the Ministry of Justice to the Financial Conduct Authority. I believe that the FCA, with its powers to cap the charges of claims management companies, will be a much tougher regulator than the Ministry of Justice has been.

The original version of this Bill when it was introduced in the other place was fundamentally flawed, but thanks to the Herculean efforts of Liberal Democrat peers Lord Sharkey and Baroness Kramer, along with some highly expert cross-party support, crucial amendments were made to it that have addressed many of those flaws. I pay tribute to my colleagues in the other place, as their amendments will benefit the consumer—the public—and that is what this Bill should be all about.

First, we tabled an amendment—to be frank, it is astonishing that this was not already part of the Bill—to ensure that one of the core objectives of the single financial guidance body will be to protect consumers. The SFGB will have to pass on evidence of malpractice to the FCA, so that perpetrators are properly investigated and punished. In my view, that is essential for the legislation's whole premise to work properly and for it to receive the necessary confidence of the public.

Secondly, Liberal Democrat peers recognised that cold calling can be a real scourge, which has a negative impact on millions of people across the country, in some cases leading to severe financial distress and even ruin. Consequently, I am delighted that they succeeded in attaching an amendment to the Bill to give the Government the power to ban cold calling in specific sectors, if the SFGB concludes that it is harming consumers. That represents a positive game change for ordinary consumers in the cold calling industry and is long overdue. Ministers have also promised several concessions in this area to ensure that any ban is implemented faster. I am delighted that they will keep the amendment in the Bill, because its broadness in scope means that any financial services within the SFGB's remit could face a ban.

We also ensured that pension companies must ask their customers whether they have received financial guidance before accessing or transferring their pension benefits. The FCA can then force companies to refer vulnerable customers for financial guidance, if they have not already received it. I was pleased that the Pensions Minister told the Work and Pensions Committee that he would not

“fundamentally amend anything that emerges from their Lordships”, and I will hold him to that commitment.

Last but not least, Liberal Democrat peers worked closely with Labour peers and expert Cross Benchers to put the necessary pressure on the Government to introduce a breathing space scheme for people in severe financial distress—in other words, a limited debt moratorium to give someone affected the time to get debt advice and support. The amendment had been called for by leading charities in the sector, including StepChange and the Children's Society, and by my right hon. Friend the Member for Twickenham (Sir Vince Cable), for quite some time, so it is good to see it in the Bill.

However, despite such a breathing space scheme being in the Conservative 2017 general election manifesto and already existing in Scotland, where it is a proven success, the Government tried to argue in the other place that such a scheme was not in the scope of the Bill. Frankly, that was a ridiculous position to take, but fortunately our joint pressure paid off and the Government conceded by introducing a clause giving Ministers the power to introduce a breathing space scheme. The consultation that Her Majesty's Government launched on breathing space wrapped up last week, and I will be watching them closely to ensure that it is not kicked into the long grass like so many of their other promises. The 8.3 million UK citizens suffering from debt problems and the 2.4 million children living in families with problem debt simply cannot afford to wait or be ignored any longer.

The Bill is still not perfect. For example, although the single financial guidance body has an objective to promote financial awareness and education, it will have no statutory powers to do so. We believe that financial literacy must be taught to all age groups, not only in schools but in the workplace, and that there should be strong mechanisms to enforce that. Otherwise, one of the root causes of poor financial management and financial distress will remain unaddressed. We hope that the Government will think again and beef that up in the Bill. If they do not, the constant talking, discussing and complaining about the lack of financial literacy among many members of the public will never change, and we will be in the

same place in 10 years' time. The Bill presents the Government with the opportunity to finally address that properly. I urge the Minister to respond to that point.

None the less, the Bill is a clear improvement on the current situation, which is why I and my party will support its Second Reading. I hope that the Government recognise and appreciate the significant improvements that were made to the Bill in the other place by the Liberal Democrats and other parties, and that they will build on our amendments rather than fail to do so. To be honest, the public would deservedly be outraged if they did not do as they said.

6.15 pm

**Mrs Pauline Latham** (Mid Derbyshire) (Con): It is good to see you back in your place, Mr Deputy Speaker.

I welcome the Second Reading of the Bill. It is important that people have access to the right financial help and advice, which is essential to stop financial problems escalating. That is particularly pertinent when people are ill. When someone is diagnosed with a disease such as cancer—especially when the diagnosis is terminal—the financial implications are often the last thing on their mind. However, it can undoubtedly result in great difficulties and cause someone additional stress when they need normality, stability, dignity by being able to work and the ability to pay their bills.

Banks and building societies have an unrivalled ability to reach and support people affected by the financial impact of cancer and other health conditions and disabilities, particularly regarding mortgages and other significant financial commitments. However, recent research from Macmillan shows that more needs to be done to improve the support available and ensure that helping people with cancer and other vulnerable customers is at the heart of banks' culture.

Today, I would like to reflect on the experiences of one of my constituents, Jacci Woodcock, who was diagnosed with terminal cancer a number of years ago. Despite a desire to stay in work, she was treated very badly by her former employer, SMD Textiles in Preston, Lancashire, and was pushed out of her job soon after her diagnosis, even though she had no time off during her chemo and her sales figures never suffered. Subsequently, Jacci has campaigned tirelessly for the Dying to Work campaign, which she began. It is a cross-party campaign for additional employment protection for terminally ill workers who are able to and want to work. I implore all colleagues in the House to support the campaign and encourage businesses in their constituencies to follow suit. Many very large businesses have already done so, and I would like to see employment law strengthened to help people like Jacci.

After leaving her job as a result of pressure exerted by her employer following her terminal diagnosis, Jacci could no longer afford her mortgage repayments. She was therefore faced with a further concern that her home would be repossessed—the home where she wishes to stay until she sadly dies. Jacci had a joint mortgage with her ex-partner, Mr Andrew Bradley, which they held with Santander. After Jacci's diagnosis, Mr Bradley left Jacci and their home because he could not cope and, from October 2015, stopped paying the mortgage. He told Jacci that he thought she would be dead and wanted his equity from the house.

[Mrs Pauline Latham]

An official offer was presented to Mr Bradley to continue to pay the mortgage until her death, and then he could recover all the payments from her estate. Thankfully, in Jacci's case, Santander dealt with the situation extremely well and a mutually agreeable conclusion was reached. When the situation was flagged up to the bank, it agreed to discontinue all collections and litigation activity relating to the mortgage. Jacci was therefore not required to make any more payments on the mortgage. It remained at the standard variable rate, repayable through equity from her home upon her death.

I was impressed by how understanding Santander was in handling Jacci's case. It is a very large company and one might think that it would not be interested in one person's problems. The process, however, was not straightforward, and the delay in reaching a satisfactory agreement was traumatic for Jacci when she was in a very vulnerable place. Red tape in such circumstances should be limited. Financial institutions should have a moral and legal duty to care. Policies need to be consistent in dealing with customers with a terminal diagnosis.

Macmillan's research shows that people do not know what to expect from their bank. Just 11% of people with cancer tell their bank about their diagnosis. This needs to change so that banks and building societies can help their customers when they need it most. The introduction of a formal responsibility for banks and building societies towards terminally ill customers would give people the confidence to disclose their diagnosis. Customers should know they can trust their bank to act in their best interests during a time of distress. I hope that the Minister can give us some words of encouragement and that the Government will press organisations such as banks and building societies to be much more sympathetic towards people such as Jacci.

6.20 pm

**Emma Hardy** (Kingston upon Hull West and Hessle) (Lab): It is a pleasure to follow the hon. Member for Mid Derbyshire (Mrs Latham). I particularly welcome her comments about the Dying to Work campaign, which I am supporting in my constituency, too.

Crippling personal debt is a huge problem. The stress of not knowing what a letter contains and never being sure whether it is the bailiffs at the door can sour relationships, destroy families and make people ill. On this Government's watch, household debt is now higher as a percentage of disposable income than at any time since 2008, and figures show that nearly 4,000 families in Hull live with problem debt. I therefore welcome the opportunity the Bill affords us to discuss such an important issue, and although it is a wide-ranging Bill, I will confine my contribution to clauses 7 and 8 on the statutory breathing space scheme.

**Guy Opperman:** I want gently to take issue with what the hon. Lady just said: the overall level of household debt is actually lower than it was in 2010 and 14 percentage points down in relation to quarter one of 2010, compared with quarter three of 2017. I am not sure therefore that her original comment was correct.

**Emma Hardy:** I do not mean that debt is higher as a proportion of income; I meant that it is higher as a percentage of disposable income, which the Minister will find it is.

The Government need to do three things with the scheme if they are properly to grant the breathing space people need. First, the scheme must be applicable to all relevant debts, including central and local government debt. To take one example, I recently met the organisation Every Child Leaving Care Matters, where I learned about the problems some care leavers face with things such as council tax obligations. After years of having these bills paid for them, they can often find themselves with mounting debt and without the support, including family support, that many of us here take for granted. That is why I was delighted when Labour-led Hull City Council announced recently that nearly 350 youngsters leaving the care system in the city would not have to pay council tax in Hull until they turned 21.

The scheme will be one of the first policies of its kind in the country when it starts next April and could mean that each of these people saves at least £900 a year. That is fantastic news for Hull but unfortunately not for the rest of my constituents in the East Riding of Yorkshire Council. We can end this unacceptable postcode lottery by supporting the Bill today. It is not just care leavers who are affected either—many people owe money to central and local government—and by ensuring that these debts are included in the breathing space scheme we can help care leavers and many others keep their heads above water.

Secondly, the scheme must make sure that the Government's consultation, while thorough, is carried out as quickly as possible. There is a danger that the words,

“As soon as reasonably practicable”

in clause 8 will allow the Government to drag their feet in deciding whether to introduce this breathing space scheme. That must not be allowed to happen. The Secretary of State must act quickly to make sure that a scheme is put in place and that support is offered to those who need it now.

Thirdly, the scheme must ensure that the breathing space is long enough to provide time for families to stabilise their finances and that support is in place to allow them to pay their debts in a manageable way. It is no use holding back the creditors from the door for a randomly chosen six-week period if, at the end of those six weeks, the family can still not pay. If we are to set a breathing space, we must get the period right.

We must get this right. Not to do so would not be in the interests of our economy, which already struggles with high personal debt; it would not be in the interests of creditors, who, according to statistics from Scotland, collect more of what is owed to them when a payment plan is followed; and it would definitely not be in the interests of the many families in my constituency drowning in an ocean of personal debt. On clauses 7 and 8 at least, the Government find themselves in the rare position of enjoying cross-party support and with a rare opportunity to make my constituents' lives a little easier. On their behalf, I ask the Minister and the Secretary of State to act quickly and, further to the points made by my hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams) from the Front Bench, to take on board my points and grasp the opportunity being offered to help so many people.

6.25 pm

**Jeremy Quin** (Horsham) (Con): It is a pleasure to follow the hon. Member for Kingston upon Hull West and Hessle (Emma Hardy). I was interested in what she had to say, particularly about care leavers, which is a subject I hope we will take up later.

Notwithstanding its many flaws, the market economy is the best means we have to improve the long-term living standards of our people. The pace of technological change, however, and the impact wrought have, for all their many improvements, given rise to real concern among consumers. We have moved rapidly from a pensions and savings environment that, for most, was relatively simple: a pension entitlement derived from the state or from an employer after many years—perhaps a lifetime—of continuous service; a relationship with a known bank manager in a local branch; and savings, where they existed, that perhaps focused on state provision such as national savings or premium bonds.

Instead, we have moved towards a system where choice is far wider. Returns are likely to be far better, but risks undoubtedly increase. This transformation has taken place at the same time as confidence and trust in financial service providers—I speak as a former company adviser—has rarely been lower. The products available can and will act in the interests of society and play a role in particular in meeting the needs of our expanding retired population, but we need to provide people with access to the tools and services they need to plan their financial future with confidence. Not enough people know how to manage their money effectively, and it is in all our interests that we help to bridge that gap. Above all, however, we have an obligation to ensure that those who are most in need of support and guidance receive it.

It is my privilege to be a member of the Financial Inclusion Commission, which has championed many of these issues, and I am delighted to welcome the Second Reading of the Bill, as indeed I did, in advance of its arriving in the House, in an Adjournment debate on financial inclusion at the end of last year. As a member of the Work and Pensions Committee, I enjoyed meeting the some of the existing providers: Pension Wise and the Money Advice Service and Pensions Advisory Service. These have given sterling service, and I am delighted to understand that the leaderships of all three organisations view the creation of a single body as the best means to ensure that those who are struggling can easily access free and impartial guidance to help them make more effective decisions about their pensions and seek advice on debt.

We have already heard a great deal this afternoon on the scale of the problem the Bill seeks to help address, and I will not repeat what has been said, but one fact we have not heard is that Citizens Advice has found that 13.5 million adults find managing money and making financial decisions challenging. People across the income spectrum lack good financial guidance and advice to make the right long-term decisions for old age. Increasing longevity only contributes further to this phenomenon. The fact that we have 8.5 million people auto-enrolled for a pension is good news indeed, but as a recent report from the Select Committee highlights, the fact that more people will be able to benefit from the pension freedoms the Government have introduced makes the availability of effective guidance all the more critical.

The creation of a single financial guidance body is being welcomed not only across the House but among charities and industry. At present, according to Which?, and as was alluded to earlier, only 36% of consumers use Government advisory bodies as an information source about their financial options. I hope that the creation of this body will help to increase uptake, particularly among those who have most to benefit. The Bill sets out the objective that guidance be available to those most in need of support. In the Adjournment debate, I raised issues faced by the disabled, lone parents and single pensioners, while my hon. Friend the Member for Mid Derbyshire (Mrs Latham) has just referred to the terminally ill. I hope that the Minister will agree that, as we measure the success of this body, we will scrutinise its ability to direct support to the hardest-to-reach people who need it most.

More broadly, I hope that the establishment of this body will serve as an important step towards a culture change and a situation where guidance is sought as a norm at key points in one's life. Pension Wise was a significant step towards this goal, but given the importance of pension saving earlier in life, I am keen to see this service available to all, rather than restricted to the over-50s.

I appreciate that the terms of the body are yet to be specified, but I would be interested to hear the Minister's view on the accessibility of pension guidance earlier in life. Unlike the hon. Member for Airdrie and Shotts (Neil Gray), who made a good contribution earlier, I was pleased to learn that the name of the body had not yet been announced. We will therefore not have a bunch of imposters setting up rival sites. I welcome the specific offence being established in the Bill. The last thing any of us would want is for those who are seeking help to find themselves victims of scams.

In any event, in common with the hon. Member for Makerfield (Yvonne Fovargue), I urge caution about too much reinvention of the wheel. Originally, the intention was for the single financial guidance body to be purely a commissioning body. We are all aware of trusted and well-established organisations in our own constituencies, such as Citizens Advice, at national level, and many more organisations at local level. In my case, that includes the Horsham Debt Advice Service. The new body will be most effective as an enabler, a director of resource and an upholder of standards. I trust that that is but the first of many steps to enhance individuals' ability to manage their finances effectively, and I have sympathy with the points raised earlier about financial resilience and financial education.

I look forward in particular to the report on the pensions dashboard that, as I understand from the Secretary of State's words at the Dispatch Box, will be produced in March. The dashboard will be of significant benefit to consumers and will help to drive cultural change in the industry and among savers. I know that I am not alone in thinking that, alongside the pensions dashboard, more visibility for other forms of saving would be advantageous.

Finally, I want to touch on the debt respite provisions that have been incorporated into the Bill. I welcome them, and I hope that the guidance body's report and the Government action that follows will be accelerated as swiftly as possible, as the hon. Member for Kingston upon Hull West and Hessle has said, consistent with

[Jeremy Quin]

effective legislation. Although the provisions are useful and appropriate, they will not solve the problem of debt. The nature of the debt providers matters. I hope that I am allowed, as the chair of the all-party group on credit unions, to make a small plug in favour of credit unions. The amount that they lend has doubled since 2006, and they now have 1.3 million members across the country. That is to be welcomed. The more people save with and borrow from responsible providers, the better. For all who get into difficulty, a breathing space is a practical and essential measure. I commend the Bill to the House.

6.31 pm

**Ronnie Cowan** (Inverclyde) (SNP): I welcome the chance to speak in this debate. I will make a short speech on a topic that has been touched on by Members on both sides of the House. We seem to agree that the introduction of a duty of care for financial service providers would be a good thing. That is not currently in the Bill, but the Bill gives us a vital opportunity to take steps towards introducing such a duty of care and, in doing so, transforming the support that customers receive from their financial service providers.

As is recognised in the Bill, ensuring that people have access to the right help and advice as soon as possible is essential to stopping financial problems escalating. For people who are ill, or who are considered vulnerable in other ways, it becomes even more important. It is well known that being diagnosed with a health condition such as cancer can come with a huge and sudden financial impact. Research by Macmillan Cancer Support found that four out of five people with cancer are impacted financially by their diagnosis, which makes them, on average, £570 a month worse off. That impact, as one would expect, leaves many people struggling to keep up with their financial commitments.

Banks, building societies and other financial services providers are in a unique position to step in. They could offer short-term measures, such as flexibility on mortgage payments or interest freezes on credit cards and loans, as well as ensuring that customers are signposted early to financial help, which can help them to avoid problem debt. Some banks have made progress on that. For example, Lloyds and Nationwide have worked in partnership with Macmillan to deliver specialist support to customers who are affected by cancer. However, the overall picture is still mixed. Only one in nine people with cancer tell their bank about their diagnosis. Many people do not think that their bank can help them, or, worse, they worry that disclosing their diagnosis will have negative consequences. Of those who did tell their bank, nearly a quarter were dissatisfied with the support they received. That, to me, seems like a huge missed opportunity.

When someone is living with a long-term health condition such as cancer, the last thing they should be worrying about is money. But if people do not feel comfortable accessing support, or the support is not there when they try, their financial worries can quickly escalate. If financial service providers had a legal duty of care towards their customers, people would be given the confidence to disclose their diagnosis, knowing that they could trust their bank to act in their best interests.

For banks and other providers, that would mean being ready to respond to their customers' needs, and designing the vital products and services that would help people focus on their health. Of course, the duty would not just help people with cancer. It would have wide-ranging benefits because it would ensure that the banking sector played its part in helping customers, particularly those who might be vulnerable, when they needed it most.

As Members may be aware, the Financial Conduct Authority has committed to publishing a discussion paper on the duty of care. Although that is welcome, I and many other Members have significant concerns about the timescale. The discussion paper will form part of the FCA's handbook review, which will not take place until after the UK's withdrawal from the EU is clear. What that timeframe means in reality is not yet clear. What we know is that a discussion paper would be only the start of a long process of consultation and legislation, so it could be many years before a duty of care came into effect. Meanwhile, during that time, nearly 1,000 people every day in the UK will receive the devastating news that they have cancer.

This is key. Often when we discuss such issues to do with financial regulation, the debates are technical and can feel removed from the general public. The duty of care is different. The public are starting to take a real interest in the issue, and those who see the terrible impact on people of conditions such as cancer are demanding that we take action. Take Miranda, a Macmillan nurse. In her role helping patients, she sees the financial impact of cancer at first hand. I want to share a couple of quotes from Miranda with the House:

"It's enough to cope with the effects of the treatment and the psychological effects of the diagnosis, without having to worry about money as well".

She continues:

"To relieve the pressure of not having to pay your mortgage for six months or so...will be a tremendous help to people."

Supported by Macmillan, Miranda has written an open letter in support of a duty of care. It has been signed by nearly 20,000 people—that is 20,000 people who want action. They do not want to wait years for change. What would the Minister say to those people? How would he justify any delay to them?

Of course, we all appreciate that Brexit will have significant implications for the financial services industry and that they will need careful thought, but that is not a valid reason for delaying the duty of care. Action is needed now, so that future changes are built on the foundation that financial services firms have a duty of care to their customers.

I urge the Minister to listen to what is being said today and to commit to working with the FCA to deliver faster action on the duty of care. He should listen to the cross-party concerns that have been set out here and in the other place. He should listen to the numerous organisations that have supported the call for a duty of care, to the Lords Select Committee on Financial Exclusion, which recommended its introduction, and to the 20,000 people who have called on the Government to take action. I thank Macmillan Cancer Support for its parliamentary briefing, which has contributed in a big way to my speech. Finally, will the Minister meet representatives of Macmillan Cancer Support to discuss the introduction of a duty of care?

6.37 pm

**Paul Masterton** (East Renfrewshire) (Con): I am pleased to speak in support of this Bill, which is of real significance to my constituents, given the demography of East Renfrewshire. I refer Members to my entry in the Register of Members' Financial Interests. Prior to coming into this place, I spent nine years as a specialist pensions advisory solicitor and I was a member of various fun organisations such as the Association of Pension Lawyers—it is, I assure Members, as exciting as it sounds.

Part 1 of the Bill creates a single financial guidance body to replace three existing services. It is a much-needed move to make public financial guidance more accessible and more integrated. The services offered by the Money Advice Service, the Pensions Advisory Service and Pension Wise are somewhat disjointed, and there is a lack of communication and co-ordination between the three services. That is why only 3% of Pension Wise users say that they first heard about the service from the Money Advice Service, for example. As we are talking about public financial guidance services, those figures should be much higher.

That is why it is important that the three services are replaced with one body. Instead of having to contact two or more services for different aspects of financial guidance, people will be able to access one integrated and holistic service. It is absolutely critical that people across the UK can access independent, impartial and high-quality financial guidance.

It should go without saying that the ultimate measure of a guidance service is whether the guidance it provides is useful. I would, therefore, like the single body to be subject to rigorous evaluations based on consumer outcomes, not just outputs, to ensure that it is fulfilling its role. Much of the anticipated success of the new SFGB assumes that the new body publicises itself effectively. According to Which? around two thirds of people are aware of each of the three existing bodies. It is crucial that the single financial guidance body quickly achieves and then surpasses those levels of awareness, so that as many people as possible can access its services. Linking in with the pensions dashboard to give users a prompt would be a simple step.

Pension freedom and choice was mentioned earlier in the debate. It has changed the pensions landscape, but while Pension Wise is sensible Government policy, it is predicated on individuals becoming engaged investors, so it does not mitigate risks for most people. Research by the Pensions and Lifetime Savings Association found that only 22% of individuals used the Pension Wise website. That is nowhere near good enough if we are serious about ensuring people are going to provide a sustainable retirement for themselves.

In its comprehensive Financial Lives survey, the FCA identified further detail on the shockingly low levels of guidance usage among key age groups, with only 7% of all 55 to 64-year-olds using the service in the last 12 months. Perhaps it is not surprising that the PLSA found that, of the 3 million individuals between the ages of 55 and 70 with defined-contribution pots not yet in payment, 300,000 had taken no action whatever. Of those who had, 15% had used the new freedom to take more than their 25% tax-free cash lump sum. When they took that cash, 20% spent it all—what is sometimes colloquially known as the Lamborghini option.

Freedom and choice is great. I like it, but it brings with it the inherent risk of life-destroying choices, and the role of the SFGB has to be to provide guidance to try to prevent people from making those mistakes. Individuals face really complex risks when selecting how to use their pension savings. The language, concepts and risks are all unfamiliar to most people. How we use our retirement funds is one of the most important decisions we will make in our lives, and impartial, independent support to help us to make an informed decision is absolutely vital. It is clear to me at least that the new SFGB is integral to the success of freedom and choice. It has to be the anchor in terms of accessing high-quality guidance, so that people can evaluate their options and make best use of what they have saved.

Given everything I saw and experienced before coming into this place, I remain hugely attracted to the principle of default guidance, mirroring the approach taken to auto-enrolment, with statutory opt-out provisions. Clause 5(2) could be strengthened, as was recommended by the Work and Pensions Committee. The Minister has made some positive noises about that, but if we are looking for something as close as possible to a silver bullet, default guidance is probably it.

I would also question precisely how the SFGB is going to work alongside the new pensions dashboard. The dashboard is long overdue. It is a tool that brings together an individual's pension entitlements—state, workplace and personal—and it will be really widely used. However, I have a slight worry that providers will, and indeed are, setting up their own branded variations.

**Guy Opperman:** In contemplating my hon. Friend's outstanding speech, let me help him with a couple of points. The dashboard is being proceeded with, and I will be making a statement to the House before the end of March, giving an update on the process by which these things are taking place. I will address some of the other remarks in his speech at a later stage.

**Paul Masterton:** I thank the Minister for his intervention. On that basis, I will move on to clause 4 and pensions cold calling.

Losses from pension scams rose to £8 million in March last year, and over £40 million has been lost to pensions liberation—something I dealt with a lot in practice—with individuals being tempted to transfer out of generous final salary schemes to access their pension pot prior to age 55, with the 55% tax charge that came with that.

Though big steps have been taken, the scammers are clever, and their approaches are becoming more sophisticated. Citizens Advice believes that around 2.4 million 55 to 64-year-olds received unsolicited contact about their pension in the year after pension freedom and choice was introduced. A cold call ban will narrow the scope for scammers, but if we have a default guidance requirement, there is more chance of the individual being alerted, before they take the option to transfer, to the risk they are facing.

Other Members have been through clauses 7 and 8 in detail. Like all things, the debt arrangement scheme we have in Scotland is not perfect, but it is a good place to start, as I think the Government recognised in bringing forward the provisions they did on Third Reading in the other place. A statutory debt management plan is a good thing, not least because it should avoid insolvency.

[Paul Masterton]

Under Clause 11, arrangements are introduced for the funding of debt advice in Scotland, Wales and Northern Ireland. The delivery of debt advice will be devolved, but raising a levy to fund the provision of that advice is reserved. I do have some concerns here. While I completely understand the rationale for devolving debt advice, given the other advice and guidance services commissioned from Edinburgh, Cardiff and Belfast, I am not precisely clear how this is going to work in practice.

The functions of the new single body fall into two categories: the debt advice function, under which it will provide members of the public only in England with information and advice on debt; and the strategic debt function. That strategic function is UK-wide, so we will have a situation where the single body's functions in relation to financial capability, money guidance and the strategic debt function are UK-wide, but the debt advice function is not. That debt advice function really does have to dovetail with the UK-wide elements of the SFGB, irrespective of its delivery by the devolved Administrations, if this is going to work. I am not entirely clear how we are going to ensure that that happens.

Clauses 10 and 11 require the SFGB to set and enforce standards across the debt advice partners it commissions, because debt services are predominantly provided by service providers, many of whom operate cross-border. However, with the procurement and provision of debt advice services devolved, that role sits not with the SFGB in Scotland, Wales or Northern Ireland, but with the devolved Administrations. As was pointed out by many bodies in the consultation, that could raise issues. Of course, the devolved Administrations may want to tailor services to meet particular requirements, but there really is a strong case for ensuring that standards are aligned, both for providers who operate cross-border and for UK consumers. I ask the Minister to outline how he intends to work with the devolved Administrations to ensure that the commissioning of debt advice services is joined up as far as possible to ensure we get the dovetailing I mentioned earlier.

I am conscious of time, so I will not go into part 2 in much detail, other than to say that I am pleased that the Scottish Government have changed their position from not wanting part 2 to extend to Scotland to agreeing that it should now extend to Scotland. That, combined with some of the measures going through the Scottish Parliament at the minute, particularly around no win, no fee solicitors, will make a big difference on some of the issues around claims management companies north of the border.

The Bill has two pillars, both of which are much needed. Although the provisions allowing for a single, integrated financial guidance service are not the end of the story, they are important advances. I am absolutely delighted to support the Bill, and I thank the Minister and his team for bringing it forward. This is a really difficult area, and he has grasped the nettle—or, as we are in Burns season, the thistle—and brought to this House legislation with real intent and purpose, which will, along with the Government's other initiatives on pension saving, make huge positive changes to how people monitor and manage their finances.

6.47 pm

**Darren Jones** (Bristol North West) (Lab): I rise to speak specifically in favour of the amendments tabled in the other place in respect of the debt respite, or breathing space, scheme for those struggling with personal debt.

However, before I do, I wonder whether, in summing up, the Minister can clarify the to and fro we have had on whether consumer debt is increasing in this country. When I say “clarify”, I do not mean giving us a statistic that supports the Government's answer, as against the statistic given by Opposition Members; I mean giving us a simple answer on whether consumer debt is higher or lower. My understanding from Bank of England and Office for Budget Responsibility data is that consumer credit—unsecured loans—is up by 19% since 2010. Car financing—a huge new area of secured personal debt—has added £30 billion in the same timeframe. Student debt under this Government has doubled to nearly £100 billion. In real terms, there has been a 7% increase since 2010 in consumer personal debt—the second highest figure in the G8 economies after that in Canada. Some clarification on that point would be welcome.

It is estimated that over 8 million adults in the UK struggle with problem personal debt—the issue we are debating today—resulting in bankruptcy or individual voluntary arrangements. Many people are in that situation because of unexpected life events, be that a job loss, an illness or a breakdown in relationships. The debt charity StepChange, which has been mentioned on multiple occasions in the debate, estimates that 60% of its clients were able to stabilise their financial position after a voluntary freezing of interest charges and enforcement action by their creditors, so it is clear that a breathing space scheme can make a real difference to the lives of people struggling with problem personal debt.

We must be honest: we have a problem with personal debt in this country. Although I welcome the Bill and the technical measures to try to solve some of the symptoms of personal debt, I want to take this opportunity to speak about some of its causes. We must remember why we are in this situation in the first place. Quite frankly, it is because we have seen the lowest level of wage payments as a percentage of GDP for decades. The flatlining of wages for many years—and, according to the Office for Budget Responsibility, potentially for the next 17 years—when compared with the increasing cost of living, pushes many hard-working people into the red.

That is not new in Britain, but it does show the difference that Government policy can make. I remember all too well when, in the 1980s, as a child growing up in Lawrence Weston—in what is now my constituency—I had to hide behind the curtains with my mum when the debt collector came to the door because we could not afford to repay the then high cost of personal debts provided by Provident, the Wonga of its day. That was a regular occurrence in my childhood. My parents were both in work. They were hard-working, law-abiding citizens who just wanted to do the best for our family. However, in the days before the introduction of the national minimum wage, the only source of support for a working-class family earning a mere couple of pounds per hour and with no one to call upon for financial help in times of trouble could be high-interest loan providers.

I remember asking myself then—as, sadly, I do now—why my mum and dad went to work every day, but did not have enough money to feed themselves as well as me. Why could we not afford my school uniform, or the school trip on which my friends were going? Most important, I remember seeing and feeling the stress that poverty induces. When there is a bailiff at the door, and red-ink printed letters in the letter box bearing more and more charges leading to spiralling debt repayments, it causes a type of anxiety and stress that I find hard to describe in words alone. As we discuss the Bill, let us not forget the additional harm caused to the British people when we do not solve the issue of personal debt in the first place, but merely provide technical measures to deal with the outcomes.

I am reminded of why I am so deeply committed and thankful to the Labour Government. They introduced the national minimum wage and invested in public services, and we should be proud of the number of children lifted out of poverty, including me. That has meant that I can stand here today to try to improve the lives of my constituents. It saddens me greatly, however, that—although I benefited from the policies of a Labour Government, which made such a difference to my family and to my prospects in life—we are here once again talking about the same issues. The sad truth is that, after a new lost generation of misguided austerity, we are now going backwards. On the day that Oxfam has revealed that 42 people have the same wealth as the 3.7 billion poorest in the world, we must take this opportunity to pause and ask why that is, and why we let it happen.

I am a centre-ground politician. I do not want to smash capitalism, but I do wish to fix it. If we are to do that, however, we must remember that it is for us—elected representatives of the British people in this democratic Parliament—to set the rules of the game. It is no excuse to talk of globalisation, multinational companies, tax jurisdictions outside the United Kingdom, and the accumulation of wealth in assets while wages become lower and lower. It is no excuse to stand here and say that those problems are too hard for us to fix as a nation—to say, “I would rather we were a member of the European Union, trying to fix them as part of a bloc of countries.”

I should like to see much more radical reform of the economy, but this is a good first step, and I welcome the Government’s commitment to it. In a digital world, the Provident man is no longer on the doorstep writing down in his grey book how much people have borrowed, how much they have paid back, and, when he comes back next week, how much they need to repay. An app on the phone can deliver the funds to someone’s bank account within hours. Access to such services and support is very important.

I thank the Economic Secretary for his detailed response to my letter about this issue. Like other Members who have spoken, I hope he now understands—notwithstanding clause 8(2), which says that the Secretary of State may merely consider whether a breathing space is necessary—that it is indeed necessary, and that the Government should work speedily to introduce it. In response to my letter, the Government made it clear that they were willing to listen to stakeholders in designing the “breathing space” scheme, and I welcome that. I hope that they will include all personal debts, not just some. I hope that they

will take account of what has been said by Members such as my hon. Friend the Member for Makerfield (Yvonne Fovargue), who, on this issue, is a learned Member, and who suggested a minimum period of six months rather than six weeks.

I took issue with something that was said earlier by the Secretary of State, who is no longer in the Chamber. In her opening speech, she said that people needed access to mentoring, support and education about budgeting. I agree with that, but let me make this point: to suggest that people who find themselves in very stressful, and sometimes devastating, situations of personal debt because of their ineptitude is both patronising and offensive. [HON. MEMBERS: “She did not say that.”] She did indeed.

I am reminded of an occasion when, during my election campaign, I visited a food bank in my constituency. I asked some people why they had ended up there. One of my constituents said that she had broken up with her partner and found herself in financial difficulties, and that that had driven her to come to the food bank. I will not name names, but she then told me that a Conservative Member of Parliament who had been in my constituency in the run-up to the election had written in an article for ConservativeHome that food bank users needed financial budget management skills. She broke down in tears as she told me that story, in front of her neighbours and her children in the food bank where she had wished never to find herself, because she had been told that she was there because of her lack of intelligence or ability.

The Secretary of State said that it was a core principle of this Conservative Government that the Bill empowered individuals by giving them the information that they needed. Let me make it clear that it is a core principle of the Labour party—and it will continue to be a core principle when we are in government—to empower individuals by paying them a decent wage for a decent day’s work, so that they can live as they wish to live.

I commend the Government on this technical Bill, which provides some good solutions to some of the problems that we face. I look forward to seeing the regulations that will bring a breathing space scheme into law as soon as possible. However, let us not forget what causes people to find themselves in this situation. Let us try to create an economy that works not just for the few, but for the many. Let us remind people like my constituents who become stuck, often through no fault of their own, that they are not alone, and that there are people in this place who are fighting for them and their future.

6.56 pm

**Richard Graham** (Gloucester) (Con): It is a pleasure to contribute to the debate. It is also a pleasure to follow the hon. Member for Bristol North West (Darren Jones), who spoke movingly about the importance of respite and the period for the repayment of debts. However, I regret the party-political tone of some elements of his speech. In my constituency in the city of Gloucester, which is not very far from his, 6,000 jobs in business were lost under the last Labour Government. Youth unemployment rose spectacularly, and living standards almost collapsed. The hon. Gentleman talked about a Government who look after the fortunes of the many and not the few. He should come and meet the 8,000 new apprentices in Gloucester, where youth unemployment has fallen by 85% over the last eight years.

[Richard Graham]

The hon. Gentleman also accused my right hon. Friend the Secretary of State of describing people who went to food banks as suffering from ineptitude, and I believe that his remarks were completely out of order. I hope that, when he has had a chance to study the record, he will in due course at the very least withdraw that extremely personal comment, which was alarmingly in tune with something that the shadow Chancellor appeared to give air to when he referred warmly to those on his side of the House who wanted to “lynch” the new Secretary of State. I believe that all those remarks are totally out of keeping with the tone that we expect in the House.

Let me now turn to a matter on which there is cross-party consensus, namely the Bill’s Second Reading. The Bill has two parts, and I shall comment on each in turn. The first is clearly designed to rationalise three separate bodies offering Government-sponsored guidance services into a new single entity, the single financial guidance body—not the snappiest, most memorable name, but it marks an important moment in the consolidation of guidance.

I have direct experience of two of the three bodies that are being merged. The creation of Pension Wise was a very well-intentioned move by the Government, but there is no doubt that take-up has been much too low, and a different approach is therefore required. When I saw a Pension Wise adviser nearly two years ago, I was impressed by the quality of her advice. I do not think that that was a one-off experience, and I believe that those who have had the chance to access Pension Wise would agree.

I have also seen and heard the Pensions Advisory Service in action. The quality of its service and advice is powerful, and its model—like that of Citizens Advice—is one of recruiting volunteers with relevant sector experience. This represents good value for money for the taxpayer as well as giving the volunteers a great sense of purpose in giving something back. That is the secret of so much volunteering. I hope the Minister will reassure us today that that aspect of the Pensions Advisory Service model will be continued in the bigger world of the SFGB and, ideally, expanded.

The financial sector is a popular bogeyman, especially among Opposition Members, but I hope that those on both sides will join me in recognising and appreciating those who have given their time and knowledge voluntarily to the SFGB’s three predecessors, and in wishing the Economic Secretary to the Treasury, my hon. Friend the Member for Salisbury (John Glen), who is in his place, success in working with Her Majesty’s Treasury to set up the new body. The Pensions and Lifetime Savings Association has described this as absolutely integral to the success of pensions freedoms.

The Bill allows for a focus on the weak and vulnerable—something in which I know the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Hexham (Guy Opperman), strongly believes. I hope that he will say more about his definition of those terms and about how the SFGB will focus on them. Part of that will involve identification; part of it is about access.

I want to sound a note of caution on one aspect of the Bill, and my approach here is slightly different from that of the hon. Member for Bristol North West. I do

not believe that we should be too constrictive about the guidance that will be given. Indeed, I differ gently from the otherwise excellent speech of my hon. Friend the Member for East Renfrewshire (Paul Masterton) on this point as well. We are at risk of assuming that people who wish to take money from their pension pots will spend it on things that might not benefit them or their families. At a time when levels of household debt are high, with a total of £1.9 trillion, there is a question mark over how their funds should be used. The levels are not as high as they were under the last Labour Government, when levels of household income indebtedness rose from 93% to 158%, but they are still too high.

The early evidence seen by the previous Work and Pensions Committee suggested that withdrawals were mostly being used to reduce family debts, which for most people makes good financial sense. Perhaps the Minister will update us on whether that trend is still broadly true. It was the reason why the Select Committee took the view in 2016 that we broadly supported the pension reforms, and it is also relevant to the FCA’s review of retirement outcomes, which will happen in the first half of this year, and to the proposed ban on cold calling.

There is another point to make on the savings levels of pensions. Under this Government, following the coalition’s introduction of auto-enrolment, which had cross-party support, the percentage of those working who are now saving for their retirement has risen to 78%. That is a huge step forward, but the Minister will also know that 13% of adults still have no savings. That statistic raises the question of how we can stimulate lower earners—those earning under £10,000 a year—to enter an auto-enrolment scheme, perhaps through enhanced incentives. I recognise that that is not an issue for this Bill; it is a matter for the White Paper that has been promised in the spring. It is, however, an issue relating to debt, pensions and savings and therefore part of the same general concern that we are discussing this evening. It is therefore related to the discussion on part 1 of the Bill, and anything the Minister can say to indicate that it is being closely considered will be welcome.

The second part of the Bill deals with enabling the Government to ban pension cold calling, which we all welcome. I know that the Opposition and the new Select Committee have reservations about the speed of Government action, and I hope that the Minister will reassure us that we will not have to wait until the autumn of 2020 for a decision on the introduction of such a ban. If, after three consultations and the upcoming FCA report, the Government decide that this is the right thing to do, surely we will be able to move faster. Dealing with claims management companies can be an emotional experience for many of our constituents. The proposal is to shift responsibility for them from the Ministry of Justice to the FCA and give the authority the power to impose a cap on the fees that CMCs can charge. I hope that it will vigorously implement that new power, and I suspect that that hope is widely shared.

The latter part of the second part of the Bill has been covered in some detail by several Members. It covers having a repayment plan and a period of respite to deal with accumulated debts. We know from the experience of our constituents that good debt advisers can help with these issues, and that their negotiations with creditors on extending repayment periods have made a huge difference to many people. So why not look at this more

institutionally, in just the way that the Bill allows? That will be an excellent step forward, and I look forward to hearing more from the Minister on how that will be taken forward.

The Bill has been widely welcomed by charities and the financial sector, and it has cross-party support. That is a strong position to start from, and I strongly welcome the reforms. I hope that my hon. Friend the Under-Secretary of State for Work and Pensions will be able to shed some light on the questions that I have raised on the role of volunteers in the single financial guidance body; the identification of and approach to the weak and vulnerable; an analysis of what pension withdrawals are being used for; how we might expand the reach of auto-enrolment to increase the savings level in the nation; the introduction of a pensions dashboard, which he mentioned tantalisingly briefly; and an early decision on how and when to ban cold calling. These are all extremely important issues, and I believe that they offer the Government an opportunity to go yet further in helping many of our constituents, through the Bill's twin aims of reducing scams and improving guidance in order to enable better financial decisions to be made.

7.7 pm

**Patricia Gibson** (North Ayrshire and Arran) (SNP): I am delighted to contribute to today's debate. The Bill deals with a range of issues, but I want to focus on pensions. The pensions market is often complicated and confusing, so any moves to make it more accessible to consumers must of course be welcomed, although we on the Scottish National party Benches are still disappointed that the Government have not championed a fully independent pensions commission to look at all aspects of pensions. We want a pensions system that is fair for all, but the opportunity to achieve that has not been presented today. However, we will continue to argue for it.

We know that there is a challenge in addressing consumer confidence on pensions. Too many people feel that pensions, though important, are over-complicated, and that can create inertia and inaction. That can have a profound effect on pension outcomes, as the decisions that consumers make can have serious financial consequences for their future. The Bill offers a perfect opportunity to introduce a legal duty of care on financial institutions and to put the most vulnerable members of our communities at the heart of decisions and services that can be used to protect them. It is disappointing that that has not been enshrined in the Bill, but I am confident, given what I have heard today, that the Minister is paying close attention to that point.

We need to be sure that consumers have access to the best independent advice, especially those who are vulnerable. Pension matters are confusing and can be complicated. We need to be confident that, whatever decisions people make about their pensions, they are properly and independently informed. I wonder how many consumers are even aware of Pension Wise, which offers free independent advice on pensions. What more can the Government do to promote such services? I heard the Secretary of State talking earlier about the service's reach being improved as it is amalgamated with other services, but sadly I did not hear any details about how that might happen. We have to remember that those most in need of independent financial and pension advice are often the hardest to reach.

The Financial Conduct Authority pointed out that consumers may be choosing to draw down their pension instead of shopping around for what may be a more appropriate pension product because they find choosing between the alternatives simply too challenging. The challenge for those of us trying to understand pensions and how to get the best deal has been complicated by the introduction of pension freedoms and new savings products. There is nothing wrong with introducing such freedoms to allow people more say and choice about financial options in retirement, but vital safeguards for older people who may choose to free up funds were missing or not prominent enough when such schemes were introduced. More work needs to be done to ensure that those who choose to free up funds get the financial advice about the long-term implications of making such choices that is correct for their particular circumstances, especially as so many of us can expect to live long lives in retirement. We need to be careful that we are not living longer simply to live in poverty and that the vulnerable are not easy prey for those who would take advantage.

Poor advice on pension decisions can lead to years or even decades of lost benefits and a much reduced quality of retirement. I understand that the aim of merging the current services into one is to create a more efficient service, but I want more detail on how that will be done in practice. What specific measures will be put in place to ensure that the new service will actively engage with people of pension age? Australian research into that issue shows that a substantial minority consume their pension pots quickly, with around 25% of people exhausting their pot by the age of 70 and 40% by 75. That really should give us pause for thought.

As we heard earlier, accessing pension pots early has become the new normal, but the FCA has expressed alarm that many who do so do not access independent, impartial advice. Indeed, only about 20% of those who accessed their pension pots in the third quarter of 2016 had a Pension Wise appointment, either by telephone or face to face. As for the other 80% who accessed their pension pots, one has to wonder what advice they received—if any. Did they get the best advice as they made that important decision? Were they vulnerable consumers? How can the interests of such people be best protected? I am sure that the Minister remembers the fallout from consumers taking out endowment mortgages because the advice they were being given was not always the most robust. We do not want to be looking back at this debate in 10 years' time and saying the same about those who accessed their pensions early.

If we do not address the complexity and confusion around pension information and the difficulty of reaching some of the most vulnerable consumers—those who are arguably the most in need of robust independent advice—we shall only see younger generations feeling alienated from the whole concept of long-term saving for retirement. The SNP welcomes the fact that clause 2 includes a recognition of the need to bear in mind the needs of those in vulnerable circumstances, but I cannot impress it strongly enough on the Minister that we need more detail of how that will work in practice. What statutory weight will it be given? Much more detail is needed on how free independent pension advice can extend its reach, and I look forward to hearing from the Minister.

[Patricia Gibson]

The Bill does seek to address the need to protect vulnerable consumers, but more robust measures are needed. We know that scam calls are a huge issue in our communities, with 10.9 million consumers receiving unsolicited contact about their pension since April 2015. I continue to wait for the UK Government to deliver on their promise to adopt into legislation my ten-minute rule Bill on unsolicited marketing calls. Despite enthusiastic initial support, the dates mooted for bringing it in—April 2017 and October 2017—have passed without incident or explanation from the Government despite my best efforts to elicit some kind of response via umpteen written questions, questions on the Floor of the House, a point of order, about half a dozen letters to the relevant Secretary of State, and other ingenious ways. Support for that Bill has clearly waned somewhat and that is a real cause for concern, especially given that I have heard warm support from Government Members for measures in that area.

The new plan to bring forward proposals to tackle cold calling must focus on director-level responsibility if any such measures are to have the required strength to deal with this blight on consumers. Such proposals ought not just to be about pensions—although they are a very important area—because all consumers in all industries and all sectors must be protected, and I am keen to hear whether that will be the case. I realise that not all areas are within the scope of the Bill or for the Minister to decide upon, but I know that he will take that point back to his colleagues with great enthusiasm. I am becoming increasingly impatient with the delays, as are my constituents, people across the UK and, I expect, Members on both sides of the House. So when I hear that action on unsolicited marketing will be taken in “early 2018”, if the Minister is being kind, he will understand my scepticism about yet another deadline and what this “action” will be. Will there be any measures to deal with director-level responsibility? If not, why not? Perhaps the Minister can address that in his closing remarks.

If we are banning cold calling to protect people’s pensions, that is an admission that cold calling is a problem. If it is a problem with pensions, it is a problem for all consumers in all areas. We need to protect people, and cold calling causes fundamental problems. I am extremely disappointed with the shilly-shallying around extending the recognition of the need to protect people outwith the pensions sector. The UK Government committed to considering director-level responsibility, even going so far as to put it on their website for well over a year. It is therefore a bit curious that they have gone suspiciously quiet on that despite, as I say, my best efforts to use every means available to me in this House to elicit some kind of response.

For consumers who want to access their pension early and to do so based on sound advice, we need to ensure that they are making the correct decisions, and I say good luck to them. However, our concern must be for those who do not have access to robust independent advice that safeguards their long-term financial interests and who will find themselves in financial difficulties as result of poor advice or a lack of advice. I want the Minister to put some flesh on the bones of how the reach of financial advice will be extended, particularly to vulnerable consumers. I remind the Minister that

there are thought to be around 800,000 people living with dementia in the UK. Even conservative estimates suggest that by 2030, that figure could be as high as 1.2 million. Their interests must be protected with demonstrably robust measures and a genuine duty of care. Policy making in this area must be mindful of and guided by that notion, and a new approach is essential to improve guidance usage among non-advised customers. The SNP sees the Bill as a positive step forward, but there is more to do, and a few minor legislative changes could save consumers now from many potential difficulties in the future.

7.19 pm

**Rachel Maclean** (Redditch) (Con): It is a great pleasure to follow the hon. Member for North Ayrshire and Arran (Patricia Gibson).

I rise to support the Bill. It is a key part of our Conservative philosophy to back responsible financial management, and the Bill contains measures to help individuals manage their finances responsibly, which is something we all support. It is important to acknowledge the great strides this Government have already made. As a small employer in my previous life, I saw the impact of auto-enrolment. The Government were very successful in encouraging people—particularly younger people, who often fail to save for their pension and their retirement—to take part in an auto-enrolment scheme. The statistics are positive. We now see 16.2 million people saving for their pension in that way, up from 10.7 million in 2010.

I have a few remarks and a couple of suggestions for the Minister, and I seek a few assurances. I promise that my speech will be short.

First, I have touched on my experience as an employer. Will the Minister consider the impact on small businesses? The hon. Member for Oldham East and Saddleworth (Debbie Abrahams) mentioned the self-employed. Small businesses and small employers have to think about the right auto-enrolment system for their staff and for themselves. Will the single financial guidance body have the remit to cover that issue for employers and employees?

Secondly, how will the new body seek to target advice at young people specifically? Young people are often at risk of poor financial planning and of falling prey to some of the worst debt issues. They are most likely to be at risk of being influenced by social media and of inadvertently falling into debt, sometimes because they are not engaged with the financial system.

We have heard much in this Chamber about students and student loans. When students consider their future, it is important that they get accurate advice on student loans. Unfortunately there are many myths out there in the public domain, and it is important that that misinformation is addressed so that students have accurate advice, outside the heat and light of the political spectrum, when undertaking that significant step to secure their future.

Will the body cover credit unions? I have a pertinent issue right now with a credit union in my constituency. Concerns are being raised about people who are dealing with credit unions and about how those people will seek advice.

Many people have mentioned cold calling, and I wish to add my voice. I am the daughter of an over-80-year-old dementia sufferer, and I have seen at first hand how

many calls she receives. These companies are completely flouting the Telephone Preference Service regulations. There is no recourse for people in that situation to take action, and why should they have to? It is completely unfair that companies are preying on them.

**Patricia Gibson:** The hon. Lady correctly says that there is no recourse for people who are plagued by cold calls. Does she agree that cutting the problem off at source by having director-level responsibility would be a very effective way forward?

**Rachel Maclean:** I thank the hon. Lady for her intervention. She made some excellent points in her speech, and I hope the Minister will consider them. Getting this right so that we treat the most vulnerable in our society well is at the heart of what this Government are doing, and we need to go further in this Bill, as well as through other measures.

I urge the Minister to work closely with the Secretary of State for Education. We have seen the introduction of financial education in our schools, and the previous lack of financial education is part of the root cause of some of the issues we seek to address. We are seeing people getting into debt, sometimes through no fault of their own, simply because of their lack of financial education and their lack of capacity to manage their finances at an early age.

People are now so influenced by the world of social media, and it is all too easy for them to think that many of the positive things they see on social media could be within their grasp, if only they took out a loan or got into debt to afford holidays, clothes, cars or whatever it is—it can seem very easy to people. I call on the Minister to work with colleagues in the Department for Education to introduce education on financial responsibility at an early age so that people get into good habits early.

I finish by welcoming the measures in the Bill. At our surgeries we have all seen the suffering that getting into debt and a lack of advice can bring. I am glad that there will be advice and support for the people who need it most.

7.24 pm

**Laura Smith** (Crewe and Nantwich) (Lab): It is an honour to follow the hon. Member for Redditch (Rachel Maclean).

Even though my hon. Friend the Member for Bristol North West (Darren Jones) has left the Chamber, I thank him for his very honest speech. I, too, remember the anxiety that filled my childhood home when the Provident came knocking. Both my parents also worked. Perhaps the hon. Member for Gloucester (Richard Graham) could listen and learn from people who have experience of living through hardship, rather than moaning about something that is political being political—after all, I thought we were all politicians.

**Richard Graham:** Will the hon. Lady give way?

**Laura Smith:** No, sorry.

The town of Crewe, in my constituency, has in recent years been identified as one of the most indebted places in our country. The problem has not gone away. Last year, statistics published by the Money Advice Service suggested that average consumer debt per person in Crewe was more than 20% higher than in the rest of

the UK, and we know the problem is permeating beyond the most deprived areas. Problem debt is creeping into every corner of our communities, and if the bubble bursts, the effects are likely to be profound and lasting.

That is why I want to talk about one aspect of the Bill: the clauses that enable the Government to introduce a debt respite scheme. With falling wages, the rising cost of living, housing problems, insecure work, childcare costs, welfare cuts and rampant inequality, no single Act of Parliament will fix all the underlying causes of rising household debt. At the same time, the people who voted for us literally cannot afford to wait for the Government to fix our broken economy. That is why I stood on a manifesto that promised to introduce a debt respite or breathing space scheme to help those working families who have been struggling to keep their heads above water. It is the provision to introduce such a scheme that makes the Bill such an important priority for my constituency.

The debt charity StepChange reports that 70% of its clients fell into debt because of an unexpected negative event, such as job loss, reduced income, illness or a relationship breakdown, and 60% of clients told the charity that their financial situation stabilised once creditors agreed to freeze further interest, charges and enforcement action. Without the protection of a statutory breathing space scheme, pressure to repay debts at an unaffordable rate and threats of enforcement can leave households cutting back on everyday essentials, such as food and heating, and falling further behind on bills.

This Bill, in itself, does not provide the solutions, but it does provide an opportunity for the Government to make a massive difference to the lives of many ordinary working people. How the debt respite scheme is set up is crucial. For example, the initial period must be long enough for people to seek debt advice and agree a long-term plan to resolve their debts. On top of that, regulated debt advisers should also be able to extend the period, where that is deemed necessary.

The Government's proposal of a six-week initial period is nowhere near long enough. According to StepChange the evidence in Scotland, where a comparable scheme already exists, shows that on average it takes four months to activate a plan after the first debt advice session. In any case, the Government should also commit to reviewing the length of the initial period after the scheme is introduced, and to extending it if there is evidence to support doing so.

Statutory repayment plans must also be a feature of the scheme, with the flexibility to ensure that the most effective plan for each family's circumstances can be put in place. There is no one-size-fits-all solution. A scheme that does not meet those needs will be a huge missed opportunity for the Government and could cost us all dearly in the not-so-distant future.

The link between debt and mental health is well established. Picture the parent who is filled with dread and anxiety every time they answer the phone or open an envelope. The Royal College of Psychiatrists tells us that half of adults with debts suffer with mental health problems, and the Children's Society tells us that children living in families with problem debt are at greater risk of developing mental health problems later in life. Introducing an effective debt respite scheme not only makes good economic sense, but should feature as part of the Government's mental health strategy.

[Laura Smith]

I support the Bill as a step in the right direction, but a debt respite scheme is long overdue, so we need the Government to commit to a date and to ensure that the scheme is not a token gesture, but a genuine effort to protect working families from this growing problem in our society.

7.30 pm

**Eddie Hughes** (Walsall North) (Con): I believe protocol dictates that I should say that it is a pleasure to follow the hon. Member for Crewe and Nantwich (Laura Smith), but anyway.

**Richard Graham:** I am grateful to my hon. Friend for giving way as the hon. Member for Crewe and Nantwich (Laura Smith), having accused me of moaning, did not wish to do so. I simply say to her: I do not do moaning.

**Eddie Hughes:** And I have certainly not witnessed any—nothing but good grace from my hon. Friend in the past.

I want to touch briefly on the name of the single financial guidance body, when we get it. The hon. Member for Airdrie and Shotts (Neil Gray) was right to highlight this point, because what we call it is critical. My hon. Friend the Member for Mansfield (Ben Bradley) suggested that we will need a good marketing strategy to go with it because, let us face it, we have to reach out to a broad section of the population, from the very youngest to the very oldest. I want to discuss predominantly the youngest.

We cannot start too soon in engaging young people in financial business. I know that HSBC operates a school bank service where it goes into primary schools for seven to 12-year-olds to introduce them to the concept of banking and explains the different roles of people within the bank. It also explains how someone setting up their own business might go about obtaining a loan and funding that business.

Right from the earliest age, we should engage with young people. Why is that important? The Money Advice Service released a report this month following some qualitative and quantitative analysis during which it engaged with 470 young people. What did it find? It found that 61% of those young people felt that their lives would be better if they had better financial management skills, but 85% felt that they had not been given sufficient financial guidance when they were at school. That puts them in a precarious position because, all of a sudden as young adults, they are exposed to the opportunity of debt. Indeed, one of those taking part suggested that credit cards should be treated in the same way as cigarette and tobacco packets: there should be photos on a credit card that in some way convey the danger associated with them, because young people with access to cheap debt can easily get into difficult financial positions. That is not a question of ineptitude, as referred to by the hon. Member for Bristol North West (Darren Jones); it is just that if people have not had that financial education and training, they can find themselves in a difficult position.

For example, at the weekend I spoke to a young man of 26 in Walsall. He had been down in London and he somehow managed to get on the bus without the fact that he had used his card to pay for the ticket being recorded.

When the passengers were checked, he was asked to get off the bus and prove that he had paid for his ticket. He could not do so. He was fined, I believe, £80 and given a short period to pay, otherwise the fine would double. He did not pay as he did not have the money at the time. He did not prioritise that debt, so he did not pay it. The fine increased to £180. By then, it was Christmas and he could not afford to pay, so he procrastinated further until the bailiffs were knocking on his mother's door at the weekend, seeking £750 because he had not paid a £1.50 bus fare. Sometimes, it is not just that people do not have the money; they do not understand which debts must be prioritised to prevent further hardship down the line.

It is incredibly important that we increase the financial capability of everybody across the UK, from the very youngest, when they set out as young adults with access to credit cards, to the very oldest, who will be drawing down their pensions. They all need our support and this Government are on the side of them all.

7.35 pm

**Craig Mackinlay** (South Thanet) (Con): It is a true pleasure to follow my hon. Friend the Member for Walsall North (Eddie Hughes); I just have to shout that much louder to be as shiny as him.

On pensions, I want to continue along the lines set out by a couple of speakers, particularly my hon. Friend the Member for East Renfrewshire (Paul Masterton) and the hon. Member for North Ayrshire and Arran (Patricia Gibson). My background was similarly—I will not say dull, but to some it might appear so. I am still nominally in practice as a chartered accountant and chartered tax adviser, so I am most interested in the tax benefits of pensions as part of personal planning.

I also served on the Select Committee on Work and Pensions from July 2015 to May 2017, where I had the enormous pleasure of overlapping with the hon. Member for Oldham East and Saddleworth (Debbie Abrahams) before she was promoted. I am delighted that she supports the Bill receiving a Second Reading this evening.

I very much welcome the new oversight body—the single financial guidance body—which my hon. Friend the Member for Gloucester (Richard Graham) said had such a snappy title, but I think that we know what it will be there for. Previously, the advice has always been out there, but I agree that it has been fragmented and not part of the inculcated knowledge of the public that help is out there and it is free. I hope that the Bill will help.

On pensions, there have been two arms. The first is the Pensions Advisory Service, whose main focus I see as advice on what pensions are and their benefits, plus online tools describing the saving needed to estimate future retirement income. It serves a useful educational function. The second is Pension Wise, which I am more interested in. It gives advice on what to do when approaching pensionable age, which is becoming ever more important.

All this represents a real issue—a welcome issue—for an increasing number of people across the country as auto-enrolment plays more and more of a role. The Government website suggests that 10 million employees will be enrolled across close to 300,000 employers by 2020. I see that as one of the real success stories of this Government and it is supported across the Chamber by

all parties. That represents a savings rate in the future of up to £17 billion per year, so we could be looking at many hundreds of billions of pounds likely to be saved over the decades to come.

I was particularly pleased to serve on the Committee that considered the Pension Schemes Act 2017, which laid the framework, at the right time, for master trusts. Beforehand, there was a weak statutory framework—just approval from Her Majesty’s Revenue and Customs for many schemes that I think had some dubious background. That has now gone, which is welcome.

What interests me about Pension Wise is what people will do with what is potentially their primary asset in life, their pension pot, as they approach older age. The average pension pot is £50,000—slightly more for men and less for women. There is an historical background to that, which I am sure will be put right as time goes by. The time of defined-benefit schemes is very much behind us, for obvious reasons—unknown liabilities for companies.

The pension freedoms of April 2015, however, were one of the best kept secrets of the 2014 Budget and they came as a surprise to me—I certainly did not see them coming. The freedom to take lump sums of 25% has been with us for a while, but people then gained complete flexibility over what to do with their defined-contribution pensions. They could also get rid of the traditional annuity purchase, or indeed could do nothing at all if that suited them.

With interest rates low, it has to be recognised that, although they are still right for some, the time of traditional annuities is perhaps over. With freedom, though, come dangers, including from scams. In this data age, it is not difficult to find out when anybody is approached the age of 55, and with that comes the potential danger that people will be preyed on by scammers.

This afternoon, I searched on Google for “pension advisory service”. I was disappointed that the official Government Pensions Advisory Service was only the fifth result. Ahead of it came four other services that were perhaps good, perhaps bad, or perhaps somewhat indifferent. I am pleased that Pension Wise is found favourable by 88% of those who have used it, but, as the hon. Member for Oldham East and Saddleworth said, few have used it—perhaps no more than 10% of those planning to retire. That does not mean that people are not seeking and accessing advice. Those with larger pots will undoubtedly go to their independent financial advisers to get proper independent advice on their options and what might be best for them.

I wish to put on record that, during my time on the Work and Pensions Committee, I raised the limitations and bureaucracy that the FCA requirements impose on IFAs and suggested lighter-touch regulations, so that IFAs who deal with smaller pension pots could advise on a “no liability to the adviser” basis. That way, those with smaller pots could at least get good professional advice, which must be infinitely better than none.

Clause 4, on the regulation of cold calling, is hugely welcome. Many Members have mentioned their experiences with PPI, banking scams, claims for flight delays—the list goes on and on. Because of that, there is a serious problem with databases, so the Information Commissioner needs to be rather more robust on that.

I hope that the Bill will mean that more people will become aware of their options, seek genuine advice and get wise to the scammers. Over the past few years, the Government have laid good foundations for pensions,

as people are making greater provision for themselves. The Bill is welcome, coming at the right time to strengthen the available financial guidance framework, and I have no hesitation in supporting it.

7.42 pm

**Julian Knight** (Solihull) (Con): I shall keep my comments relatively brief, Madam Deputy Speaker, mainly because I have a chest infection and I do not think my voice will hold for too long.

The Government’s decision to move ahead with a much-needed overhaul of the financial guidance system is welcome. Likewise, it is important to put in place protections for pension savers. My hon. Friend the Member for East Renfrewshire (Paul Masterton) mentioned £8 million being lost to scamming in one month. That is just the tip of the iceberg, because that is just what is reported. Scamming is a serious and ongoing problem, so I really welcome the moves in place to help to alleviate it.

As a former personal finance journalist, I have seen at first hand the terrible consequences—not only financial but social and even medical—that can follow when people fall into problem debt or are preyed on by fraudsters. Bringing the various money advice services together will help to ensure joined-up support, and to make sure that fewer people fall through the cracks in the system.

The Bill represents welcome progress, but more needs to happen through the financial services and financial advice sectors. They need to step up to the plate. Unfortunately, in recent decades the market has not properly served what I call middle earners. It is right that this debate has focused on the most vulnerable, as the Minister said earlier and has said on other occasions. However, the financial advice wasteland that has been created serves our society very ill indeed.

Insurance and advice products used to be sold on a commission basis. Going back in time, we can remember the man from the Pru, who would effectively mass sell financial products. Companies had a clear incentive to cater to everybody. There are good reasons why we moved away from that system. As a young man, after leaving university, I worked at a now-defunct organisation called the Joseph Nelson group. As part of that job, I had to fill in client ledgers. I had no idea what their particular business was, but I noticed that, no matter whether they were in their 20s or their 80s, every client was being sold the same product. The thing that linked it all was the level of commission, which was many percentage points.

I saw at first hand organisations such as the David M Aaron group, which is also now defunct, selling swaps and other very risky investments to people to whom they should not have been sold. I have seen these high-cost, high-margin products being pushed on customers, regardless of their personal circumstances. As a personal finance journalist, I covered the implosion of Equitable Life, which saw thousands lose their life savings. It is not acceptable that a huge part of the population has subsequently been left without access to affordable advice.

Advisers have effectively migrated upwards to cover what they call high-net-worth clients. It can now be very expensive indeed to get good independent financial advice. The sector has a responsibility to step up and to find new ways to serve customers. Modern technology,

[Julian Knight]

from data-sifting algorithms to remote advisers, offers ways to provide personalised and accessible advice that were unimaginable when I was filling out hand-written ledgers at the Joseph Nelson group many years ago. We need more life-event advice, because the break-point of annuitisation no longer applies to most people.

The Bill is not an end in itself; it is a challenge to the financial services advice industry to do more. The huge increase in the number of self-employed people has profound implications for the personal finance landscape. For a sole trader, the line between personal and business finance is not nearly as clearcut as it is in larger, more traditional companies. Many self-employed people who fall into personal debt do so while trying to support their business. According to the Money Advice Trust, fully seven in 10 of its business debtline clients had taken out a personal loan and were using at least part of it to prop up their enterprise.

Finally, I wish to touch briefly on my work as chairman of the all-party group on financial education for young people. School offers an unparalleled opportunity to impart good habits and vital life skills to the next generation, but we still have a huge distance to travel to ensure that young people are properly equipped to navigate today's fast-changing and complex financial landscape. The development of key skills and knowledge about money matters helps pupils and, indeed, their parents to make wise choices in later life, when innovations in financial technology and online consumer tools—not to mention the march towards a cashless society—will make previous experience and the advice of their elders an unreliable guide.

7.47 pm

**Jack Dromey** (Birmingham, Erdington) (Lab): A heavy duty falls on us in Parliament to ensure the security, dignity and financial wellbeing of the British people. On the one hand, we must help our citizens to realise opportunity, particularly with wise advice about planning for their retirement. On the other hand, we must avoid our citizens being taken advantage of in adversity. It is therefore key that we provide the ability to access high-quality advice that can be counted on, and that our citizens are not ripped off in the process. The hon. Member for South Thanet (Craig Mackinlay) was right when he said that it is also key that people know exactly where to turn, particularly in circumstances of adversity. My hon. Friend the Member for Makerfield (Yvonne Fovargue) was right when she said that it is crucial that advice is intelligible and accessible.

Sadly, history is littered with scandals and scams, including PPI and the all too often outrageous behaviour of claims management companies. Think of Carillion and the shameful scams, with the vultures—the introducers—who, on the backs of workers facing disaster, whether at Port Talbot or Carillion, move in and seek to take advantage of their vulnerability. Sometimes, extraordinary losses of up to £200,000 are incurred. For all my history I have fought for working people to be able to enjoy advice that they can count on. I brought together the group that formed the second community law centre in Britain a generation ago.

Earlier today, we had the urgent question on private sector pensions, and the Government were rightly held to account for their lamentable failure and the failure of

governance in respect of Carillion. However, it would be absolutely churlish of me not to reflect on the fact that this is a welcome Bill, establishing the single financial guidance body and also the more effective regulation of claims management companies, including regulation under the auspices of the FCA. I was intrigued by the notion proposed by the hon. Member for Bromley and Chislehurst (Robert Neill) of fit and proper tests being applied to those who work for claims management companies—a powerful argument that we might return to in Committee.

It is a welcome Bill, which was strengthened in the Lords—particularly by Lord Sharkey and Baroness Drake—and informed by the Select Committee on Financial Inclusion and its deliberations. I must say that the Minister has been in genuine listening mode. He has a personal history of financial inclusion, including in his own constituency with the establishment of the Tynedale Community Bank. We support this important Bill, but we will seek to strengthen it further and to inject in it a sense of urgency.

May I turn now to some individual measures in the Bill? On the issue of funding more generally, the Government's impact assessment says that a high proportion of people need help but are not currently getting it. One in five of those in debt receive advice. The Bill aims to bring together the pre-existing three bodies under one roof to give better and more efficient advice. However, if the Government are looking to make a financial saving, that would be wrong. There is growing demand for good financial guidance, and the Government should be looking to increase funding in that area, not to decrease it.

The new body must be adequately funded to fulfil the multiple roles that it will be tasked with carrying out. There were some very powerful contributions during the debate. We heard about the importance of effectiveness from the hon. Member for Chippenham (Michelle Donelan) and about the importance of high-quality advice, particularly for working people in dire straits, from my hon. Friend the Member for Bristol North West (Darren Jones). I will return to that point later.

I have these questions for the Minister. Does the Government expect to make savings from the merger, and, if they do, how much? Have the Government considered what resources the new body will need to identify and to support those who do not currently access advice or guidance? If the body is a success, there will be many more who will want to access it. How will the Government guarantee the adequate resources to ensure greater uptake of services?

Let me turn now to cold calling. The Government committed to banning cold calling in their 2017 manifesto and we did, too. Cold calling preys on some of the weakest in society, and particularly the elderly. I am not sure whether I was completely convinced by the argument of the hon. Member for Walsall North (Eddie Hughes) that, somehow, it is axiomatic that poor people are more likely to find it difficult to manage their finances. Actually, very substantially, my experience is the reverse.

There are 2.6 million cold calls made every month in the UK. What they do is put at risk those who are the recipients of those calls. The hon. Member for Croydon South (Chris Philp) was absolutely right when he pointed to the evidence from the Association of British Travel Agents. He said that, effectively, what was happening

was that the public were being encouraged to commit a crime by reporting bogus illnesses, and he also mentioned the driving up of the cost of holidays. The Government have stated that they wish to ban cold calling, specifically calls and texts on pensions. The Bill is the perfect opportunity to put that into practice.

A prime example of the vulture-like nature of these companies has come in the tragic case of the collapse of Carillion. Those people who may have just lost their jobs and are unsure of how they will cope financially are being preyed on by those wishing to trick them into transferring their pension immediately, usually charging extortionate transfer fees. A similar practice was carried out after the massive redundancies at the steelworks in Port Talbot.

More generally, the evidence from Citizens Advice is powerful. Some 10.9 million consumers have received unsolicited contact about their pensions since 2015. It found that almost nine in 10 had difficulty in identifying the scams, not least because the scams are clever and constantly evolving. It rightly argued that a ban on pension cold calling is a crucial part of the consumer protection framework, which should help to reduce the disgraceful targeting of consumers.

The Government must seek to put in place a ban on cold calling as soon as possible. They indicated in the other place that they would bring forward an amendment or new clause to introduce such a ban, and that it would not be linked to the establishment of the new body. Will the Minister do so, and, assuming that he does, what will it cover? Will he also listen to the powerful contributions in this debate from the hon. Members for Croydon South and for Gloucester (Richard Graham) and bring forward new provisions at Committee stage to put in place, in their words, an immediate ban on cold calling and to introduce default guidance to assist people accessing or seeking to transfer their pension assets?

Let me turn briefly to the self-employed. In its current guise, the SFGB will provide advice for the self-employed only on their personal finances and debts, not their business finances or debts. The Money Advice Trust, which helped more than 38,000 people last year, said that for many self-employed people there is simply no distinction between their personal and business finances. As the shadow Secretary of State said, to exclude business finances and debts from the SFGB's remit is a missed opportunity, particularly given the significant growth in self-employment in recent years. Will the Government respond to the arguments that have been put, including by the National Federation of the Self-Employed and Small Businesses?

We heard a number of powerful contributions on default guidance during the debate. This is a key pillar of the Bill and moves to improve financial awareness for those looking to undertake transactions. Anyone wishing to transfer a pension must be automatically provided with financial guidance by a qualified independent expert. That should be given by default, and anyone not wishing to receive that guidance should have to sign a form stating specifically that they do not want to be given it. That would avoid the process whereby people are given the minimum amount of information possible to try to force them into transferring their pension. This would be of use to many workers who were let go by Carillion last week and who may be faced with the choice of transferring their pension, but who should, by default, have access to independent financial guidance to help them to make their decision.

What consideration has the Minister given to removing the exemption of “introducers” from the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001—a specific point on top of that to which I have already referred? A default guidance scheme guidance would be very helpful, but what else has he given consideration to on that front, and what consideration has he given to allowing the FCA to keep the financial penalties that it receives so that it can increase its enforcement work?

On the breathing space scheme, there is cross-party support, including from the other place. This is about granting a freeze on interest charges, fees and enforcement action for six weeks so that a person can receive guidance on the next steps that they can take to relieve the debt burden. UK household debt in 2017—I know that this was an issue of some contention during the debate, but the facts speak for themselves—reached £1,630 billion. Consumer credit has increased 17% since 2012, and UK household debt is now 140% of UK household disposable income. That is why it is all the more necessary now, with the sheer scale of the pressures being generated—this was very powerfully described by the hon. Member for Chippenham when she talked about the agony that is debt—that the Government, having committed to this in the past, act now at the next stages. The commitment is in the Bill, but the timescale for implementation is too slow. It is vital that the Government get it right and act quickly to have this measure in place as soon as possible. This is a vital change to lift the burden of debt from millions of people across the country, including those who may be suffering from mental health problems as a consequence. Therefore the Government need to act as quickly as possible.

As the shadow Secretary of State has made clear, we support the introduction of universal credit on its premise of simplifying the benefits system. However, a number of reports have shown that, in its current guise, it leads to increased personal debt, including rent arrears. Has the Minister considered the impact of universal credit on personal debt and the implications for resourcing the new body?

The Bill gives the FCA the power to cap fees for claims management companies when dealing with PPI claims. However, the proposed cap would limit the average fee to only £340 plus VAT, which is not much different from the current cap. The Government could ensure that firms that are at fault for PPI claims are charged the fee and that the consumer receives 100% of their compensation. Why are the Government not also prepared to act on the mis-selling of packaged bank accounts—bank accounts that charge a fee and are sold with added benefits—many of which were mis-sold over the past 15 years without sufficient information? Why have the Government not introduced a provision to cap fees for these claims in the Bill? The justification given thus far is unsatisfactory.

On the duty of care, I do not want to add in any detail to the powerful contributions made by the hon. Members for Mid Derbyshire (Mrs Latham), for North Ayrshire and Arran (Patricia Gibson) and for Gloucester. We have received a number of constituency letters about the amendment proposed by Macmillan. The Lords Financial Exclusion Committee has advised that the Bill should include a provision requiring the FCA to make rules setting out a reasonable duty of care for financial services providers. The evidence given is powerful,

[Jack Dromey]

particularly from Macmillan, as four out of five people with cancer are affected financially by their diagnosis, as a result of increased costs and loss of income. The Government and the FCA have said that they must wait until after the UK's withdrawal from the EU becomes clear. However, our strong view is that this issue should not wait any longer. I urge the Minister to consider it carefully and bring forward suitable proposals in Committee.

Financial inclusion is absolutely critical. Will the Secretary of State use this opportunity to address the scourge of financial exclusion in our society, including the proposal from the hon. Member for Eastbourne (Stephen Lloyd) that this should now be set out in statute? The pensions dashboard is a welcome proposal, but will the Secretary of State bring forward legislation to ensure that pension providers liaise with the scheme and give all savers a clearer picture of their savings?

In conclusion, there is a heavy duty on parliamentarians to ensure the security, dignity and financial wellbeing of our citizens, and that is all the more important in these tough times, seen at their most dramatic with the collapse of Carillion. There is substantial consensus on the Bill—we have adopted a constructive approach towards it—but it needs to be better and stronger and to act with greater urgency in the next stages.

8.3 pm

**The Parliamentary Under-Secretary of State for Work and Pensions (Guy Opperman):** It is a pleasure to reply to the debate on behalf of the Government. I thank the hon. Member for Birmingham, Erdington (Jack Dromey) for his kind comments. It is true that I set up a credit union and a community bank in Northumberland, which I am exceptionally proud of. As my hon. Friend the Member for Redditch (Rachel Maclean) and the hon. Member for Harrow West (Gareth Thomas) outlined, credit unions are a vital part of the financial makeup, and they will be covered by the single financial guidance body, as they are already by the Money Advice Service. There was a broad consensus in the other place, as there is in this place, that the Bill will address many of the issues that concern our constituents most deeply.

I have been delighted to listen to 21 speeches today, and to be invited to answer, by my counting, 119 separate questions, and to do so all in 10 minutes, so I will write to hon. Members if I do not manage to answer their questions this evening. I will of course write to the shadow Secretary of State on the individual matters she raised, and to the Scottish National party spokesman, the hon. Member for Airdrie and Shotts (Neil Gray). I make the fair point that the merger was sought by all three organisations concerned, and that funding to the devolved Administrations will most definitely not decrease; at the very least it will stay the same, but potentially it will go up.

I welcome all the speeches we heard today. It is hard to cherry-pick individual speeches, but my hon. Friend the Member for Chippenham (Michelle Donelan) made an outstanding contribution, showing her commitment to addressing problem debt. I can assure her that we will be proactive in this process. As she will be aware, the Bill was one of the first introduced by the new Government, having started its passage in the House of Lords. There was broad consensus in the other place that a single

body is the best way forward, ensuring that people can easily access the free and impartial financial guidance they need to make effective decisions about pensions and money and to seek advice on debt.

The Government are genuinely passionate about the need to address financial exclusion. I am delighted that, as the Minister responsible for pensions and financial inclusion, I am taking the Bill forward, working hand in glove with my hon. Friend the Economic Secretary to the Treasury—we are very much co-ordinating a cross-Government approach to these issues. The Government are committed to providing people with access to the individual tools and services they need to plan their lives so that they feel included in society and avoid the unnecessary costs of financial exclusion.

I have had many dealings with the hon. Member for Makerfield (Yvonne Fovargue) on this issue, and I am delighted to be working with her on the Bill. I suspect that she will be on the Bill Committee, holding the Government to account but also taking forward these matters, which concern all of us on a cross-party basis. I utterly endorse her approach that the new body should have a laser-like focus on commissioning.

I was moved by the outstanding speech of my hon. Friend the Member for Mid Derbyshire (Mrs Latham), who offered a graphic illustration of the difficulties experienced by her constituent, Jacci. I endorse her comments. Having had cancer and recovered from it, I very much accept the points raised by Macmillan. However, there are provisions within existing legislation, and within the capabilities of the FCA—between the FCA's principles of business and the work of Santander, which she rightly identified—that address these points and which really address the point about the duty of care.

We want people to be able to access the right guidance as a first step towards taking control of their finances. Part 1 of the Bill, which sets out the new body, will give people the opportunity to move in the right direction. It will continue to fund debt advice as well as to fund and evaluate financial capability programmes, including financial initiatives aimed at children. In this way, it will help people of all ages and backgrounds to manage their money better and make the most of the financial services and products available.

Part 2 of the Bill is equally important. It will enable the transfer of claims management regulations from the Ministry of Justice to the FCA, and it ensures that we have the transfer of complaints handling responsibility to the financial ombudsman and the introduction of new fee restrictions, with the 20% interim fee cap that many have outlined as the right way forward. We believe that these measures will genuinely tackle a range of conduct issues within the market, ensuring a tougher regulatory framework and increasing individual accountability.

My hon. Friend the Member for East Renfrewshire (Paul Masterton), in an outstanding speech—he keeps doing that—brought his professional, specialist knowledge to the debate, and I pay tribute to him for all the work he has done. Let me address the point that he and others have raised about the Work and Pensions Committee. We are certainly considering the Committee's report in relation to clauses 4 and 5.

We support the need for default guidance for people wishing to take advantage of pensions freedoms. That is why the new body is specifically required to meet the

Government's guarantee to make free and impartial guidance available to those considering accessing their pension pots. The existing signposting regime already provides individuals with important information and encouragement to take advantage of guidance and advice before accessing a pension pot. However, the Government accept that there is merit in providing for people to receive a further nudge, and that this is the right direction of travel. To this end, my officials are reviewing the proposals put forward by the Select Committee, and we will respond to the House and to the Bill Committee in due course. On the pensions dashboard, we will respond to this House before the end of March. It is absolutely the case that we wish to take this forward.

The only discordant note in the entire debate was the speech by the hon. Member for Bristol North West (Darren Jones), who attacked my right hon. Friend the Secretary of State and sought to find out the current situation on debt. Households' financial positions can be assessed by a number of criteria. However, the ratio of net wealth to income is at a record high, while debt interest as a proportion of income is at a record low—at 4.2% in quarter 3 of 2017 compared with 10% in quarter 1 of 2008. Total household debt as a proportion of income is down by 14 percentage points, comparing quarter 3 of 2017 and 2010, and further down compared with quarter 1 of 2008.

On breathing space, there is an endorsement from all parties that this is the right way forward. I entirely accept that there is still work to be done. However, I remind the House that there is also a statutory repayment plan, which was also in our manifesto. This Government made clear our support for breathing space in our manifesto and in the House of Lords.

With regard to the outstanding matters, a variety of points were brought before the House, and I will address them by writing to individual Members before the Committee sits.

We believe that this Bill is a sustainable legislative framework for public financial guidance. It will help to tackle a range of conduct issues within the claims management sector by ensuring a tougher regulatory framework that enhances consumer protection and professionalism. I thank all hon. Members for their contributions and look forward to the opportunity of further discussion as the Bill progresses. I commend the Bill to the House.

*Question put and agreed to.*

*Bill accordingly read a Second time.*

#### **FINANCIAL GUIDANCE AND CLAIMS BILL [LORDS] (PROGRAMME)**

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

That the following provisions shall apply to the Financial Guidance and Claims Bill [Lords]:

##### *Committal*

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

##### *Proceedings in Public Bill Committee*

(2) Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 6 February 2018.

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

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

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

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

(6) Standing Order No. 83B (programming sub-committees) shall not apply to proceedings on Consideration and Third Reading.

##### *Other proceedings*

(7) Any other proceedings on the Bill may be programmed.—  
(*David Rutley.*)

*Question agreed to.*

#### **FINANCIAL GUIDANCE AND CLAIMS BILL [LORDS] (MONEY)**

*Queen's recommendation signified.*

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

That, for the purposes of any Act resulting from the Financial Guidance and Claims Bill [Lords], it is expedient to authorise the payment out of money provided by Parliament of:

(a) any expenditure incurred in consequence of the Act by the Secretary of State or the Treasury; and

(b) any increase attributable to the Act in the sums payable under any other Act out of money so provided.—(*David Rutley.*)

*Question agreed to.*

#### **FINANCIAL GUIDANCE AND CLAIMS BILL [LORDS] (WAYS AND MEANS)**

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

That, for the purposes of any Act resulting from the Financial Guidance and Claims Bill [Lords], it is expedient to authorise:

(1) the levying of charges under the Pension Schemes Act 1993 and the Pension Schemes (Northern Ireland) Act 1993 for the purpose of meeting expenditure relating to the single financial guidance body's guidance function;

(2) the levying of charges under the Financial Services and Markets Act 2000 for the purpose of meeting expenditure—

(a) incurred (or expected to be incurred) by the Secretary of State or the Treasury in connection with the single financial guidance body;

(b) incurred (or expected to be incurred) by the Scottish Ministers, Welsh Ministers or the Department for Communities in Northern Ireland in connection with the provision of information and advice on debt to members of the public in Scotland, Wales and Northern Ireland; and

(3) the payment of sums into the Consolidated Fund.—(*David Rutley.*)

*Question agreed to.*

### **Business without Debate**

#### **COMMITTEES**

**Madam Deputy Speaker (Dame Rosie Winterton):** With the leave of the House, we will take motions 5, 6 and 7 together.

*Ordered,*

#### **ENVIRONMENTAL AUDIT COMMITTEE**

That Mr Robert Goodwill and Mr Philip Dunne be members of the Environmental Audit Committee.

## PROCEDURE COMMITTEE

That David Evennett be a member of the Procedure Committee.

## SCIENCE AND TECHNOLOGY COMMITTEE

That Adam Holloway be discharged from the Science and Technology Committee and Damien Moore be added.—(*Bill Wiggin, on behalf of the Selection Committee.*)

**North West Ambulance Service**

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

8.14 pm

**Tony Lloyd** (Rochdale) (Lab): As you will be aware, Madam Deputy Speaker, I applied for this Adjournment debate on North West Ambulance Service some time ago. By coincidence, I had a phone call today from my constituent, Ron Gerner. Ron and his elderly wife, Pat, had to ring for an ambulance on Boxing day at 9 o'clock in the evening. It was 5 o'clock the following morning before the ambulance arrived to take a very sick lady to Fairfield General Hospital. She arrived at Fairfield not very long after 5 o'clock in the morning. It was about 2 o'clock in the afternoon before she was finally admitted to a ward. Since that time, sad to relate, Pat's health has deteriorated and she is now due to move to Springhill hospice. She was due to be picked up by an ambulance at 11 o'clock this morning. The ambulance did not arrive. We are now told that it will arrive at 8 o'clock tomorrow morning.

I say to the Minister and to the House that an elderly couple like Ron and Pat who are going through a very difficult time in their lives should be treated massively better. They should be cosseted, not face the kind of outrage that has now affected their lives. They are happy for me to talk about this because, not unnaturally, Ron is livid on his wife's behalf. I am livid on Ron and Pat's behalf, and indeed on behalf of the whole of their family.

It is something of an irony that when I wanted to illustrate the failings of North West Ambulance Service, that phone call, totally unsolicited, came into my office this evening. The sad reality is that North West Ambulance Service is a shambles. That, of itself, underlies something much more serious—as a shambles, it is of course putting people's lives at risk. This is simply unacceptable in modern Britain.

It is worth recording that for the highest category of calls, of which 75% should be answered within eight minutes, the mean time in the north-west is 11 minutes. For the second category, for which central Government and the NHS nationally decided to lower the limit so that there is now an 18-minute tolerance for 75% of calls, the mean time in the north-west is 44 minutes. Those are calls that are serious and certainly cannot be dismissed as trivial. If the mean time is 11 minutes for the most serious cases and 44 minutes for the still very serious cases, what happens with the cases that are massively worse than that? Something is going very wrong.

It would be tempting to say that this is something to do with the winter crisis, but it is not. North West Ambulance Service, apart from a brief flurry of activity, has not hit its targets since 2014. Just very briefly in the summer of 2015, things seemed to have got back up to the norm, but at the moment, in about three out of four of the most serious cases, it is missing the target that has been established at national level. That is putting people at risk.

What is going wrong? We can say some fairly straightforward things. I am bound to point out that the national health service has made decisions that themselves make it more likely that the ambulance service will

come under pressure. The decision to close the Rochdale accident and emergency facility some years back inevitably means that instead of being taken to the local hospital, people in my constituency have to travel that little bit further afield. That of course puts pressure on an ambulance service that is already under pressure elsewhere.

It is a matter of practical fact—the Minister may want to confirm this, or he may have different figures, but everything I have seen indicates it—that the North West Ambulance Service is the worst performing ambulance service in England in terms of its ability to hit its targets.

**Norman Lamb** (North Norfolk) (LD): A lot of things the hon. Gentleman is talking about in the north-west appear to be reflected also in the east of England. Does he share my view that it is really important for Ministers to send out the clear message to staff in these organisations, first, that they are valued and, secondly, that they must feel able to speak out—in other words, to whistleblow—if they are worried about patient safety? The last thing we want is for pressure to be put on staff to make them feel that they are unable to speak out about such concerns.

**Tony Lloyd:** The right hon. Gentleman is of course absolutely right on both counts. First and foremost, we must value the paramedics and the technicians who make our ambulance service work, and nothing whatever of what I am saying is critical of them. They joined the service to help save lives and to get people into our national health service, but this is of course the reality, and I am grateful to people who have spoken privately about what is going on. Whistleblowers are really important.

To make another point briefly, I wrote to the North West Ambulance Service about its failings—I will come on to the particular failing later—in the middle of August, but I had to raise the issue on the Floor of the House to get an answer two and a half months later. Quite frankly, the answer is almost not worth the paper on which it is written because the climate of secrecy—the climate of “Mind your own business,” which is said even to Members of Parliament—is very unhealthy. I hope that the Minister will take that on board.

**Rosie Cooper** (West Lancashire) (Lab): I agree very strongly with my hon. Friend’s comments. I recently wanted to get a transcript of some calls—harrowing calls—in cases where people had died because of the inefficiency of the ambulance service. Last year, for example, my office got a call about a family waiting 90 minutes for an ambulance to arrive for somebody who had had a heart attack. The management of the organisation several times missed an opportunity to send an ambulance, and there is no excuse for this. People are depending on this service. We need whistleblowers and we need people telling the truth, but for such an organisation not to make transcripts readily available is a disgrace.

**Tony Lloyd:** Absolutely. My hon. Friend’s point speaks for itself. We need a climate of openness and one in which people who work in the service and care about it can feel emboldened to speak out. The law actually protects them, so it is outrageous that a public service should put people under such pressure, and it is outrageous that a Member of Parliament should struggle to get transcripts relating to her own constituents. There is a lot going wrong.

The reality—the Minister may want to reflect on this—is that over the past six years, the demands in the highest category in the north-west have gone up by some 50%. We can discuss what that means, but at the same time the number of paramedics has increased by only 16% and the number of those in technician grades by some 28%, so the staffing simply is not keeping pace with the change in demand.

There is something worse. I have already mentioned the fact that we have seen the closure of A&Es and the increased pressure that those closures inevitably bring, but on top of that we face the daily reality—again, this is not part of the winter crisis—that our ambulances and our skilled paramedics are having to wait outside our hospitals in some cases for hours on end. Let me give the House a few illustrations. At one of our local hospitals, Royal Oldham—an important hospital for my hon. Friend the Member for Heywood and Middleton (Liz McInnes) and me—an ambulance had to wait for three hours and 46 minutes before it could discharge one of its patients on 7 January. At North Manchester—again, one of the hospitals that Rochdale borough depends on—an ambulance took eight hours and 50 minutes to do so on 3 January: somebody waited in the back of an ambulance for eight, or nearly nine, hours. At Fairfield, which is also one of our local hospitals, a figure of over 10 hours was recorded in December.

Something is going fundamentally wrong when people are waiting in the back of an ambulance for the care that they ought to be getting inside our hospitals. However, something else is going wrong, because such cases mean that the skilled staff in those ambulances cannot be out on the road going to the next job where they are needed and to the one after that. One of the paramedics—a whistleblower, as it were—with over two decades of service in our ambulance service told me that when he started, he typically went to nine different jobs during a working shift. It is now sometimes as few as three or four jobs a night, because he and his colleagues spend their time waiting outside hospitals, for reasons that have already been identified.

I know from the different roles I have had that things have been going wrong for years with the quality of our ambulance services. When I was a police and crime commissioner, the police would complain to me that, when attending a situation, they would often be forced to wait because there was a clear need for an ambulance, and sometimes they would have to deliver people to hospital because the ambulance could not arrive in time. The police certainly do not say that critically of their colleagues in the ambulance service, but they know that they are not the right people to be charged with carrying sick people to hospital.

The Minister has probably been told that one of the palliatives in the system is the series of green cars staffed by paramedics who are first on the scene. If we had a properly funded, properly staffed system of ambulance provision across the north-west, that might be a very intelligent design, but it is a very stupid design when paramedics are in short supply, because if the job the paramedic attends turns out to be really serious, they cannot operate as a paramedic, because the green cars are not ambulances; they are simply a means of transit. The paramedic then has to ring for an emergency ambulance. A paramedic told me that he attended a

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cardiac arrest where the patient was in a serious condition, but he had to wait with them for 45 minutes, without being able to give more than basic attention, before the ambulance arrived. Such situations should not be routine, but paramedics tell me that they happen regularly, so we know that things are going wrong.

I want the Minister to consider one issue particularly seriously. When Rochdale A&E was closed, a commitment was made to the people of my constituency that there would be a paramedic on every ambulance coming from Rochdale. We have found out that that is simply an illusion. My constituents were lied to—I think I can use that term, Madam Deputy Speaker—because there was no circumstance under which that promise could ever have been delivered. We were told at the time, “Don’t worry. You’ll have to travel a little bit further, but you’ll be travelling with highly skilled paramedics.” One in four of the most serious category calls across the north-west do not have a paramedic in attendance, because we do not have enough paramedics in the service.

The story I am telling is a seriously unhappy one. It would be unhappy if this were some kind of intellectual game, but as the experience of Ron and Pat Gerner shows, this is about people’s lives. It is about people, sometimes at the most difficult point in their lives, who are anxious and concerned about what will happen next at a time of individual and family crisis. This does matter and it matters enormously that something is done about it.

I say to the Minister that certain things that need to be done almost leap off the page. First and most obvious, we need a better handover system from ambulances to A&E units. It is not beyond the wit of health professionals to come up with something better. If we are saying that one of the skills shortages in the health services is that of paramedics, we must use them intensively. That is what the paramedics want. They do not want to be sat in stressful conditions outside a hospital. We need to better deliver the service. Ministers have to drive that through. They have to seize this important opportunity.

**Norman Lamb:** I think what the hon. Gentleman is saying is that the way in which the system works at the moment is a grossly inefficient use of highly skilled people. They are left waiting with and caring for patients outside a hospital before they can hand them over, and sometimes they have to wait with a patient for an ambulance to arrive. If we look at the total time during the day that paramedics are left waiting with patients, rather than doing what they are skilled to do, we will see that it is an extraordinarily inefficient use of that skilled resource.

**Tony Lloyd:** Absolutely. If this is one of the skill shortages at the crisis end of our health service, let us begin to use the paramedics much more intelligently than we do now. The Minister will be delighted to know that I will come on to money, but this is not about money; it is about intelligence. I am bemused by the incompetence of the management of the North West Ambulance Service, who do not seem able to give me even semi-credible answers to this crisis. Ministers now need to seize the opportunity—and possibly even seize the throats of those who manage the process—to make them begin to deliver.

Nothing I have said tonight is meant in anything other than absolute admiration for the people who are in our ambulances, trying to make the service work. They live very stressful lives. The Minister will know that across the country—the north-west is as bad as many places—the amount of down time because of paramedics and ambulance technicians being off work from stress-related sickness is high and growing. That is symptomatic of a system going terribly wrong. Let us reform it. Let us make sure that we put the quality of life back into their jobs, so that they can put the quality of life back into those they care for.

**Liz McInnes (Heywood and Middleton) (Lab):** My hon. Friend and I share the same area, covered by the Pennine Acute Hospitals NHS Trust, and we have very similar experiences. I used to work at the North Manchester General Hospital and at the Royal Oldham Hospital, and I am well aware of the issues. Is he aware of the latest Care Quality Commission report, which was published last year, on the North West Ambulance Service? It identified safety and leadership as “requiring improvement”. From the story that he is telling, it sounds as though those two issues have not been addressed, and that report was produced a year ago.

**Tony Lloyd:** My hon. Friend makes a really interesting point. The Minister needs to look seriously at the consequences of that kind of report. I have looked at different aspects of this issue over a number of years. I find leadership mainly in its absence. Safety is more difficult for me to comment on, except that if we have such high sickness rates among the staff, it very much indicates that the working environment is not safe for the people we want to work there.

My final point to the Minister is that we have a shortage of paramedics nationwide. As I said, we have had an uplift of something like 50% in the most critical cases in the north-west and an increase of some 16% in the number of paramedics. We are simply not keeping pace. Of course this is about money, but we have to put the resources into that kind of training. However, training is between two and four years. The Minister has to look at whether there is something in the intelligent transfer of people in the health service who already have the equivalent skills. With the right kind of incentive, they may be prepared to move across from different occupations in the health service to the paramedic and ambulance service. However, they will only do that if they believe there is a quality of job that would allow them to enjoy their work, as they are entitled to.

We have a crisis that is putting people at risk, whether that is in the east of England or in the north-west, as I and my hon. Friends the Members for Heywood and Middleton (Liz McInnes) and for West Lancashire (Rosie Cooper) have said. It is dangerous and in the case of my constituent, Pat Gerner, it is unacceptable for an elderly lady, needing to be in hospice care, to be treated in the way that she has. I look to the Minister to give not simply sympathy, but some credible belief that he will seize the day and make sure that we have the quality and determination to drive through the kind of management change that will make a difference. As well as that, he has to say to his colleagues in the Treasury that we need to see some transfer of resource into our ambulance service, if we are not going to face this crisis not simply in the winter, but every day of every week of the year.

8.34 pm

**The Minister of State, Department of Health and Social Care (Stephen Barclay):** I congratulate the hon. Member for Rochdale (Tony Lloyd) on securing this debate. I know that he visited the North West Ambulance Service Trust in 2017 and has a long-standing interest in this area. He comes to the House as one of its most senior and experienced Members and a former chair of the parliamentary Labour party. I am happy to meet him to discuss his remarks in more detail in order to work collaboratively to take this forward, given the concerns he has set out, particularly concerning the delays that Ron and Pat experienced, and how we can address them.

I absolutely agree with the sentiment expressed by the hon. Member for West Lancashire (Rosie Cooper) about the need for an open culture, and I am happy to work with her, as I have done in the past, in fostering such a culture.

**Norman Lamb:** The Secretary of State has been very good, post Francis, at being very clear that there has to be an open culture and that staff must feel free to speak out when there are patient safety risks that concern them. Will the Minister use this opportunity to re-enforce the message to the management of trusts, including ambulance trusts, across the country that they must allow their staff to speak out when they have genuine and legitimate concerns of this sort?

**Stephen Barclay:** I certainly will take this opportunity to do exactly that. As the right hon. Gentleman will be aware, like him, I myself, during my time in the House, have frequently spoken out on behalf of whistleblowers, particularly in my former role as a member of the Public Accounts Committee. I know he has other concerns that, with the leave of the House, I might touch on at the end of my remarks, but, as I am sure he will appreciate, I want to address the issues of the North West Ambulance Service in particular.

As Members on both sides of the House will know, the NHS is busier than ever. The ambulance service is dealing with unprecedented demand, with 11 million calls each year and almost 7 million face-to-face responses in 2016-17, which was a 14% increase on the previous five years. Overall, it is worth noting, on the concerns about workforce that the hon. Member for Rochdale set out, that the North West Ambulance Service has a strong record on recruitment, having recruited an extra 167 paramedics in 2017. As a result, its vacancy rate, at just 2.4%, is now one of the lowest in the country.

The hon. Gentleman is right, however, that on performance there is an issue and that the service does need to improve. As I will set out in my remarks, that is why work is under way with NHS England and NHS Improvement, working with the commissioners and the trust, to address that, as part of the wider national initiatives. It also needs to be set in the context of the pressures within the health service. About 3,000 patients are currently in hospital beds with flu and about 700 with the norovirus, so there are clearly winter pressures affecting handovers, but he is absolutely right that how we address the delays in handovers is a key area, and certainly a key ministerial focus of mine, as I will come on to in due course.

The hon. Gentleman set out several concerns about the trust's performance. It is worth drawing the House's attention to the fact that six ambulance liaison officers

are now in place at A&Es across Greater Manchester to support handovers and address delays. The Treasury is investing £100,000 in the trust in February and March to boost operational capacity, and procedural solutions are being introduced to improve the efficiency of call handling. Under Sir Bruce Keogh's review of the NHS urgent and emergency care system, ambulance services are being transformed to increase the use of "hear and treat" and "see and treat" and ensure the better prioritisation of patients so that those with the highest need are seen most urgently. The aim is to avoid what we all recognise was an issue in the past—where, in order to meet targets, often two, three or four ambulances were being sent in response to the same call. People had concerns about that across the House, but that is one of the improvements that has been brought in.

In 2016-17, the North West Ambulance Service treated and discharged over one quarter more patients at the scene and 92% more patients over the telephone compared with 2011-12, so although I recognise that there are challenges and areas that require improvement, it is important, in the interests of balance, also to recognise the progress the trust has made in recruiting more paramedics—as part of the 3,000 more paramedics nationally—its low vacancy rate and the steps it has taken to treat more patients at the scene.

Additionally, in July last year, the Secretary of State approved a revision of the operational performance standards for ambulances. Those improvements have been rolled out to all mainland ambulance trusts, which will mean better prioritisation of calls. The framework brings all patients under a national response standard for the first time and improves the efficiency and resilience of the ambulance service in the face of rising demand.

We recognise that the performance of the North West Ambulance Service against those standards is not good enough, and that is why NHS Improvement, NHS England and commissioners are closely engaged with the trust to ensure that it adapts successfully to the new performance framework. If the hon. Gentleman has specific concerns about the openness of the trust, I will be very happy to discuss those points and take them forward with him in a collaborative spirit.

I understand that the hon. Gentleman has raised concerns about workforce directly with the trust. As I said earlier, 3,000 more paramedics have been recruited nationally compared with 2010—an increase of more than 30%—so there are more paramedics than there were.

**Tony Lloyd:** I know that the Minister is trying to be helpful, but one thing is bound to concern constituents. At the time of the A&E closure in Rochdale, a commitment was made that there would be paramedic cover as routine, but that is being breached regularly. Even if there has been some increase in the number of paramedics, and I concede that there has been, it has not kept pace. Nor has the North West Ambulance Service even tried to honour the commitment that was made—perhaps it should not have been made—in order to deliver the closure of the A&E. The phrase "sleight of hand" comes to mind, and we have to do better.

**Stephen Barclay:** I take that concern seriously, and I discussed it with officials earlier today. Compared with 2010-11, when the local "Healthy Futures" reconfiguration took place, there has been a 33% increase in vehicle

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hours assigned to the Rochdale and Bury area, with an associated staff resource increase of 43 full-time equivalent. So there has been improvement.

The North West Ambulance Service also aims to include a paramedic on board every ambulance. Although there are seven paramedic vacancies in the Rochdale area, nine paramedics are due to be assigned over the next 10 weeks and the trust is confident that the area will have a full complement of paramedic staff by April this year. I hope that that brings some comfort to the hon. Gentleman's constituents about the direction of travel.

It is worth bearing in mind that, alongside those paramedics, the North West Ambulance Trust has recruited 24 graduates to operate as emergency medical technicians, and they are awaiting registration as paramedics. That will further improve the position. The trust has made it easier for emergency medical technicians to embark on paramedic training courses and worked with local universities to increase the rate of paramedic qualification. Where emergency medical technicians crew ambulances and respond to calls, they are heavily supported to do so safely, with direct access to advice from advanced paramedics and the trust's clinical hub.

Handover delays were mentioned in several interventions. We recognise the challenge of delayed patient handovers to emergency departments. Delayed handovers tie up ambulance resources and adversely affect the trust's capability to respond quickly to new calls. We are clear that handovers must take place within the agreed timeframes, and NHS England and NHS Improvement are supporting hospitals to ensure that improvements are made. Such work includes improved monitoring and daily review by national and regional winter operations teams, targeted assistance to challenged hospital trusts to improve their performance and the issuing of revised handover guidelines that focus responsibility on the wider system to address handover delays, including a clear escalation process. Locally, there are initiatives in place such as the placement of hospital ambulance liaison officers within emergency departments.

The trust is implementing a number of procedural solutions to improve the efficiency of the call-taking staff, including the use of post-dispatch scripts, which inform callers of the expected arrival time of a resource. In other trusts, that has minimised duplicate calls and reduced ambulance attendances by 4.6%.

To conclude on the comments of the hon. Member for Rochdale—with the leave of the House, I will then address the concerns of the right hon. Member for North Norfolk (Norman Lamb)—his concerns about

performance are pertinent, and there is work ongoing to address that issue as part of the wider initiative. However, it is also important to recognise the progress that has been made, which has seen the recruitment of additional paramedics and the training of staff, with the progression of which the hon. Gentleman spoke, which allows people to progress their career into the role of paramedics. There are also further measures in terms of prioritisation, which will address a number of the concerns he set out.

On whistleblowers, that is an issue on which I, as a constituency Member of Parliament, have long campaigned. I hope my record on that speaks for itself, and the issue is something the right hon. Gentleman and I have previously discussed.

The right hon. Gentleman has also raised concerns, as has the hon. Member for Norwich South (Clive Lewis), regarding the East of England Ambulance Service. On receipt of the right hon. Gentleman's letter, I instructed officials in my Department to share copies with the Care Quality Commission—the independent regulator of all health and social care services in England—to ensure that it is fully aware of the issues being raised. I discussed these concerning allegations directly with the chief executive of NHS England and the chief executive of NHS Improvement this morning, and asked them to confirm to me the actions they will be taking. They have subsequently confirmed that they will be holding a joint risk summit regarding the trust in the next week. The CQC will be in attendance.

**Norman Lamb:** First, I am really grateful to the Minister for addressing these issues this evening, given that this is a debate about the North West Ambulance Service. Would he be willing to meet me, given the level of concerns in the east of England?

**Stephen Barclay:** I would be very happy to meet the right hon. Gentleman. As a fellow east of England Member of Parliament, but also as a former Health Minister, he brings great experience to these issues, so of course I will.

In conclusion, I pay tribute to the hon. Member for Rochdale for raising this issue this evening. I am happy to work with him in our common interest to address the areas of performance that need to improve. However, at the same time, it is important that we recognise the progress that has been made on recruitment and reducing the vacancy level by the North West Ambulance Service, which gives a positive sign of the progress that is being made as we address the challenges being faced across the NHS.

*Question put and agreed to.*

8.47 pm

*House adjourned.*

# Westminster Hall

Monday 22 January 2018

[MRS MADELEINE MOON *in the Chair*]

## Leaving the European Union

4.30 pm

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

That this House has considered e-petition 200165 relating to leaving the European Union.

The e-petition states:

“Leave the EU immediately

The Government should walk away from the Article 50 negotiations and leave the EU immediately with no deal. The EU looks set to offer us a punishment deal out of spite. Why wait another 18 months when we could leave right away and fully take back control of our country, lawmaking powers and borders?

The EU looks set to offer us a punishment deal out of spite, insisting we pay tens of billions of pounds as part of a ‘settlement fee’ and continue to accept the jurisdiction of EU courts even after we’ve left. Meanwhile pro-EU MPs in Labour, the Lib Dems and the SNP, along with unelected Lords, are attempting to block Brexit, the longer we remain a member the more opportunity they have to interfere. Why wait almost another 2 years when we could just leave right away?”

Mrs Moon, I think we have two firsts today. It is a delight to serve under your chairmanship for what I think is the first time during my time as a member of the Petitions Committee. Secondly, I welcome the Under-Secretary of State for Exiting the European Union, my hon. Friend the Member for Fareham (Suella Fernandes), to her place. I was delighted to see her promotion. I know she will do a fantastic job at this important time.

We have now debated a number of petitions on the EU—I think I have become the EU specialist on the Petitions Committee, mainly because I can grab hold of the issue and speak about Brexit until the cows come home—but clearly there is still an appetite for this type of debate. The last time I looked, there were 137,542 signatures on this e-petition, and the constituencies with the highest numbers of signatures seem to be in Kent and Lincolnshire, the Isle of Wight, Clacton and some parts of Cornwall.

I can understand why people feel the way set out in the petition. I do not necessarily agree with them, but I can understand why they feel that way. I voted for the Referendum party in 1997. I joined the Conservative party two weeks later when I saw the error of my ways, having helped Tony Blair to get into power and a Liberal Democrat to get into Sutton. My aim since has been to try to rectify the local matter and increase the Conservative majority, but also to leave the EU. However, having wanted to leave the EU for 20-odd years, I believe it is absolutely right that we do it in the best way possible—the way that works for everybody.

When I was speaking in various debates and on various panels on the EU referendum, I could see a real disjoint—people who felt set aside from the whole debate. To be frank, some people would be happy to be a little poorer to achieve their long-term aim. Again, I do not regard that as the right view, but we have to accept that there are people out there who feel passionately

and urgently that they want to leave the EU immediately. Until we recognise that, we will never heal the divide, and we will never settle the current uncertainty, which has been whipped up by both sides of the debate.

To illustrate that, I remember a debate I attended in Balham in which, despite the fact that I am the son of an immigrant, I was accused of supporting migration policies whereby I would machine-gun migrants in the channel. I thought, “Crikey! What rhetoric is this? What kind of approach is this to any sensible argument?” However, as I said at the time, “You keep patting me on the head and you keep patronising me, because I know that will drive a whole load of voters into the leave camp,” because those people felt they were not being listened to.

Why do I not believe that to walk away without a deal is the right thing to do? I have wanted us to leave the EU for a number of years now, but I am patient enough to know that this Government are moving on the right track; we should give them every chance, and we should use up every day of the two years of article 50 negotiations to make sure that we get the best deal for this country and the EU.

**Mrs Anne Main** (St Albans) (Con): My hon. Friend makes a very particular point. In St Albans, 190 people signed this e-petition—a minuscule number. I agree with him. Why on earth does this e-petition call for all negotiations to stop now, when we are nowhere near reaching the deal? It just assumes that we will not get a deal. It is very defeatist and my hon. Friend is absolutely right that we should use every day to make sure we get a deal.

**Paul Scully:** I thank my hon. Friend for making that point. I intend to talk about the need to be optimistic. Just looking around the Chamber, I know that those gathered here to participate in the debate differ in our opinions, but we must be united in being optimistic for our prospects, whatever deal we strike with the EU. We have to talk up our economy, because the best way of creating, fostering and building up uncertainty is to talk down our economy.

That is not to say that we should be arrogant. We need to move on from this stereotypical idea that we are some sort of post-colonial power, sweeping everyone before us; that is not what we are saying at all. What we are saying is that the arguments in the referendum essentially centred on three areas: first, sovereignty and taking control of our laws; secondly, migration and making a fairer immigration system that we could better manage and better control; and thirdly, our prosperity and trade. When we leave the EU, we will take the first two back into our control. We will have a fully accountable Parliament and we will decide the laws that we pass, even if we give away or decide to share some of the responsibility for the decisions we have to make with groups such as NATO, or in areas such as environmental collaboration with relevant institutions. None the less, we will choose to do those things, so they will all come down to the UK and the UK Parliament. The position on migration will be similar. Having had the clear steer from the Government that we are ending freedom of movement, we will choose to what extent we extend visas and invitations to people with the skills and the qualities that we need and want in this country.

[Paul Scully]

The one thing we cannot do on our own is build up trade partnerships, because trading, by definition, needs two sides—someone to buy and someone to sell. We are looking outward and the Secretary of State for International Trade and President of the Board of Trade is doing a fantastic job of building up relationships with other countries; we should grab hold of the opportunities that Brexit and our ability to handle free trade agreements offer, but nobody is suggesting that will we just leave Europe, pull up the drawbridge and fail to trade with our closest partners, the 27 remaining member states of the European Union.

**Matt Western** (Warwick and Leamington) (Lab): Does the hon. Gentleman agree that there is a responsibility for the public, industry and the Government to make the case that, if we were to crash out, the impact would be immediate in, for example, the car industry, which is a big factor in my constituency? Switching to World Trade Organisation rules immediately would lead to an increased tariff of 10% on that industry's products, which would have a very damaging effect.

**Paul Scully:** I thank the hon. Gentleman for that question, but I challenge the language he used—"crash out"—as it goes back to what I was saying about a sense of optimism. We are right to plan for no deal, because it would be patently ridiculous if we did not have every avenue covered as we seek to build our relationships with the rest of the EU; but saying that we will "crash out" suggests that there will be no planning at all, and I just do not share the pessimism of that view. Regarding the car industry, the hon. Gentleman gives a strong argument for why we need to do a deal and why countries such as Germany, which sells 10% of its cars to us, would want to do a deal with us. We can set our tariffs as we see fit, whether that is 10% or not, if we leave without a deal, but then we would have to have an equal tariff with other countries, unless we have a free trade agreement with them.

**Royston Smith** (Southampton, Itchen) (Con): This is not a competition, but not only did I vote for the Referendum party in 1997, I was a member of it before I joined the Conservatives, not necessarily because I wanted to get out of the EU but because I felt it was time people had their say.

On "crashing out", does my hon. Friend agree that the people who say "Let's go now," are pushing us to crash out, rather than to wait and see whether we can get a good and favourable deal?

**Paul Scully:** My hon. Friend makes a powerful point. That is exactly right. We need to use the time imaginatively, sensibly and constructively to ensure that we do not crash out, and that if we have no deal it is because we choose to have no deal—because we feel that is the best way for us, rather than because we have been forced into it by a knee-jerk reaction.

We were shown the benefit of using the time by the first part of the negotiations, which concluded just before Christmas and looked at three things: the Northern Irish border, EU citizens living in the UK and British citizens living in the rest of the EU, and the amount of

the financial settlement we might pay. While we were getting in a funk because of some of the newspaper headlines and the rhetoric that was being built up, the Prime Minister got her head down and carried on. Everyone was despairing on the Monday, but by Friday she had come up with a really good deal and was able to demonstrate that both sides had compromised. That is what a negotiation is. Sitting there thinking we will get everything we want is fanciful, and I say that as someone who would love to have everything he wanted. It is just not going to happen. That is the whole point of a negotiation. If we are to have a fruitful ongoing partnership with our European friends, it is really important that we take that time, and the Prime Minister ably demonstrated that before Christmas.

I have done a few public meetings in Sutton in which I have tried to give people my sense of a Brexit update as neutrally as I can. I always say, "Don't read *The Independent* and *The Guardian* about Brexit because you will be going to hell in a handcart whatever you do, and don't necessarily read things like the *Daily Express*, because everything is going to be absolutely sunny. We know it will be somewhere in between." That is a fact of life.

**Dr Rupa Huq** (Ealing Central and Acton) (Lab): As a London MP like me, has the hon. Gentleman had representations from people who work in the City and are worried—based not on reading *The Guardian* but on their own working lives—that their EU passporting rights could be lost? People have said to me that as we were not in the euro or part of Schengen and had a generous rebate, we were only about 60% in anyway. Does the hon. Gentleman have any comment on that?

**Paul Scully:** Yes, I have had people talk to me about financial services. The financial services industry is important for Sutton and Cheam, for London and for the country—about 11% of our entire tax take comes from that industry, and it creates a lot of jobs. That is another good reason not to leave immediately without giving any thought to what happens to every single industry, including financial services, manufacturing, education and the medical sector. It all needs to be put in the pot.

On the idea that we need to panic about financial services, there are things we can do. This year the European Union is bringing in MiFID II—the second markets in financial instruments directive—and we had already been talking about a number of regulatory equivalence issues, at the behest of the UK, before the referendum. There is plenty more we can do, and we need to ensure that we develop that in our talks, to demonstrate that the financial services industry in London has the rule of the law that the EU is looking for, and the right time zone, language and support systems, so that it continues to be an attractive place in which to settle and remain for not just European financial institutions but worldwide ones.

On how we think the negotiation might pan out, we have to be really careful of the rhetoric. We knew how it was likely to pan out in the first place. A friend of mine, Syed Kamall, the MEP who is the leader of the European Conservatives and Reformists group in the European Parliament, wrote an article—I have also heard a few of his speeches on this—in which he detailed how he thought the negotiation would pan out. In it, he talked

about how we need to be clearer about our priorities, but not necessarily reveal our hand, and that we need to set the right tone regarding co-operation. No one is talking about the need to break up the EU; all we have said is that we are leaving the EU. We are not leaving Europe. We want to work with Europe as one of a number of trading areas around the world.

We need to understand how the EU negotiates as it tries to grab some of our markets and close down some of our discussions. That is natural: we have talked about trade, but there is an element of competition. Trade is very much a partnership; competition can get a bit more feisty, because we are looking after our own interests. We must bear in mind, of course, that not all the negotiation will be rational. To be frank, the debates we have in this place are not always rational, so imagine multiplying that by 27, with all the competing priorities in the EU. It is no accident that many free trade agreements have not been dealt with speedily. The Australian trade agreement has primarily been delayed by Italian tomato growers, and the Canadian agreement has only just come to fruition—Romanian visas were one thing stopping it. There are many little competing priorities.

**Peter Grant** (Glenrothes) (SNP): The main thing is that on a number of occasions, the European Commission has been keen to press on with international trade deals but has been unable to because one member state or another has prevented it. Does that not destroy the argument that the European Commission has been imposing laws on the United Kingdom against the latter's wishes? Is it not the case that in every major decision regarding approval of European Commission proposals, the United Kingdom has played an equal and often decisive part?

**Paul Scully:** The hon. Gentleman was right in the first half of his intervention: there are undoubtedly competing priorities. However, that is not necessarily the same as the laws, rules and directives that come from the European Commission. The 27 member states, individually or in small groups, often feel disempowered by the moves from the centre, from Brussels.

On asking for more than we want, I do not think that the EU understands our negotiation style sometimes. I believe that if we had asked for more when we were trying to renegotiate many things before the referendum, including the emergency brake, we would have got some movement, and we would have voted to remain in the EU. Instead, we did not ask for enough, and we did not even get that. So in this negotiation, it is absolutely right that we are ambitious, that we ask for perhaps more than we want. That is why we need time. We might do a deal on the courtroom steps, perhaps even on the very last day, but we need to be prepared to walk away as well. There is absolutely no point in saying, "You know what? We're happy to sign up to anything you ask us for," because if we do they will offer us a deal that we can easily refuse and we will never get anywhere. If we end up staying in the EU in all but name, that will not be good for the country, for the division and uncertainty I spoke about earlier, or for the other 27 nations when they want—and they clearly do—to seek to reform the EU.

**Matt Western:** The hon. Gentleman is generous to give way again. I want to come back to the point that in talking about walking away, we are essentially talking

about having no deal. It is crucial for many manufacturers in this country, as well as for other organisations and businesses, that they have some visibility or certainty that we will have a deal that is as close as possible to or as good as what we have today. It should be the responsibility of Government and all of us here to ensure that our businesses, our economy and our jobs are protected in the future.

**Paul Scully:** I totally agree with the hon. Gentleman about certainty. That was why I was explaining that we need to look at every area and sector, and every permutation and possibility. We talk about how we must do a deal—ideally, a bespoke deal that works for as many people as possible in the UK and the EU—but it may not be within our gift to do a deal. We talk about walking away, but if we do not sort out article 50 within the two years, we will walk away and no longer be members of the EU. That is what article 50 says and that is how it is.

People may talk in this debate, as they have in others, about whether article 50 is reversible. Now, I am not a lawyer but I am not too bad at grammar, and when I read article 50 I can see clearly that there is one way effectively to reverse it, and that is by getting the unanimous agreement of all the European countries to extend the deadline. That could be to something like 50 years—it could almost be like the lease on Hong Kong, with the issue pushed away to a time so far in the future that effectively we remain in the EU. Essentially, that is the only way.

**Joanna Cherry** (Edinburgh South West) (SNP): The hon. Gentleman is making a very fair speech, but does he accept that the view of Lord Kerr, the author of article 50, and the weight of legal opinion in the United Kingdom is that article 50 is unilaterally revocable by the United Kingdom?

**Paul Scully:** I have read what Lord Kerr said, and I accept that he has said that article 50 is revocable, but that does not make it revocable. He may have written article 50, but he is not a lawyer. He may look back and wish he had written it a little bit clearer in the first place.

**Christine Jardine** (Edinburgh West) (LD): What about the weight of legal opinion? What about the fact that it is not only Lord Kerr, who wrote article 50, but the weight of legal opinion that says the United Kingdom can revoke article 50 without anyone's permission but our own?

**Paul Scully:** There is some legal opinion that says that. The hon. Lady talks about the weight of legal opinion, but I do not agree that it is the weight of legal opinion. There are arguments about it. It is such a short paragraph, and it is pretty clear to my mind that we cannot unilaterally revoke article 50.

**Mr Bernard Jenkin** (Harwich and North Essex) (Con): Is it not ironic that the lawyers who brought the case under the guidance of Gina Miller to require Parliament to enact the article 50 notification decided that article 50 was not revocable? The entire case was premised on that.

**Paul Scully:** I thank my hon. Friend for making that powerful point.

**Antoinette Sandbach** (Eddisbury) (Con): The lawyers conceded that point, but it was not directly relevant to the case that was being argued.

**Mr Jenkin:** It was the premise of the judgment.

**Antoinette Sandbach:** I hear the chuntering from my hon. Friend, but the reality was that it was not the issue that was being decided on. If there was any merit in that point in the judgment, it was clearly obiter dictum, as it is called.

**Paul Scully:** That exchange is interesting, but it is moot, because we are off. The point is whether we are off tomorrow, as the petitioners want, or whether we are off at the end of the two years under article 50.

I sum up my remarks by saying that I understand the petitioners' frustration and why they want to leave now. We need to speak to them, but we also need to speak to the people, some of whom are here today, who want the future situation to be as close to the status quo as possible and for us to find a middle path. We can only do that with a sense of agreement, a sense of proportionality and a sense of optimism that wherever we go in the world, we will still be trading, partnering and collaborating with Europe. Environmental pollution does not stop in the channel. Terrorist threats do not stop in the channel. We will clearly need to collaborate with our European partners.

**Matt Western:** I thank the hon. Gentleman for giving way again. I totally concur with him and his summary, and I urge the Government to speak out to the audience who put forward the petition, because leaving now would have such an immediate and seismic effect on our industries, such as the car industry, which is already well down—14% down on 12 months ago. Leaving now would be absolutely catastrophic. The public need to be told just what the impact would be if we jumped out tomorrow.

**Paul Scully:** There is plenty of uncertainty that we need to get rid of. I do not have time to start attacking some of the #DespiteBrexit things that we might otherwise go into. Yes, we need to speak to both sides. My concern is that while people are feeling disaffected on one side, we have the extreme version on the other that wants to unpick the referendum, and that is not helpful. Not only will it not happen, but it is creating even more uncertainty, particularly for EU citizens. The rhetoric around EU citizens on social media is invariably from people who want to unpick the referendum saying, "See what has happened," and jumping on the bandwagon of things that may or may not be covered in the press, rather than being from people creating some sort of division and making others feel unwelcome. We have to be careful with the language, be optimistic and talk up our economy.

We should have confidence that we will be a single nation dealing with our own free trade agreements. That will make this country the buccaneering, maritime trading nation that it can be. As someone who has run a small business for 25 years, I know the agility and nimbleness we can have. That will stand us in good stead, but the Minister has a challenge over the next few months, because it is not going to be easy. It will be a

complex negotiation, and I wish her good luck. I know we are going to get a great deal. I am optimistic that we will get a bespoke deal that will work for everyone.

4.57 pm

**Antoinette Sandbach** (Eddisbury) (Con): It is a pleasure to serve under your chairmanship, Mrs Moon. My remarks will first address the petition. They will then address the Government's approach and advocate for an alternative to their binary position of either securing a great deal or crashing out with no deal at all. The petition paints the starkest picture of what a truly hard Brexit would look like. A few colleagues have flirted with the idea of taking World Trade Organisation terms or leaving the European Union without a deal, but I do not believe any of them would advocate doing so without even attempting to strike an agreement with our European partners.

The petition calls on the Government simply to walk away, despite the announcement of sufficient progress in December. It is apparent that the supporters of the petition support the hardest of hard lines on Europe, but there is a far greater number of people for whom the picture is less clear. Many a remainder voted to stay, despite concerns about how the EU operates, and many leavers voted to leave despite legitimate worries about the potential impacts.

What is being proposed? Were the petition's proposals adopted, there would be several impacts. There would be a significant hit on our economy, our international reputation and British citizens living in the EU. We must separate the two different no-deal concepts. The idea of reaching no deal after negotiations—in other words, a deal to have no deal—would be different from the no deal envisaged by the petition.

Just walking away would see massive disruption to our businesses, such as our airlines and our nuclear safety industry. We risk planes being grounded and nuclear power stations grinding to a halt if basic agreements are not in place. The economic impact would be significant, especially on our world-leading financial and business services industries. Tariffs on goods and services would be imposed and we would need to re-establish our own schedules at the WTO before we could even begin to set the agenda. Exports of goods and services to the EU27 in 2016 totalled £236 billion, amounting to 12% of GDP. Financial and business services constituted £51 billion. Leaving with no deal on goods or services would be a huge hit to our world-leading industries.

The Bank of England estimates that no deal could lead to 75,000 jobs being lost, so it is vital to negotiate to try to secure an agreement. Likewise, some estimates say we could lose £10 billion a year of tax revenue from no deal. Even some non-EU trading partners rely on EU regulations to define the legality of their trade—the REACH regulations for chemicals, for example, would be most likely to be at risk. That would significantly impact sectors relevant to the north-west. The chemical, car and energy industries are all big employers in the north-west, where my constituency of Eddisbury is located.

There is also a human impact. Crashing out with no deal would mean any decision on EU nationals would be unilateral, leaving Brits in the EU in the lurch and the subject of whatever immigration laws applied to

non-EU citizens in the countries where they resided. Furthermore, those situations would change overnight. It would cause great uncertainty and alarm for the million-plus Britons living in the EU. People who have set up their lives in another country, who are living there peacefully and legally, would have to uproot everything if the suggestions in the petition were followed.

I agree with my hon. Friend the Member for Sutton and Cheam (Paul Scully) that we should support the Government in trying to achieve their aims in the negotiations. I support the Government's commitment to building a deep and enduring partnership. The announcement of sufficient progress last month throws this petition into sharper relief as it shows that a deal should be possible and that it could be more favourable than the cliff edge or crashing out. I am pleased that my hon. Friend the Member for Wycombe (Mr Baker) stated that he wanted the eventual deal to be, "of greater scope than any such existing agreement."

That is encouraging, as it is apparent that existing trade deals such as the deal with Canada or the CETA deal do not go far enough to meet our demands, needs and interests. The issue is vital as the WTO working paper found that an ordinary FTA would cut UK exports of both goods and services to the EU by 40% relative to the current regime.

I welcome the commitment to building a global Britain, a nation committed to free trade across the globe. However, to have better arrangements with a country on the other side of the world than with the EU just the other side of the channel would be unwelcome. For Brexit to be worth it, we must see new trading partners come in in addition to, not as a replacement of, existing partnerships. I press the Minister to make sure that any deal includes the free movement of services as well as goods. The British economy is reliant on some of its financial and professional services industries for jobs and for tax revenue. Financial services exports to the EU, worth, as I have already outlined, £51 billion, are vital to our prosperity. London's global pre-eminence and the financial services sectors in Liverpool and Manchester benefit the country as a whole.

On plan B of the WTO, my hon. Friend the Member for Sutton and Cheam spoke about using our time imaginatively, sensitively and constructively to make sure we do not crash out. I agree with that, and there is an alternative plan, a back-up plan, should no deal be achieved. An off-the-shelf deal of any nature would require compromise from Members of all parties. None of the options is perfect, but nor is any pragmatic proposal or plan. In fact, the European Free Trade Association would allow us to fulfil our commitment to respect the will of the people and the referendum vote. We would be outside the common agricultural policy and the common fisheries policy. We would be free of the risk of ever-closer union, which concerned some remainers as well as leavers. Some people, even some Members, raised concerns that they were misled over what kind of body the UK was entering into in the 1970s. Yet EFTA has shown itself to be clear. The organisation is strictly an economic grouping. It would also protect our economy, ensuring full access to the single market, including services.

Joining EFTA would give us access to its free trade agreements spanning 38 countries and more than 900 million customers. Access would come at a significantly

reduced cost compared with EU membership. Norway's net contribution in 2015 was €115 per person compared with €214 per person for the UK. This would also give our services sector a significant degree of protection. The negative impact would be small, as compared to no deal on financial services, the costs of which I outlined earlier. I cannot think of a better way to demonstrate that we are leaving the EU but want to remain engaged with Europe than by joining EFTA.

Likewise, joining EFTA would have a beneficial impact on our long-term agreements with the EU, as many EFTA institutions are already recognised by the EU and relationships already exist between them. It might seem strange, but I am not alone in my positive view of EFTA. Indeed, many notable figures from the other side of the referendum debate were very positive about this arrangement.

"Wouldn't it be terrible if we were really like Norway and Switzerland? Really? They're rich. They're happy. They're self-governing", said Nigel Farage.

"The Norwegian option, the EEA option, I think that it might be initially attractive to some business people", said Matthew Elliott from Vote Leave and Business for Britain.

"Increasingly, the Norway option looks the best for the UK", said Arron Banks.

Daniel Hannan even wrote a paper for the Bruges Group entitled "The Case for EFTA". My constituents were told that the single market was not being put at risk, that there was an option to be self-governing and to take back control and have all the benefits of the single market. They were told to vote leave because we could stay in EFTA, so I do not understand why the WTO is now plan B and not EFTA.

I hope I have made it clear from my remarks that I view the proposal of this petition as potentially devastating for jobs in my constituency. It would be a road to ruin. It endangers our prosperity and our international standing, as well as putting in jeopardy the rights of our countrymen who live on the continent. I am pleased that the Government are moving in the opposite direction to the petition, with their ambition for a deep and enduring partnership with the EU. I very much hope they are able to meet their goals and I will do what I can do support that.

I would, however, caution that this agreement must include a deal on free movement of services, especially financial and professional services, which are the basis for so much of our prosperity. Should the deal not be everything that the Government hoped and promised, the solution would be closer involvement with other international bodies such as EFTA, and not to turn our back on the liberal international order and try to go it alone.

5.8 pm

**Dr Rupa Huq** (Ealing Central and Acton) (Lab): It is a pleasure to serve under your chairmanship, Mrs Moon. When I speak in these petition debates on a Monday afternoon, it is usually because of the weight of popular opinion and the number of signatures that have been recorded in my constituency, but in the case of today's petition, with 137,409 signatures, only 132 people in Ealing Central and Acton signed it. I had intended just to intervene, but I agreed almost 100% with what the hon. Member for Eddisbury (Antoinette Sandbach)

[*Dr Rupa Huq*]

said, which is unusual because she is on the other side, and her speech made me want to say a little more than a one-sentence intervention.

I have a couple of points to make. First, 132 out of 137,409 is 0.09%—a tiny number of people. I am a self-confessed remoaner or remainiac, as are more than 70% of my constituents. That is not even the highest percentage in Opposition seats. In the 2015 election—I have not seen the figures for 2017—we had the 25 most pro-remain seats and the 25 most pro-leave seats. The percentage of remain voters is even higher in the 25 most pro-remain seats. I do not think that anyone, even ardent leavers, could think it is a good idea to pull the plug on the negotiations—to cut the cord, put up the white flag, exit the stage, and throw in the towel—at this stage, when the negotiations are already under way. My constituent, Ruben Kenton-Harris, who is an intern in my office this term as part of his degree and whose opinion I trust on these matters, has said that he cannot understand why anyone would ever sign the petition. It makes no sense at all, because when jumping out of a plane, it is surely best to have a parachute. Going to WTO terms, with no say whatsoever, seems suicidal.

**Paul Scully:** Will the hon. Lady give way?

**Dr Huq:** Okay, I will. My speech is really just an outgrown intervention, so I will not take loads of interventions, but I will take the hon. Gentleman's, because he took mine.

**Paul Scully:** I thank the hon. Lady. She says that she cannot see a reason why people might sign the petition. Although she might not agree with the petition, can she not see that disaffection and disassociation with this place, and some of the arguments that are being put forward, may be a good reason to sign the petition?

**Dr Huq:** The hon. Gentleman makes a wise point, which shows the danger of standing up and trying to make a speech on the spot. I agree that discontent with the system and with politics has made people sign the petition. Arguably that also explains things such as the Trump phenomenon, which was kind of a vote for “none of the above”. When people are so frustrated with elites and people in ivory towers who seem removed from their everyday lives, I can see why they might sign such petitions. However, like many things in the Brexit debate, what might look good on first glance starts to fall apart after a close look at the detail. The promise of £350 million for the NHS is one such example. I think we had a one-off injection of that amount for the winter crisis, but it was meant to be every week. That is what was promised on the side of the bus. It sounds good, but in reality it falls apart.

My hon. Friend the Member for Warwick and Leamington (Matt Western) talked about certainty and predictability. We live in uncertain times, so people want some sort of predictability. I do not read *The Guardian* in isolation—I mainly read it on Saturday for the TV guide—and I have been taking soundings from small businesses in my constituency. Park Royal, which at one stage was the biggest industrial estate in western Europe, is in my constituency, and I have visited various businesses there. Savoir Beds, in NW10, used to make

hand-stitched mattresses and things for the Savoy hotel. I think it still supplies the Savoy, but its products are now available on the open market. Savoir Beds said to me early on, “Can you reverse Brexit?”

When I go to businesses I say, “Is there anything that I should be doing for you?” They all seem to be saying, “Can you reverse Brexit?” Initially, they found that their orders were going up because of the falling pound, but now that they want to buy more supplies that has come back to bite them. They have staff from all 27 member states. ChargeBox in Chiswick is really worried about that. When people go to a shopping centre, they can plug in their phone into a ChargeBox machine to charge it. Apparently, it makes sense to buy those machines, because people spend £35 more per head if there is a ChargeBox machine in a shopping centre. I visited ChargeBox the other week, and its representatives made those points to me about the talent pool from the 27 nations. That is in addition to the fact that businesses are finding the falling pound very difficult to work with, even though at one stage it might have looked like a correction.

**Antoinette Sandbach:** I have a business in my constituency that manufactures paper cups. I think £400,000 of investment has been lost, and more than 50 jobs could be at risk if we do not get the deal right, because 55% of its manufacturing output is exported.

**Dr Huq:** I completely sympathise and agree with what the hon. Lady says; I have found the same thing. There is a small business called Mooch on Northfield Avenue, near where I live. It sells knick-knacks and gifts—a bit like Paperchase, but a small-business equivalent—and it opened just before 23 June. When it had to restock, the price of everything had gone up. It has not chosen the same lines again because people think that it has just opened and already hiked up its prices. Its suppliers are based in Europe, and because of the pound, everything costs more, so Mooch deliberately had to adjust its stock. I completely agree with the hon. Lady's point about the paper cups, and take her word for it.

It looks as if the EU negotiators have said, “Non, non, non”—that was meant to be a Belgian accent—to “Canada plus, plus, plus”, so that will not work. We have heard about the agencies and companies that are going to Frankfurt or elsewhere, such as the European Medicines Agency. I have not even got into the arguments about the impact on our regulatory framework, workers' rights, environmental protections or many other things if we just came out with nothing in place—not to mention the impact on the 13,000 EU nationals in my constituency of Ealing Central and Acton.

In addition to Lord Kerr's statement that article 50 could be revoked by only one side, there was a headline in Saturday's *Daily Telegraph*—I accept not making exactly the same argument—which read: “UK could rejoin EU in future, says May deputy”. The argument that we could rejoin is already being entertained. Surely it would be cheaper and less troublesome simply to not leave in the first place? As I pointed out in my intervention, we were never part of the euro. I am talking in the past tense, even though we are still in the EU. We also had a generous rebate, and we were never part of the Schengen border agreement, so we were not even 100% in the EU anyway—we were perhaps only 60% in.

Some people argue that it was an advisory referendum, and only the other day the Speaker of the House of Commons said:

“People who are on the losing side are not obliged to accept that their view has been lost for ever”.

He also said:

“Democracy is not just about one vote...Democracy is a dynamic concept.”

I believe Nigel Farage has been saying that there might be a case for revisiting the decision. I imagine that he wants to do that quickly, so we do not see how bad things might really get. We used to be the world's fifth-largest economy; we are now the sixth. The value of the pound seems to be tanking, and we have not left yet; it is early days. *[Interruption.]* I will not take any more interventions, because I am afraid I may have to leave before the end of the debate, Mrs Moon; I put that in the little note I scribbled to you. I apologise sincerely if I have to do so. Furthermore, the Secretary of State for Exiting the European Union said:

“If a democracy cannot change its mind, it ceases to be a democracy.”

The idea of leaving now, even before the negotiations are complete, is the opposite of that. There is a long list of people who are coming round to that perspective.

We need to indemnify ourselves. The points made by the hon. Member for Eddisbury about the single market and the customs union were very wise. Her Majesty's Revenue and Customs has done some modelling of what might happen in future; apparently, it may need 5,000 new staff, with a training process that can take six months. If we left now, how would that work out? I also wonder how many of the people affected are on the Irish border. In Dover, unemployment is not massively high, so if we left right away, that would that be a car crash. Moreover, Kent could turn into a huge lorry park.

Until the 2017 general election campaign started, it was almost as if the phrase “the will of the people” was deployed to shut people up. I welcome the fact that we are now having a healthy debate about the terms of Brexit, and that people such as the hon. Member for Eddisbury have voted with the Opposition on some matters. It seems as if a lid has been lifted, a genie has been let out of a bottle, and a Pandora's box has been opened. Up until that point, it felt as if nobody was allowed to criticise any aspect of Brexit because it was “the will of the people.” It is very important that we look at other options, such as EEA or EFTA membership. To coin a phrase used by a former Labour Prime Minister, there may be a “third way”—not just in or out. There might be other ways of indemnifying ourselves against the worst effects of leaving.

Some of our media have been mentioned, such as *The Guardian* and the more left-leaning papers, but others such as the *Daily Mail* and the *Telegraph* have been really distasteful in some of their commentary. For example, putting the hon. Member for Eddisbury and others on the cover was reprehensible and appalling, as was calling for people's heads, as it was a crazy person who went for the head of one of our own number, our friend and colleague Jo Cox—we should never lose sight of that.

I will finish with another quote from Mr Speaker, who said that

“in voting as you think fit on any political issue, you...are never mutineers...never malcontents...never enemies of the people.”—*[Official Report, 18 December 2017; Vol. 633, c. 805.]*

That should be painted on the side of a red bus! We should always uphold our principles in this place.

5.20 pm

**Luke Graham** (Ochil and South Perthshire) (Con): It is a pleasure to serve under your stewardship, Mrs Moon.

Brexit is obviously one of the biggest issues of this Parliament, and I can say as a parliamentarian of seven months' standing that it has certainly dominated a lot of the speeches, votes and sittings I have been at so far. I will keep my contribution to this debate on e-petition 200165 relatively short.

The EU referendum was a UK-wide debate. I voted to remain, as did most of the constituencies in Scotland—we managed to get 1.4 million voting remain, against the 1 million leave voters in Scotland. Other parts of the UK did so as well, such as London, Manchester, Bath, Bristol, Cardiff and Belfast. It was a UK-wide vote.

**Christine Jardine:** Will the hon. Gentleman give way?

**Luke Graham:** I will progress the point a little further first.

There has been some talk about potential options for separation, especially in areas where we have devolution, as in Scotland or even London, which has the London Assembly—I have heard some interesting debates there—but this is not the time for more separation or driving wedges between different parts of the UK. It is a time for us to come together and work on making the best possible deal.

The e-petition highlights some of the frustration felt throughout the United Kingdom. Certainly in the lead-up to the referendum, when we were involved in some of the campaigning, it was clear that people felt forgotten and that the EU was not the only target of the day. People felt forgotten by this place, by their local councils and by their devolved Administrations, and they felt that they were not getting the right level of focus. The result came about through that and the lack of engagement by the EU—as we all know, it is not a perfect institution and at the weekend even President Macron admitted that France would probably vote to leave were that left to an open referendum. So even prime European leaders recognise the EU's faults. In time we hope it will evolve, and even from a distance, I hope that we can still contribute positively.

As I was saying, this is a time for a little more unity and a little less division. I say to colleagues across the House, when they are talking about what kind of Britain we want to make when we leave the EU, I hope that we update our invective, move away from 17th and 18th century references and talk more about the 21st century—I want a little less Sir Francis Drake and a little more Stephen Hawking when we look at the type of Britain we want to produce and how we want to move forward.

In my constituency, barely 0.1% of the population supported this petition, so although I welcome the debate, I do not support the view expressed in the petition—that we should “walk away” from the discussions. The negotiations we are having are fundamental to the kind of country that we want to be in the future and to the type of relationship that we will have with one of our most important partners, which will still be the European Union. Also, it is not only the EU that is

[*Luke Graham*]

watching us in the negotiations; other countries and potential partners in the Commonwealth and elsewhere around the globe are watching too.

As my hon. Friend the Member for Eddisbury (Antoinette Sandbach) said earlier on EFTA and some of the other opportunities we might have during the negotiations, it is important that all Members do not get caught in the binary debate between, “We leave and it’s WTO,” and, “We have to be in the single market and the customs union still.” A range of European politicians have expressed the opinion that a bespoke deal is possible and other models are in place, such as EFTA, or free trade agreements that offer methods of arbitration so we do not need to use the ECJ; we could use other international mechanisms to arbitrate between the EU and us. Those options need to be explored fully, and I hope that the Minister and the Government will be looking at them completely, as well as planning for a worst-case scenario, should it arise.

For my part, since I was elected I have held Brexit updates around my constituency, in south Perthshire, Kinross-shire and Clackmannanshire, to ensure that people get some frontline feedback from Parliament and hear some of the detail from our debates. I am also a member of the Public Accounts Committee and we have been looking into the real implications for day-to-day life through not only legislation but the operation of our borders and the customs and trading regimes that might apply after Brexit. We will obviously continue our work—a raft of new reports will be coming from the Public Accounts Committee—and, for those who do not already follow the committee on Twitter, please do, because it is a riveting feed to follow.

As I said, I understand some of the frustration felt in the country when the petition was set up, but that was before the first stage of negotiations was completed just before Christmas. We can welcome some of the successes, such as the agreements on EU rights or the direction of a financial settlement—we were clear that it would not be worst-case scenario—and some of that progress before Christmas was heartening, whether we are on the leave or the remain side. I was pleased that Members from across the House welcomed some of the progress made by the Prime Minister and her team in those agreements.

For us as MPs, for Ministers and for the Government as a whole, it is important to engage constructively, to stay in the trade talks and other negotiations in Europe, and to pursue them with the same intensity and tenacity seen in the EU referendum itself. We need to ensure that we get a good deal on trade, that the right customs arrangements are in place and that we continue to be part of and contribute to security, science and overall cultural and social co-operation throughout the European Union and the United Kingdom, as well as, we hope, new trading blocs and partners around the world.

People do not want us to go back and forth on referendums. Colleagues such as the Members of the Scottish National party probably appreciate that in Scotland—people want to have a democratic event and then for politicians to take responsibility for it and deliver it.

**Christine Jardine:** I appreciate the hon. Gentleman giving way. Does he accept that the question is not so much about going back and forward, but about

development? We have had one decision to leave in principle, but we do not know what the deal will be. Do the people not deserve the right to look at that decision and say whether that is what they wanted? That is not going back and forwards; that is progression, a democratic progression on the decision.

**Luke Graham:** In my view, we had a clear vote on whether to be in or out of the EU and the decision has been made about leaving. Now it is about making the best possible deal and ensuring that we get the best possible outcome. When the agreement emerges as we go up the timeline to March 2019, as we have heard from Ministers, we will have a meaningful vote in this House, as the democratically elected representatives of our constituencies.

We need to engage with the negotiations. The decision has been made and we have to honour the democratic choice of the United Kingdom. Let us have a bolder, brighter and more prosperous UK as a result.

5.28 pm

**Christine Jardine** (Edinburgh West) (LD): It is an honour to serve under your chairmanship, Mrs Moon.

We have to take this petition at face value and bear in mind what it is saying to us: that people are frustrated—that those who voted to leave the European Union want to see something more quickly than they are seeing at the moment. I fully appreciate why they feel that way. All the life decisions we make mean we want to move on, and in this country we are used to a quick turnaround—to Governments changing office in the middle of the night, with one Prime Minister leaving as the next arrives, before the sun has come up on the election results—but the negotiations cannot be the same. I appeal to those people who signed the petition to have patience, to think about how important the process is to the future of our country and to give our politicians time to find the best way ahead.

It is fair to say that the petition did not have a lot of support in my constituency. Fewer than 100 people signed it—93, in fact—which is not a huge surprise in Edinburgh West, because at the referendum the vast majority voted to remain in the EU, as was the case throughout Scotland. Although I take the point made by the hon. Member for Sutton and Cheam (Paul Scully) that the referendum was a UK-wide vote and I agree with him entirely that it was, I do not accept that the result had a significant majority—it was the narrowest of majorities. Again, that is a source of frustration for a lot of people and a reason why we should be extremely careful about what we do. The phrase “crashing out” worries me: the implication of crashing in any form, whether physically or financially, is always serious, because there is no control. We cannot know what the outcome will be.

**Paul Scully:** Does the hon. Lady agree that the phrase “crashing out” tends to come from the people who want to unpick the referendum? I did not use that phrase and it is important that we do not use it. We are planning for the possibility of no deal, but not crashing out of anything.

**Christine Jardine:** That would be the reality, though: we would simply say, “We’re going.” That would be like a crash because if a car skids in the winter, the driver

does not know the outcome until they stop. If we were to leave the European Union without a deal in place, a plan or a route map of where we were going, we would have no control over the future of this country's economy.

I ask the people who signed the petition to think about it from the other perspective. There is an implication that the European Union is somehow being vindictive—that it is not dealing with us and giving us the best possible deal. Surely, if the roles were reversed, we would expect the European Union to protect our interests from France, Germany, Italy or any of the other 27 countries. We would expect our interest to be preserved, so we should respect their right to negotiate the best terms for them. For me, the impact on this country of leaving the European Union without that route map, agreement or deal is more important. Where would we go? What would we do? What would be the impact on our trade, and on the tens of thousands of jobs in this country that depend on our trade with the European Union?

There has been a lot of talk about the car industry: what would happen to companies such as BMW if we were to just walk away? What would be its arrangements? How would it get the spare parts from Europe, which suddenly would be in a foreign market? BMW is a vital British employer, and it would suddenly be cut off from part of its own company. There are others, too. We would stop them from moving goods about the EU. How would the borders operate under those circumstances? They are not ready—there is no customs arrangement. How would we trade? There has been a lot of talk about queues at the ports. I ask Government Members to think about the impact on the farmers in north-east Scotland if there were no customs or trading arrangements with the European Union. How would they sell their beef? I am sure that hon. Members agree that the impact would be disastrous, because they could not get their products to Europe.

What about our airports? In my constituency, there is a lot of concern about the impact on the airport—a vital link that provides Scotland with connectivity not just within Scotland, the UK and Europe, but to the rest of the world, too. There are fewer than 18 months to go before we leave the European Union—that is the period of time that most international carriers look ahead, to negotiate their routes. There is acknowledged hesitation among foreign carriers, particularly American ones, to commit to routes from the UK because they do not know whether they will be able to fly to Europe. If we leave the European Union without a deal, what happens to the open skies policy? That is not covered by WTO rules. What would they do—a separate deal? How would we have a separate deal if we walked away? Walking away means no deal.

There is a potential impact on the pound and on trade. In the immediate aftermath of the referendum, the pound plummeted more than in the devaluation under Harold Wilson's Government. We hear a lot about it recovering, but it is recovering from a very low base. Some people say that that is good for exports, but it is not good for imports—for buying goods—and for our tourists going abroad. Where would we derive the benefit that we were told there would be from leaving the European Union if we just walked away without a deal?

It is not a secret that I am not in favour of leaving the EU. I do not believe that it is certain by any measure that it will go ahead. I believe that the triggering of

article 50 can be revoked. The weight of legal opinion is that we can say that we do not need Europe's opinion, so we can revoke it on our own. Brexit is not a done deal yet: we can still repair our damaged relationship with Europe. But if we have to leave, we have to get the best possible terms for the United Kingdom. We have to be as close to the centre of Europe as possible. We have to be part of its trade, in the customs union and in the single market. We have to do what is best for the people of this country.

**Royston Smith:** Does the hon. Lady agree that comments such as the ones that she makes about staying in the single market and the customs union and having a second referendum are precisely why people started the petition and why so many people signed it?

**Christine Jardine:** One point about democracy that we have not touched on, other than mentioning that we should have unity, is that, whether in politics, business or family life, good decisions come from discussion and debate. We have to move forward in a way that allows everyone's opinion to be heard. That way, we will reach a good decision. We have to be far more realistic than we were during the debate before the referendum, when our future was decided by a big red bus with made-up numbers on the side.

For my constituents and many others, simply to walk away would leave us vulnerable, immediately cut us off from our major markets and present us with a bleak future. I appreciate that some people would like to walk away now, but I caution that they should know where they are going before they try to leave anywhere.

5.37 pm

**Andrew Bowie** (West Aberdeenshire and Kincardine) (Con): It is a genuine pleasure to serve under your chairmanship, Mrs Moon.

Last Thursday, I had the pleasure of attending a conference at the Assemblée Nationale in Paris, along with other young and nearly young politicians across Europe. Among the attendees were representatives from En Marche! and Les Républicains from France, liberals from Spain, conservatives and liberals from Poland and many others from all political backgrounds across the continent. Quite contrary to the statement in the petition that

“The EU looks set to offer us a punishment deal out of spite”, my feeling from talking with delegates from all political ideologies and traditions from across the continent was resignation, disappointment—there is genuine sadness in many quarters that we are leaving—and a genuine desire to make the best of it. They all recognise that a good deal between the UK and the EU is essential, not only for the establishment of good relations in the post-Brexit world, but for the economies of their respective countries as well as our own.

The running argument between the assembly member for Calais and me, about which of our two countries was the fifth or sixth largest economy in the world, belied the underlying truth that the UK economy—we are fifth, by the way—is one of the strongest in the world, and it continues to grow. Our intelligence services work together and are closely intertwined with others on the continent. Our navies work together, combating

[Andrew Bowie]

illegal people trafficking in the Mediterranean, and our soldiers stand shoulder to shoulder in NATO, facing common enemies from Afghanistan to the Balkans.

Many Europeans have made Great Britain their home—my wife included—and they contribute to our communities and our economy, just as Brits do across the continent. We have shared values, a shared cultural heritage, a shared commitment to democracy and freedom in the rule of law and, ultimately, we are all Europeans. In my case, I am mightily proud to be so.

The UK is leaving the political construct of the European Union—that is beyond doubt. The people of these islands chose to do so in the biggest single act of democratic participation for more than three decades. There were 35 million votes, representing 72.2% of the registered voters of this country who took part in the referendum. That is a higher percentage turnout than at any general election since 1992, and it is higher in percentage terms than any election to the Scottish Parliament, and the referendums on the establishment of the Scottish Parliament, the Welsh Assembly and the alternative vote. In nearly 30 years, in percentage turnout by eligible electors, the EU referendum was beaten only by the referendum on Scottish independence, which had an 84% turnout and a result that I know everyone here agrees was conclusive and settled that argument for a generation at least.

**Joanna Cherry:** Will the hon. Gentleman give way?

**Andrew Bowie:** I would be delighted to.

**Joanna Cherry:** I am sure it will come as no surprise to the hon. Gentleman that I do not agree that the argument is settled for a generation. Does he, like me, recall that Scottish voters were told during the independence referendum campaign that the way to preserve their EU citizenship was to vote to remain part of the UK? Does he accept that that turned out not to be the case?

**Andrew Bowie:** I absolutely accept that. That was the case at the time, of course, but the people of Scotland went to the polls in 2014 in the full knowledge that a referendum on our membership of the EU was on the table. It was January 2013 when David Cameron made his speech at Bloomberg stating his intention to hold a referendum on our membership of the EU if the Conservatives secured a majority at the 2015 general election. The people of Scotland went to the polls in September 2014 in the full knowledge that that would happen if we won a majority.

**Peter Grant:** Will the hon. Gentleman remind us how David Cameron's party got on in Scotland in 2015, when it put that referendum promise in its manifesto? How many MPs did the Tories get elected in 2015?

**Andrew Bowie:** It will come as no surprise to the hon. Gentleman that I tend to reflect more favourably on the result this year, when 13 Scottish Conservatives were returned to this Parliament and, sadly, the Scottish National party lost 21 seats to various Unionist parties. As much as I would like to continue that debate for the entire evening, I must carry on.

In June 2016, 17.5 million people voted to leave the EU and 16 million people voted to remain. That was a conclusive result, which must be respected by all who

claim to be democrats. We are leaving the EU, but we are not—this is absolutely key—leaving Europe. That has been recognised on countless occasions by the Secretary of State for Exiting the EU, the Foreign Secretary and the Prime Minister. We will remain the closest of friends and allies outwith the single market, the customs union and the political bodies of the European Union. It is evident from my discussions last week and from discussions at a far higher level than mine that our friends in Europe recognise that, too.

**Joanna Cherry:** I too attended a summit at the weekend in the wake of the Franco-British summit. It was a summit of British and French politicians and businessmen. The French businessmen told us that they are exasperated with Britain, that they want to know what Britain wants out of Brexit and that, if we do not say what we want soon, decisions will be taken that go against the UK's interests. Does the hon. Gentleman agree that we require clarity rather than to crash out with no deal and no indication of what we want?

**Andrew Bowie:** I do not advocate, nor do I think anyone in the Government advocates, crashing out. The negotiations are ongoing, and what we want out of the negotiations is key to our getting a good deal from them.

**Christine Jardine:** Does that mean that it is now accepted that the argument that no deal is better than a bad deal is completely mistaken?

**Andrew Bowie:** I will come to this in a second, but I am saying that I believe a good deal is very much on the cards. I have complete confidence that our negotiating team and the European Commission's negotiators will get a deal that benefits both us and our friends and partners in the European Union.

**Joanna Cherry:** Is the hon. Gentleman able to provide the clarity that his colleagues in the Government have so far not been able to provide about what it is that Britain wants? What are the UK Government's negotiating objectives? What kind of deal do they want with the EU27? Does he know the answers?

**Andrew Bowie:** I refer the hon. and learned Lady to the Prime Minister's speeches at Lancaster House here in London and in Florence, which underlined absolutely what we are asking for from our negotiations with the European Union. I have full confidence in our negotiating team's ability to achieve those objectives.

Despite the disappointment among our friends and allies on the continent that we are leaving, they recognise that that will free them up to take the EU down a path of their choosing—namely, further integration and co-operation—which would have been opposed and obstructed by the UK at every juncture. Let us be clear: a strong and united Europe is in our national interest. That is why we should do all we can to support it and to assist and work with our allies when and where we can. They know that a strong UK is in their interests. That is why a deal can and will be made, as President Tusk, President Juncker and various Heads of State have made clear.

All effort must go into securing that deal for our farmers, our fishermen, our traders, our bankers, our industrialists, our exporters and our importers, for British subjects in the EU and for European citizens in the UK. We parliamentarians must rally behind those negotiations. A good deal is in all our interests and in our constituents' interests. Our negotiators are not best served by threats of a second referendum, flip-flopping over the single market or continual threats of another independence referendum in Scotland.

**Christine Jardine:** Will the hon. Gentleman give way?

**Andrew Bowie:** I will not, because I have given way many times. I apologise.

Of course, we must be prepared to walk away if it looks like the deal is bad—it would be a strange sort of negotiation if we were not—but I do not believe that will be the case. However, to walk away now as the petition suggests would clearly be folly. I say to the more than 100,000 people who signed the petition, including the 163 in West Aberdeenshire and Kincardine: please have patience. The Government are determined to strike a good deal. The EU is determined to strike a good deal. The nation states on the continent are lobbying for the best deal, which they know is in all our interests. I know that, when the negotiations with our friends in Europe are complete, we will have formed the basis of a new special relationship that complements the one we already have with the United States and the ones will have with our oldest allies in the Commonwealth, and that we will be able to move forward together as Europeans into a brighter, less rancorous future.

5.45 pm

**Ross Thomson** (Aberdeen South) (Con): It is a pleasure to serve under your chairmanship, Mrs Moon.

During the 2016 referendum, I campaigned to leave the European Union, and I voted to leave. Despite our campaign having to battle the beast of the Scottish political establishment, we managed to achieve more than 1 million leave votes. To my frustration, far too often those leave voters are airbrushed out of the picture and Scotland is presented as Europhile, Eurocentric and keen on further integration with Europe. That just is not the case. To my disappointment, the Scottish Government's Minister for leaving the European Union told an event in Brussels that 5 million Scots voted to remain. That just is not the case. The picture is different from how it is often portrayed.

**Wera Hobhouse** (Bath) (LD): Will the hon. Gentleman give way?

**Ross Thomson:** No, I would like to make some progress first.

Scottish attitudes are actually similar to those in the rest of the United Kingdom. We just have to look at the Scottish attitudes survey, published merely a couple of weeks ago, to see that, when it comes to leaving the single market, Scots are in line with the rest of the UK: they want to leave. We also want immigration to remain at UK level; we do not want divergence.

**Christine Jardine:** Will the hon. Gentleman give way?

**Ross Thomson:** No, I would like to make some more progress, but I will take an intervention from the hon. Lady in a moment. She said that good decisions are

made by discussion and debate. We had months of discussion and debate in Scotland during the referendum campaign, and I believe that a good decision was made as a result.

**Christine Jardine:** Does the hon. Gentleman accept, then, that we should discuss and debate? Is it not the Opposition's job to scrutinise what the Government do rather than simply to get behind them and allow them to make bad decisions because there has not been discussion and debate?

**Ross Thomson:** The hon. Lady is absolutely right: every Opposition should hold the Government to account and hold their feet to the fire, but there is a difference between accepting the result and holding the Government to account, and simply trying to frustrate and overturn the result by arguing for another referendum.

**Wera Hobhouse:** Will the hon. Gentleman give way?

**Ross Thomson:** No, I would like to make some progress on addressing the point of the petition. It asks us: "Why wait?" Well, we have been able to do some waiting since the petition was created in September. It is worth considering what has transpired since then, because that helps to answer the question.

Take last month's phase 1 agreement, which was a great success for the Government and testified to the fact that the EU wants a good deal, too, and is willing to make concessions to achieve it. After the referendum, a strange doom-monger alliance of ultra-remainers and Nigel Farage ran around insisting that we would have to pay a punitive "Brexit bill" of more than £50 billion—that was before anyone had included the implementation period until December 2020—yet last month the overall settlement, including the implementation period, turned out to be much lower. We were told that the EU would insist that its courts had jurisdiction over the enforcement of EU citizens' rights here, yet last month we got a time-limited option for our courts voluntarily to refer unclear cases to the European Court of Justice. On the Irish border, we were told that Northern Ireland would have to have a separate deal and, in effect, remain part of the EU for customs purposes.

**Wera Hobhouse:** I am a member of the Exiting the European Union Committee, and when we took evidence it was clear: the experts told us that the can has been kicked down the road. The joint statement may have made a no Brexit scenario less likely, but it has also made a hard Brexit scenario very much less likely. Basically, nothing has been resolved.

**Ross Thomson:** That proves the point: we have seen nothing constructive from the Opposition. Actually, in the same way as they were confounded by the phase 1 agreement in their argument, we can bet that they will be confounded in their argument again at the end of phase 2. All we have had from the Opposition on leaving the European Union is perpetual pessimism and talking Britain down. I am talking Britain up, because we can achieve so much more when we leave the European Union. We have a bright future ahead of us.

**Royston Smith:** Does my hon. Friend agree that, first, it seems the overwhelming majority of people who want a second referendum are remain voters? Secondly, I do

[Royston Smith]

not recall anyone—remain or otherwise—saying that if the referendum result was to leave the European Union, we would need a subsequent referendum on the deal. Does he see it like that as well?

**Ross Thomson:** I agree. If the result had gone the other way and the United Kingdom had voted to remain in the European Union, we would have accepted the result.

**Christine Jardine:** Will the hon. Gentleman give way on that point?

**Ross Thomson:** I would like to make some more progress. I do not think we would have seen a call for another referendum to leave the European Union.

On the border with Northern Ireland, it was made clear last month that when we leave, we will leave as one United Kingdom. Now, the doom-mongers will say, “Sure, phase 1 was fine, but they’re going to punish us in phase 2.” After being wrong about the economic effects of a leave vote, the economic effects of article 50 being triggered and the outcome of phase 1, we might think they would have given up on “Project Fear” by now, but apparently not.

**Peter Grant:** How can anyone know what is right or wrong about forecasts of the economic impact of Brexit when we have not left yet and the Treasury has not done an impact analysis? What is the source of the figures that enable the hon. Gentleman to say that it will not cause an economic problem?

**Ross Thomson:** I vividly remember being told during that campaign that, according to the Treasury, not just leaving the European Union but voting to leave the European Union would lead to an emergency Budget and a mass sense of panic. The world was going to collapse around our ears because of the economic devastation caused, but that simply never came to fruition.

What should be considered is this month’s analysis by the EU committee of the regions, which demonstrates why we have leverage in the Brexit negotiations. It found that—unsurprisingly—no deal would be not ideal for major industries in the EU 27, to put it mildly. It transpires that the EU cannot afford to be blasé about no deal or intransigent in the negotiations, because a good deal is in our mutual interests. That is why I am confident we will get exactly that.

I believe in Brexit. I believe we will make Britain more prosperous and more democratic. We will be able to: equip our economy better to face the challenges of the 21st century; develop agriculture, fisheries and immigration systems better tailored to this country’s needs; decouple ourselves from the fortunes of a routinely crisis-hit EU; restore our democracy; enhance devolution at home; and become a global leader in free trade. Getting a good deal with the EU is part of that last goal.

The truth is that we are not waiting but laying the groundwork for the best Brexit possible: one that maintains free trade with our European neighbours while allowing us to reap the benefits of leaving. The past few months have shown that a good Brexit deal is not just achievable

but highly likely. The fears of those who want us to ignore the referendum result and remain, and of those who want us to walk away immediately, have proved to be unfounded.

I understand why some Brexit supporters are upset by the efforts of the Opposition—the Labour, SNP and Liberal Democrat politicians who undermine Brexit—but successive votes have shown that, in this elected House, we have a Conservative-led cross-party majority for democracy. We will deliver Brexit, both here in Parliament and in the negotiations. There are now just 14 months until we leave, so we are closer to exit day than to the referendum day. After 45 years of EU membership, there is not much longer to wait, and we will be better off for it.

5.54 pm

**Peter Grant (Glenrothes) (SNP):** I am pleased to begin the summing up of the debate. Interestingly, no one wanted to speak about how a no-deal Brexit would be a good idea. That is not surprising: I suspect that all 650 Members of the House know, deep down in their hearts, that leaving the EU without a deal would be almost criminally incompetent on the negotiators’ part.

The hon. Member for Sutton and Cheam (Paul Scully), who introduced the debate, did what a representative of the Petitions Committee should do: he presented both sides of the argument. I commend him for that. I would be a bit concerned if one of the benefits of Brexit was that we went back to being what he described as a “buccaneering maritime trading nation”. Buccaneers were the state-sponsored international terrorists of their day. The fact that we can hark back—even jokingly—to days when part of Britain’s power as a trading nation was founded on piracy, theft, murder and similar crimes may be an indication of how we have got into the state we are in now.

There is a tendency—certainly in sections of the right-wing media and the right wing of the Conservative party—to build up the days of the empire, when everything was wonderful, and say, “Can’t we just go back to the days when Britannia ruled the waves and waived the rules? Everything will be fine.” No, we cannot, because 6.5 billion to 7 billion people on the other side of the water are saying, “No—this is our country. You are not getting to run India, Pakistan or Kenya in the interests of a handful of British businesses in the way you did before.”

**Andrew Bowie:** Will the hon. Gentleman give way?

**Peter Grant:** I will.

**Mrs Madeleine Moon (in the Chair):** I call Ross Thomson—sorry, Andrew Bowie.

**Andrew Bowie:** I have been called much worse, Mrs Moon. I may be wrong—forgive me—but I did not hear anyone in this Chamber, the House of Commons or anywhere else say that we should go back to the days when we ruled India or that we should rule the waves and bring back the empire. That is simply not what we are debating.

**Peter Grant:** Perhaps I have misunderstood what a buccaneering maritime trading nation is or what period in history it refers to. If so, I am happy to apologise, but

the days of the buccaneers were those of international pirates and terrorists sponsored by businesses in one country in effect to terrorise the interests of other countries.

The hon. Member for Eddisbury (Antoinette Sandbach) made a powerful, well-put-together contribution. Importantly, she did not talk just about trade. Because trade is such a vital part of the United Kingdom's relationship with the European Union, it is easy to forget all the other benefits that come from EU membership, such as open skies. There was recently an interesting suggestion that MPs should be allowed to know which of their constituents sign petitions as well as how many of them do so. I would like to go back to the 107 of my constituents who signed the petition—that is 0.12% of the electorate—and say, “Have you heard of open skies? Did you know that it existed when you voted to leave the European Union, or when you signed the petition saying we should leave without a deal? Did you really understand that, without a deal, British-owned and operated airlines will not have automatic authority to land their aircraft or even cross over European airspace after take-off? The only way they will be allowed to do that is through getting a deal.”

**Wera Hobhouse:** Does the hon. Gentleman agree that the accusations about “Project Fear” are way off? We should talk about “Project Realism.”

**Peter Grant:** To be honest, some of the claims made by those who claimed to be on the remain side before the referendum were nonsensical. In the past couple of weeks I think I have heard five Members on the Conservative Benches say, “You can't believe what the Treasury tell you during a referendum campaign.” We know that, and perhaps some in other parts of the House need to remember that.

At the time of the referendum, and I suspect even now, an awful lot of people in the United Kingdom did not understand—and they still do not fully understand—how complex our relationship with the European Union is. It is not just about being able to buy bananas with as much or little bend in them as we like or being able to prevent these so-and-so foreigners from coming over and taking our jobs or claiming our benefits—which they do not do. It is much more detailed and complicated than that, and to extricate ourselves from that relationship in a way that does not harm the interests of the people of these islands is a difficult and perhaps impossible task. Time alone will tell.

**Royston Smith:** Going back to my earlier comments, would the hon. Gentleman agree that continually saying people do not understand what they were voting for is patronising and why petitions such as the one before us today are presented to this place?

[DAVID HANSON *in the Chair*]

**Peter Grant:** No, I do not agree at all. I remember when one of the hon. Gentleman's colleagues in the main Chamber turned talking about people not being well informed into a claim that they were stupid—and, of course, the *Daily Express*, as is its wont, put me on the front page saying that people who voted to leave were stupid.

I would never question anyone's sincerity or intelligence when they cast a vote in a referendum or election, but the fact is that many people, at the time they voted, did not fully understand the implications of what they voted for. People will sometimes do that in an election, too. They vote for the party they usually vote for, and do not really look into the issues in any great depth. If someone does not like the outcome of a general election, they get another chance in a few years. Calling the referendum as the Government did, so quickly, and having it deliberately in the middle of important council and parliamentary elections in almost every nation of the United Kingdom, so that the referendum campaign ran at the same time, prevented debate of the length and detail that was needed.

**Wera Hobhouse:** Is it not time that we all admitted that there were things we did not know about the European Union? When I listen to what is said in the Exiting the European Union Committee, I hear so much information about the European Union that we did not know. It is not necessarily a question of a mistake or fault, but if even we did not know all the details and all the ins and outs of the European Union that are emerging in the debate now, it is time we said so. That would make both remain and leave voters comfortable about saying that they did not know about some aspects of the EU, but that they know them now, which is why it is healthy to have a debate.

**Peter Grant:** The hon. Lady makes a valid point. However, I want to make it clear that I respect the wish of the people of England and Wales, as expressed in the referendum. I insist—I demand, as do my constituents—that the wish of 62% of people in Scotland, as well as the wish of the majority vote in Northern Ireland, should be respected too. That does not have to mean that some should be in the EU and some out, but it must mean seeking—not necessarily reaching—a solution and deal that, as far as possible, recognise the diverse views in these islands. We keep being told that we are a partnership of equals. It would not be acceptable for the express wishes of 62% of voters in England to be cast aside in contempt, as is happening to the express wishes of 62% of voters in Scotland.

I was pleased that some speakers in the debate discussed the absolute need for a deal on Northern Ireland, so that we know what the status of the border between Northern Ireland and the Republic of Ireland will be. Most people in the United Kingdom did not think that that would be an issue during the referendum; it was hardly raised in any debate. It was a major issue in the debate in Northern Ireland, but in most of the rest of the United Kingdom, if it appeared anywhere, it would be at the bottom of page 22 of someone's submission. Incidentally, I include myself in those comments: I did not appreciate how fundamentally damaging a hard border and a no-deal Brexit could be to the Northern Ireland peace process. That does not mean that people in mainland Great Britain voted stupidly; it simply means they did not have the information at their disposal. Would that knowledge have made a difference to their votes? We do not know. It is too late: that horse has gone.

It is not too late to make sure that there is a deal that protects the promises that the Government of these islands made to the international community and the

[Peter Grant]

Government of the Republic of Ireland at the time of the Good Friday peace agreement. There is a guarantee that there will be no border controls on the Irish border. That is what everyone whom the Northern Ireland Affairs Committee spoke to in Northern Ireland desperately wants. The Committee spoke to senior police officers who are still leading the fight against terrorism, representatives of community organisations, and politicians—any elected politician who came to see us, including a number from Sinn Féin.

It was perhaps surprising how much unanimity there was across the spectrum about the fact that we cannot afford a return to the days of armed border checkpoints across the island of Ireland. Many of the people we spoke to—and not only on the nationalist-leaning side—believe that if we leave the European Union without a deal it will be almost impossible to prevent border posts from returning, and to prevent the return of other things from the sad history of that island.

There were several contributions by Scottish Conservatives, every one of whom, completely unprovoked, tried to reopen another referendum argument, which is not on the agenda just now. The Scottish Conservatives want a public debate involving the whole population of Scotland, about its future place in the world. I am ready for that, but it is interesting that no matter the subject being discussed they always manage to talk about that.

**Luke Graham:** Will the hon. Gentleman give way?

**Ross Thomson:** Will the hon. Gentleman give way?

**Peter Grant:** My goodness—what a decision! The hon. Gentlemen are almost identical. I give way to the hon. Member for Aberdeen South (Ross Thomson).

**Ross Thomson:** I am grateful. I am sure that the hon. Gentleman accepts that is not the Scottish Conservatives wedging the issue into the debate. The fact is that before anyone could even digest the European Union referendum result, the First Minister was immediately in front of the television cameras in Bute House putting a second independence referendum back on the table, against the wishes of the people. We are not crowbarring it into the debate; it is the First Minister.

**Peter Grant:** I am afraid what the hon. Gentleman says about its being against the wishes of the people is completely inaccurate. The First Minister of Scotland did that a few weeks after being re-elected, when the people of Scotland had voted for a Government who explicitly said in their election manifesto that, if we faced being dragged out of the European Union against our will, that could trigger a referendum.

The people of Scotland can choose whether to respect the wishes of the 55% who want to be in the United Kingdom or those of the 62% who want to be in the European Union. As I have said, I am happy for that process and debate to start at any time when the Scottish Conservatives can get their act together. I do not want to labour the point, because the present debate is supposed to be about the European Union. I simply want to say that the Scottish Conservatives have once again shown their obsession with independence. They cannot even

talk about an important matter such as membership of the European Union without bringing the independence argument into it.

**Christine Jardine:** The hon. Gentleman mentions the choice between the 55% who want to stay in the UK and the 62% who want to stay in the EU. Things do not have to be so mutually exclusive: we can stay in the UK and, hopefully, we could stay in the EU as well.

**Peter Grant:** I think that that prospect is becoming much less likely as time goes on. We certainly can retain a lot of the benefits of EU membership. We can do that by staying in the single market. There has never been a referendum vote by the people of the United Kingdom to leave the single market, so it is perfectly legitimate for the Government to admit that they have got that wrong, and to go back on it.

I was quite interested when a Member—I think it was the hon. Member for West Aberdeenshire and Kincardine (Andrew Bowie)—referred to the high turnout in the EU referendum and used that as a basis for treating it as binding, conclusive and final. It might surprise some people, but the percentage of eligible voters in the UK who voted to leave the European Union was lower than the percentage of eligible voters in Catalonia who voted to leave Spain. I suggest that if the EU vote is binding, conclusive and final, the future of Catalonia has been determined by its people. Of course, the Government do not want to fall out with Spain, so they will not recognise that.

**Andrew Bowie:** The difference between those two referendums is that the one on our membership of the European Union was legal, whereas the one on Catalonia's membership of Spain was not legal in any way. It was an illegal referendum, as has been recognised by the European Union and the United Nations.

**Peter Grant:** It was legal according to the wish of the people of Catalonia. The referendum in Gibraltar was illegal, but the United Kingdom was quite happy to recognise it and act on its result—and I think it was right. We must be very careful about quoting the European Union as the arbiter of what is and is not acceptable as a way for any nation or people to seek to determine its own future. That does not quite sound like taking back control to me.

To go back to the matter we are supposed to be debating—the petition signed by just over 137,000 people across the United Kingdom—part of the issue I have with it is that some of the statements of fact at the start are quite simply untrue. The European Union is not, and never has been, intent on deliberately punishing the United Kingdom for a decision by its people. For all its faults, at its heart, the European Union wants to see itself as an organisation that respects democracy. That is why, despite the comments from the hon. Member for Ealing Central and Acton (Dr Huq), who has not been able to stay for the rest of the debate, it will not be easy to get back in after we leave. The United Kingdom would be disqualified from applying for membership of the European Union because we are not democratic enough, since more than half of our legislators in the UK Parliament are not elected but appointed on patronage.

The European Union sees itself as an organisation that wants to recognise the will of the people, whether in elections or referendums. What it has said, and will continue to say—I do not think the Government have quite got this yet—is that under no circumstances will the European Union allow the United Kingdom to have a better relationship with the EU by leaving than we would have had had we stayed. That is perfectly understandable and logical; it would be astonishing if it did anything different.

The petition also talks about a “settlement fee”. There is no settlement fee. There have been discussions to agree the liabilities that the United Kingdom has accrued through commitments it made as a member of the European Union, and any liabilities due to come back to the United Kingdom in the same way. Although it is on a bigger scale and more complex, it is a bit like somebody deciding to leave the house they rent before the end of the month and expecting to get a couple of weeks’ rent back because they decided not to stay until the end of the rental period.

If we scale that up several million times, that is what the European Union has been saying to the UK and what the UK has accepted in its relationship with the European Union. Talking about it as a settlement fee or a divorce payment, as many in the media have done, is misleading and steers people down the path of saying, “This is clearly unfair. Let’s just leave without even bothering to wait to fulfil our international legal obligations.”

I think the reason that the petition has attracted so many signatures has been mentioned. There is a clear malaise about politics in these islands. People are fed up with politicians and political parties. They are fed up with the notion that someone can tell blatant lies during a referendum campaign and it does not matter as long as they still win at the ballot box. People do not want that any more. They are fed up with politicians who make promises when everybody knows the promise will be broken.

I am sorry to say that we have not seen any change in that practice from the present Government; we only have to look at the backsliding on the firm commitment that there would be changes to the European Union (Withdrawal) Bill in the Commons on Report to avoid any undermining of the devolution settlement. That was a clear promise given by the Secretary of State for Scotland, which was completely ignored when the crunch came. When politicians are allowed to break promises like that and get away with it, it is no wonder that the public begin to lose faith in all of us.

**Luke Graham:** The hon. Gentleman has made a few valid points in his speech about ensuring honesty and clarity over the course of this debate. He made specific reference to clause 11, which was debated in the main Chamber just last week. In the interests of clarity and honesty, does he accept that amendments were not made because there are ongoing negotiations between the devolved Administrations and Her Majesty’s Government? An agreement has not yet been reached and when it has been we can table amendments and make them? Does he also accept that it is not over yet? The Bill goes to the House of Lords but it will come back to the Commons, when both he and I will have the chance to approve, reject or propose amendments in lieu.

**Peter Grant:** That prompts the question as to why the Secretary of State for Scotland made those unconditional guarantees at the Dispatch Box. There was a time when a Minister who made promises at the Dispatch Box and did not keep them could not possibly remain a Minister. Perhaps, if we were prepared to go back to those days, we could start to rebuild some of the trust that has been lost.

One of the great ironies is that, while a lot of the emotion linked to petitions such as this is the result of a lack of trust in politicians, both the hard Brexiteers and the not-so-hard Brexiteers on the Government side are asking us to trust the entire future of our nations to a small and not particularly accountable group of Government Ministers and advisers in the negotiations. To me, that seems completely illogical. If the process has been driven by people’s loss of trust in their politicians, the one thing we should not be doing is passing legislation that allows a few Ministers to go off and do what they like, with little or no effective scrutiny or holding them to account.

I will not say “blame” because I do not like using the word, but I think certainly the Conservatives, and the Labour party for a number of years, deserve to be strongly criticised for not standing up to dismiss the EU myths. I know that Labour have begun to do it more recently, but by that time it was too late. Instead of David Cameron saying that as part of his EU negotiation he would put an end to benefits tourism, why could he not have just told the truth and said, “We don’t need to put an end to it because it doesn’t really exist to any noticeable extent in the first place”? Why did he not say, “We’re going to use the rights we already have to prevent benefits tourism in its entirety”? Why, when there was so much talk about the damage being done to our economy by immigration, did no one in the Government stand up and say, “Immigration is good for our economy”?

**Antoinette Sandbach:** It is all very well to explain that, but when we look at the signatures on the petition, they come from areas that have had very large impacts from inward migration from the European Union. That was largely caused during the period when former Prime Ministers Blair and Brown could have put restrictions on the number of EU migrants coming in, and did not. That is what has caused the issues, because the volumes coming in meant that it was difficult for local councils to adjust to the demands on their services. I do not accept the hon. Gentleman’s point on that matter.

**Peter Grant:** The hon. Lady makes a valid point, and I have a lot of sympathy with her. However, the fact is that under the existing freedom of movement rules within the European Union, if the UK Government determined that there were particular geographical areas of high unemployment, for example, they would have the authority to take steps to restrict freedom of movement in those areas. That is just one example.

The hon. Lady is absolutely right to talk about the difficulties that local authorities, health authorities and so on have had in dealing with a significant number of people, whether they have come from the UK or elsewhere. A significant increase in the population of an area in a short time does cause difficulties, which were made much worse by the complete inadequacy of the system of Government funding for local services, certainly in

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England; I do not know whether it applies in Northern Ireland or Wales. Local authorities simply were not given the powers they needed to take decisions to cope with increased demand for their services, because it was easier for some people to blame it on immigrants than on a failure of Government policy.

We have seen the EU myths that were never properly challenged; we had the myth again today about the all-powerful European Commission, able to impose laws on the United Kingdom. It is not. The Parliament of Wallonia was able to hold up the comprehensive economic and trade agreement deal. The Parliament of the United Kingdom tried to prevent the relevant UK Minister from signing it, but they went off and signed it anyway, against an explicit instruction from the European Scrutiny Committee acting with the full authority of the House of Commons. The Scrutiny Committee said to the Minister, "No, you don't sign it." The Minister went and signed it anyway.

The lack of parliamentary control and scrutiny over what has been happening in Europe for the last 20 years is not down to problems with the European Union. It is down to this Government and previous Governments being prepared to ride roughshod over the will of the House when it suited them.

If we were to accept just walking away from the European Union right now, none of these great international trade deals, which we are told will suddenly come out of the pipeline a few days after we leave, will be possible. Who will go into a major trade deal with anybody who says, "Oh yes, we had the biggest trade deal in the economic history of planet Earth, and we walked away from it and didn't even stay to comply with the obligations we'd adopted and agreed to under that. We welched on the last trade deal we had; can we have a trade deal with you, please?" That is not going to happen. Even as a matter of self-interest and to present ourselves as an honest trading partner to future trade deals, we must ensure that we fulfil the obligations of our existing EU membership.

I do not have to hand figures for the rest of the United Kingdom, but in Scotland, we currently have £15.9 billion-worth of exports that go either to the EU or to countries to which we have access because of our EU membership. That is 56% of all Scotland's international exports, and the figure is likely to rise to between 80% and 90% by the time we actually leave the European Union, because of the number of new trade deals that are coming on stream. We are looking at a potential drop in Scotland's GDP of £12.7 billion if we leave without a deal. Actually, there is no scenario of leaving the EU that does not cause a reduction in Scotland's GDP, but leaving with no deal is by far the worst. People would on average be £2,300 worse off. Who was it who said that nobody voted to make themselves poorer when they voted to leave the European Union? Perhaps they did not vote for that, but if we leave without a deal, it is what is going to happen.

I respect the views of the people who have signed this petition. I take offence at those who say that I am accusing people of being stupid. I would never use words such as "traitor" or "disloyal" to anybody simply because they voted or spoke in a way that I disagreed with. It is mainly Conservatives who have had those

terms thrown at them, and worse, simply for following what they think are the interests of their constituents. That is despicable and should be called out and condemned unreservedly by us all whenever it happens. I have spoken out previously when people who claim to be on the same side as me have used similar inflammatory language about people they disagree with. There is simply no place for that in any democratic and free society.

That said, I genuinely do not understand what people who signed the petition think would happen if we were to leave the EU tomorrow without a deal. Let us say that we did leave tomorrow without a deal. There is no agreement on the future of the 3 million EU nationals living in the UK or the 1.5 million Brits living in the European Union. There is no deal about no border in Ireland, and that quite possibly means there is no longer a peace process in Ireland. There is no deal that allows our planes to continue to fly to the EU's airports and its planes to bring us back from our holidays afterwards.

I think that the Prime Minister was highly irresponsible in coming up with the cheap line that no deal is better than a bad deal. The final sentence of the last report from the Exiting the European Union Committee was that it could not envisage, or it would be difficult to envisage, any scenario that the negotiating team would bring back that could possibly be as damaging as leaving the European Union without a deal, so let us get rid of that terminology, the sloganising, and the sound bites. They might sound good and get a few cheers on the front page of the *Daily Mail*, but they are contributing to a negative part of the whole debate. No deal is not better than a bad deal. No deal is the worst of all possible deals. This Parliament should have the courage of its convictions and send that message out, and each of us should be prepared, if need be, to say face to face to those of our constituents who signed the petition, "I know that you have done this sincerely and this is what you believe, but I cannot support it, because I am convinced that it is a recipe for complete and utter disaster."

6.23 pm

**Jenny Chapman** (Darlington) (Lab): It is a great pleasure to serve again under your chairmanship, Mr Hanson.

We have had a good debate. Much of it has been very familiar in subject and theme, but the petition has succeeded in achieving something that I never thought I would see, which is that everybody who has spoken has been in agreement on the undesirability of accepting the instruction contained in it. I have been in so many Brexit debates during the past year and a half and that has never happened before, so we should at least acknowledge it. We have managed to find many things to disagree about, none the less.

It will not surprise anybody to know that I fundamentally disagree with the petition. The very first line says that we should

"walk away from the Article 50 negotiations and leave the EU immediately with no deal."

We have agreed to take part in negotiations, as we accepted we would when we triggered article 50. It is suggested that we should walk away and not complete that task. I do not think, and clearly nobody here believes, that that would be the right thing for the United Kingdom to do.

I speak as somebody who campaigned for remain. We all seem to have to tell our little Brexit biography when we make these speeches. I campaigned for remain; my constituency voted 56% to leave. To be completely honest, that caused me to reflect, to think and to listen incredibly hard to what my constituents were telling me through that vote and what they expected me to do about it. Having promised throughout the campaign that I would honour, respect and abide by the outcome of the referendum, that is what I intend to do and what I have done through the triggering of article 50 and the process subsequently. But the listening is two-way. I have had to explain to my constituents that this is a process and it will take far longer and use up far more energy than I think any of us would really like, but it needs that energy, focus and attention from Parliament and the Government in order to result in a good deal.

I have days when I pretty much think, “Oh my goodness, why are we doing this?” You want it to stop. I think the public are bored with much of this, if I am honest. There was a time when Brexit was the first thing that people spoke about, it was the topic of heated conversation down the pub, but I think that for many people that is declining now. Since the general election, the debate has been moving on and there is growing acceptance that Brexit is going to happen, but that makes the responsibility all the more keenly felt by us that we must deliver a deal that is worthy of our country.

Whenever we discuss these things, we inevitably talk a great deal about trade and about WTO tariffs and crashing out. I heard the admonishment from the hon. Member for Sutton and Cheam (Paul Scully) about the term “crashing out”, but his colleagues used it, so I am using it as well; we all know what we mean. We talk about what a disaster that could be for this country, and particularly for certain sectors. It is true that some businesses and sectors and possibly some parts of the country could withstand it, but I do not believe that my region, the north-east, could do so. The National Farmers Union has been clear that farmers would have a lot to say about 30% or 40% tariffs on exports to the EU. The automotive sector would have an awful lot to say. I think that the customs checks that would need to be implemented overnight, for which we are not prepared, would have a disastrous effect on our ports and airports. The port of Dover estimates that even a two-minute delay in the time taken to process each lorry would result in 17 miles of tailbacks. The people of Kent would not thank us for that.

We also talk very often about the impact on financial services and the immediate loss of passporting, which enables banks to do business across the EU without setting up subsidiaries or relocating. The Financial Conduct Authority says that 5,467 firms rely on passporting rights. The immediate loss of that would be a catastrophe for that sector. The UK has a trade surplus of £11 billion in services, and the loss of passporting would be disruptive, expensive and incredibly time consuming.

We really do not know what the impact would be in the wider economy. We suspect that it would probably not be good. It would be good, responsible and transparent government if some impact assessments were conducted and published. I do not intend to go round that whole debate again this evening, but it has not helped confidence in the Government’s handling of this process to have had the row about impact assessments. I am thinking of

the misleading statements that were made about whether or not there are impact assessments and what they consist of, and the embarrassment that must surely have been felt by the Department about that whole saga.

Another thing that is said is, “You have voted now. You have triggered article 50. What about the withdrawal Bill?” The reason we are undertaking the whole process of the withdrawal Bill is so that we can align our rules with those of the EU once the Bill has passed. It has not passed yet, so were we to leave before that Bill has passed, we would have massive holes in our book of rules—how we run the country. Even when it has passed, one could say that not much would change in terms of regulation and red tape. The Government have done that, although we think they are doing this process incredibly badly. One could say that the Government are doing it deliberately in this way so that a deal can be made more easily once the withdrawal Bill has passed and we reach the end of negotiations.

All the Bill does is enshrine EU regulations in law, but it does not provide on its own for reciprocal recognition; that would need to be part of a future relationship agreement. It is not properly understood that the withdrawal agreement the Government are negotiating and the future relationship agreement or deal, which is probably of the most interest to our constituents, are separate things. There is a good chance that we will not know the future relationship—the future trade deal or whatever form it happens to take—by March 2019, so it would be very dangerous indeed to leave the European Union now, before that process is complete.

**Wera Hobhouse:** The hon. Lady has admitted that we had a good and constructive debate about how we all need to have a good deal. Is there not a danger that we end up with a good deal that we all agree with, but it will look very much like being a member of the European Union? In the end, everyone who voted, for leave or remain, will look at it all and say, “What was all this about and why did we go through all this pain when the end is similar—just a little bit worse—to what we had as members of the European Union?”

**Jenny Chapman:** I do not know what deal the Government are going to make. I hope that they are capable of making something better than no deal. If the phrase “No deal is better than a bad deal” ever meant anything, it is losing whatever credence it had. I do not know how little confidence they have in their own negotiators that they would come back with something that bad. It is important that the deal we reach protects jobs and the economy. I think that is what the hon. Lady wants, but the Labour party recognises that it is also important that the deal recognises the outcome of the referendum. That is a difficult thing to achieve and a difficult thing to encapsulate in a single sentence. That is where the negotiations will succeed or fail, because the deal that is reached must settle the relationship we have with the European Union for 20 or 30 years, perhaps longer. We cannot have a perpetual state of negotiation and renegotiation, and referendum after referendum.

**Antoinette Sandbach:** Does the hon. Lady agree that, from that point of view, EFTA membership is very attractive? One of the big concerns and reservations my constituents have is around ever closer union. EFTA gives

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us the benefit of a close relationship and a trading relationship without the political institutions, but still delivers that close and special partnership with the European Union.

**Jenny Chapman:** Well, it could, but we should not be so lacking in imagination that we cannot conceive of alternatives that may also offer benefits, without being tied to an existing form or treaty. Sometimes we disappear down the rabbit hole of the customs union, the single market and existing forms of arrangement. Actually, we might be able to do better than that. Let us keep those on the table, rather than do what the Prime Minister thought she was doing in the Florence speech and take them away. It is conceivable that something else may be possible. The option the hon. Lady outlined does have the benefits she describes and it should never be written off without proper debate and negotiation. I fear that that is what the Government initially attempted to do. Although post-phase 1, one could argue that that is back in play—we shall see.

Another thing that frequently comes up in these debates is the plight of UK citizens in Europe and EU citizens in the UK. People have been described as bargaining chips in this process, so what would happen to those bargaining chips if the negotiations did collapse because we walked away? They would be left in a very precarious situation indeed. They would have no status and no rights, and that is not a situation that we should take lightly. I am pleased that hon. Members have made that point in this debate and it ought to be something we consider very carefully.

There are also the issues of crime, counter-terrorism, exchange of data, the arrangements we have with Europol and the European arrest warrant. We are a member of all of those things by virtue of the fact that we are part of the European Union. It may be that we can have separate deals on those issues—who knows? But we certainly would not if we just walked away, as the petition urges us to do. We would also become less attractive to future trade partners. The public perception of the incompetence of this Government would only be enhanced were they to take that route—so perhaps there is something in it—but it is difficult to imagine a worse outcome for Britain than failing to agree a deal.

The issue of Northern Ireland and the Irish border may be the most difficult to solve. Looking at the approach the Government intend to take, I do not think anybody should have anything to do with these negotiations until they have been to the border and spoken to people who live there, community leaders and business leaders in Northern Ireland, because it is the most critical issue for anybody living in that part of the world that there is no return to any form of infrastructure on the border. One can conceive of any number of possibilities, such as a digital border, light-touch border checks and arrangements for small businesses but not for others. All those things are possible, but I tell the Minister that any kind of infrastructure on that border will make peace and the conduct of daily life in that part of the world impossible, and that must not be allowed to happen.

It is good that phase 1 rules out the prospect of a separate deal for Northern Ireland and some kind of border down the Irish sea. That is welcome. There needs

to be a solution that preserves the integrity of the Union, but one cannot then say that we will have any other kind of border infrastructure on the island of Ireland. I am very interested to find out quite how we solve that in the context of what was agreed in phase 1. The statements made on the alignment of regulations are fascinating. Now that those things are going to be put into a legal document, we will have to get some real resolution to these questions and not the fudge and clever use of words we have seen so far.

I have heard other people say, “Oh, you are catastrophising when you talk about Northern Ireland in that way.” We are not. There are still shootings in Northern Ireland—61 incidents last year. There are still people active in that part of the world who are prepared to use those methods. That is not something we should take lightly. Many of my constituents fought in Northern Ireland and they understand what this means. Whether they voted to leave or remain, they understand that this is not a question that can just be skirted over or somehow dismissed. It needs a proper resolution and any outcome that reinstates a hard border would be fought against by my constituents, even those who voted to leave.

Another reason for us to reject the petition is consistency. The Labour manifesto in 2017 said that

“leaving the EU with ‘no deal’ is the worst possible deal for Britain and that it would do damage to our economy and trade. We will reject ‘no deal’ as a viable option and if needs be negotiate transitional arrangements to avoid a ‘cliff-edge’ for the economy.”

Some of the Prime Minister’s words can be interpreted as almost agreeing with that sense of needing a transitional period and being willing to negotiate in that way. That is welcome, and we should say that it is, but she now has to deliver that and keep the confidence of her parliamentary party while she does so—let us hope that she can.

Nobody voted to be poorer, to lose their job, for chaos or to be less safe. That is what would happen if we accepted the petition, as we are urged to do. It is very good indeed that everybody here agrees that that would be a bad outcome. If we can take anything away from today, it is that we accept that a deal is the best outcome and that walking away with no deal would be a disaster for the UK and is something that we should resist as far as we can.

6.41 pm

**The Parliamentary Under-Secretary of State for Exiting the European Union (Suella Fernandes):** Thank you for your stewardship and chairmanship of this worthwhile and interesting debate, Mr Hanson.

I pay tribute to my hon. Friend the Member for Sutton and Cheam (Paul Scully) for leading the debate, on behalf of the Petitions Committee, on whether the UK should leave the EU immediately. I must say that I very much enjoyed listening to his contribution and those of many hon. Members today. He has been a passionate campaigner for Brexit for many years. I applaud the sensible, pragmatic and optimistic message that he voiced and set out, which was echoed by many hon. Members who took part in the debate.

I was particularly struck by the chord of unity and agreement and the consensus that emerged from this debate. From Members who took opposing sides in the referendum debate, from all over the country and from different political parties, there has been a total consensus that the UK should not walk away from the negotiations

now, should continue to build on the progress that has been achieved and should work towards seeking that new, dynamic relationship with the EU through an agreement. I share that optimism and pragmatism that has been expressed today by many Members. I also share their call for unity, which was particularly expressed by my hon. Friend the Member for Ochil and South Perthshire (Luke Graham)—a unity that unites all of us behind a shared vision of a Britain of the future: one that is global, open, dynamic and prosperous.

Combined with that optimism and that call for unity is a shared acknowledgment of the need for patience. Again, that has been voiced by many today, including the hon. Member for Edinburgh West (Christine Jardine) and my hon. Friend the Member for West Aberdeenshire and Kincardine (Andrew Bowie). Time is needed so that we can make the best of Brexit and strike a successful and prosperous agreement with the EU.

The Government's position has been very clear: the United Kingdom voted to leave the European Union and there must be no attempts to remain inside the EU, no attempts to rejoin it through the backdoor and, importantly, no second referendum. To do so would undermine our democracy and destroy the vital trust that lies between citizen and state, between voter and representative. That commitment to leave the EU is steadfast on the part of the Government. It means leaving the customs union and the single market when we leave the EU. It means regaining control over our laws, our border and our money. It means restoring our ability to be a leader in global trade and to set our own independent immigration, agricultural and fisheries policies. It means benefits for consumers, businesses and our democracy.

The Prime Minister has also been very clear that the UK will leave the EU at 11 pm on 29 March 2019—a date that is fixed as a matter of law under the article 50 process. This will reduce uncertainty to businesses and the public: we will leave the EU no later and no sooner than that fixed point.

**Antoinette Sandbach:** I just want to take the Minister back to her point about democracy. Does she accept that no Parliament can bind another Parliament and that, although I am not advocating a second referendum and it is not something I support, as a matter of principle it is not anti-democratic to hold one?

**Suella Fernandes:** The referendum that we saw in 2016 was a brilliant example of a thriving democracy. That vote, whether it had been to leave or to remain, although the majority vote was to leave, was a vote of confidence in our democratic process. It was a vote of confidence in Britain, and it is incumbent on all of us to respect that result and deliver that outcome.

The position respects the vote of the people in the referendum of 2016 to leave the EU. It also reflects the will of Parliament. The Government have successfully triggered article 50, pursuant to an Act of Parliament passed last year in the Commons on Second Reading by 498 votes to 114—an overwhelming majority—and they are negotiating for a good outcome that works for both the people and businesses in the UK and those in the EU.

As someone who campaigned to leave the European Union, I understand that those who signed the petition are impatient to leave the EU and are asking the

Government to leave the negotiations before 2019. However, the Government are responding in a responsible manner, balancing the needs of adapting to our new post-Brexit landscape with ensuring that we are in the best possible position to really grasp all the advantages that Brexit will bring, so that we can have a smooth and successful Brexit. That is why an implementation period is so important.

Furthermore, we do not believe that the “punishment deal” mentioned in the petition will come to pass. Striking a free trade agreement with the European Union will be mutually beneficial to both parties. We want a rich, prosperous new partnership with our European friends and allies, and we believe that that is eminently possible. Seeking the best deal for the UK and maximising the benefits of leaving the EU, while maintaining the greatest possible access to EU markets and continuing to work with our European neighbours on common problems such as terrorism and security, is vital if we are to ensure that we manage the prospects of life outside the EU.

In addition, after withdrawal the UK will bring an end to the direct jurisdiction of the European Court of Justice. As the EU has confirmed, we have already made significant progress towards a good deal, as was set out in the Government's joint report in December, striking agreement on citizens' rights, on a financial settlement and in relation to Northern Ireland. For me, and for the Government, that provides great confidence that we can achieve a more positive deal going forward, and significantly reduces the chance of a no-deal scenario.

However, let me be clear: while we want and expect a good deal with the EU, the Government have a duty to plan for a range of eventualities, including the unlikely scenario where we leave the EU without a deal. That is common sense and it is prudent. Our plans are carefully developed to provide the flexibility to respond to a range of negotiated outcomes and to prepare us for the unlikely eventuality of not securing a deal.

Some of the Government's planning has already become evident. Each Department has a clear understanding of how withdrawing from the EU may affect its existing policies in a wide range of outcomes. To support Departments, the Treasury has already given those such as the Department for Environment, Food and Rural Affairs, the Home Office, Her Majesty's Revenue and Customs and the Department for Transport, nearly £700 million to prepare for Brexit, and is making an additional £3 billion of funding available over the next two years.

On a legislative front, as well as the European Union (Withdrawal) Bill, the Government are already introducing other legislation, such as our Trade Bill, which will allow the UK to develop an independent trade strategy. The Sanctions and Anti-Money Laundering Bill will lay the groundwork for an outstanding international sanctions regime, and the customs Bill will set a framework for delivering an effective customs regime. Legislation on nuclear safeguards arising from the UK Parliament will deliver a regime for the future landscape on nuclear safeguards.

**Antoinette Sandbach:** Does the Minister accept the recommendations of various Committees, including the Business, Energy and Industrial Strategy Committee, for example, that we should seek to rejoin Euratom, or seek associate membership? It would cost around £4 million,

[Antoinette Sandbach]

which would be a far cheaper option, and would instantly align us with a nuclear safeguards regime that is worldwide, rather than just European, permitting our power stations to keep providing electricity for our homes and constituents. Although I appreciate that the Bills are being introduced, does she see that that is a sensible option?

**Suella Fernandes:** No. The Government's policy is to leave Euratom, because although it provides some benefits, it also subscribes us to a jurisdiction and legal framework that are not aligned with our objectives in leaving the European Union. Our Nuclear Safeguards Bill provides us with an opportunity to combine exactly the objectives that my hon. Friend set out with honouring the legislative requirements of leaving the European Union.

**Peter Grant:** Does the Minister not accept that the Government might have got things the wrong way around? They decided that they wanted to get away from any influence from the European Court of Justice, and despite the damage that that is now doing to our future nuclear safety regimes, for example, that red line has become almost an obsession. Regardless of what disadvantages it brings with it, the Government seem to be hell-bent on not moving any of those red lines by as much as an inch. Is that not just silly?

**Suella Fernandes:** A vote to leave the European Union entails an end to the jurisdiction of the European Court of Justice. That is what this Government are committed to and that is what will be delivered. It is essential if we are to regain the benefits of leaving the European Union.

Although the Government do not want or expect a no-deal scenario, we have a duty to plan for all eventualities, so we continue to develop those plans to ensure that we are prepared when we leave the EU at in March 2019. Alongside the necessary legislation, we are procuring new systems and recruiting new staff where necessary to ensure a smooth exit regardless of the outcomes. However, to walk away from the negotiating table now and leave immediately would be counterproductive and unnecessary, especially in light of the progress made in December on the first stage of the negotiations.

First, consider the financial settlement. Far from the punishment deal anticipated by the petition, we have achieved a good deal for UK taxpayers. Britain is a nation that honours its obligations, and we will honour our share of the commitments made during our membership while ending the vast sums of money going to the EU every year. Crucially, we have ensured that our rebate will continue to apply, and that the EU will reduce the settlement accordingly. The settlement may be paid over the course of several years, but the Government estimate that it will be between £35 billion and £39 billion, equivalent to roughly four years of our current budget contribution, around two of which we expect will be covered by the implementation period.

As the hon. Member for Glenrothes (Peter Grant) pointed out in his speech, the money is not a divorce bill. We have agreed a fair financial settlement with the EU, enabling us to move to the next stage of negotiations. We will soon see significant savings from our payments to the EU, compared with what we would have paid had we stayed in. We will continue to benefit from EU programmes under the budget plan. No UK region will

lose out on EU budget funding, and anyone who gets European funding—local councils, regional bodies, UK businesses, scientific researchers, Erasmus students or charities—can continue to bid for and receive funding until the end of their projects.

From the beginning, the Prime Minister has been clear that safeguarding the rights of EU citizens is her priority. In her open letter in October, she made it clear that we

“hugely value the contributions that EU nationals make to the economic, social and cultural fabric of the UK”,

and that we want them to stay. We are pleased that that commitment is reflected in the joint report of December. The agreement reached in principle will provide citizens with certainty about their rights going forward, enabling families who have built lives together in the EU and UK to stay together. The agreement gives people more certainty not only about residence but about healthcare, pensions and other benefits. The agreement will cover only those people defined in the withdrawal agreement. Anyone arriving in the UK after the specified date who does not fall in that category will be subject to future arrangements.

Those who signed the petition may well have had concerns about the European Court of Justice. At present, the UK is bound by all ECJ decisions; hundreds of decisions every year have effect in the UK, whether or not the case originated in the UK. That will end. The UK will take back control of its laws, and UK courts will have the final say on UK cases. EU citizens' rights in the UK will be upheld by implementing the agreement into UK law.

**Antoinette Sandbach:** Of course, we will still be subject to the rulings of the European Court of Human Rights. My constituents have a great deal of difficulty understanding the distinction between the two. Will the Minister confirm that it is Britain's intention to remain bound by the judgments of the European Court of Human Rights? The judgment in the Abu Hamza case, for example, prevented us from deporting him.

**Suella Fernandes:** As my hon. Friend rightly points out, the European Court of Human Rights arises from the European convention on human rights, totally separate from the European Union and its legal structures. It is a source of much of our rights culture here in the UK, transposed through the Human Rights Act 1998. She is right that we are, and will continue to be, bound to honour that document and the decisions of that court.

**Jenny Chapman:** I am listening to what the Minister is saying, and I have a lot of time for the interventions from the hon. Member for Eddisbury (Antoinette Sandbach). I represent a leave seat and, to be completely candid, nobody has raised concerns with me about the ECJ being involved in issues such as nuclear safeguards or even EU citizens' rights in this country. In those limited respects, and possibly much more widely, no one has raised it with me. It is slightly misleading to suggest that there is huge outcry and dissent about that particular issue. I do not believe that it is true, and it is not borne out by any of the discussions in my leave seat.

**Suella Fernandes:** I must disagree with the hon. Lady. I think that sovereignty, whether it is parliamentary or legal sovereignty, were key factors in the referendum.

**Jenny Chapman:** On nuclear safeguards?

**Suella Fernandes:** On many issues. Whether on immigration, on which the ECJ has the final say, or on nuclear safeguards, ending the ECJ's jurisdiction is integral to leaving the European Union, and the two cannot be divorced.

To resume my point—in the UK, EU citizens' rights will be upheld by implementing the agreement in UK law. In the interest of the consistent interpretation of citizens' rights, the UK has agreed that a narrow group of issues will be referred to the ECJ for interpretation, with due regard to whether relevant case law already exists. That will be up to our courts and they will make the final judgment, not the ECJ. In practical terms, that is a very limited role: our courts refer only two or three cases of that kind to the ECJ every year. In any case, there is a sunset clause after which that voluntary reference to the ECJ will come to an end. In short, any continuing role for the ECJ in our legal system will be voluntary, narrowly defined, and time limited.

A further reason why the Government seek to continue their negotiations with the EU rather than to leave before March 2019 is the advantage gained by securing an implementation period, as set out by the Prime Minister in her Florence speech. The implementation period will be strictly time-limited and mutually beneficial—it will be in everyone's interests. Let me be clear: it is about not delay, but preparation.

An implementation period is essential to make the most of Brexit. We want to leave the EU, but we want to leave successfully. We want to base the long-term trajectory of our country as an independent nation outside the EU on prosperity, growth and taking back control. The best way to achieve that is by causing the least disruption.

An implementation period is important because businesses and public services will have to plan for only one set of changes in the relationship between the UK and the EU. At the end of that period, all our systems, procedures and structure will be in place and ready to go. There will not be one set of changes in 2019 and one at a later date. Many hon. Members have spoken on behalf of the business community, which has been clear about the importance of the implementation period to its planning. An implementation period provides certainty, which is a clear advantage and one of the key reasons why the Government are seeking to make a beneficial deal with the EU, rather than to leave prior to March 2019.

I thank hon. Members for their contributions to this interesting debate. To reiterate, there is no doubt that we are leaving the EU, the customs union and the single market. We are seeking a new future partnership with the EU in the second phase of negotiations, and we neither want nor expect a “no deal” or a “punishment deal”. We are confident that we can achieve a mutually beneficial deal that delivers on the will of the British people.

The next phase will not be easy—far from it. We can expect difficult moments and challenges.

**Jenny Chapman:** Will the Minister give way?

**Suella Fernandes:** I will not, because I have been generous in giving way and accepting many interventions.

It is now important for talks to move forward so that we can work towards agreeing the terms of our future relationship. We want to maintain the beneficial trading relationship between the two parties. We aspire to continue to co-operate on an array of areas. We also want to lead the world in global trade by striking trade agreements with countries outside the European Union. We need to devise our own independent immigration policy and restore judicial sovereignty to UK courts. As the Prime Minister set out, we will leave the EU on 29 March 2019 in accordance with article 50. We want to give businesses and the public the certainty that they need to ensure a smooth transition.

As elected representatives, we all have a duty to honour the result of that historic 2016 vote. It was a vote of confidence in Britain, in our democracy, in our country forging a new path, and in a country free to harness its people's abilities, talents and genius—

**Jenny Chapman:** On a point of order, Mr Hanson.

**David Hanson (in the Chair):** I very much hope it is a point of order.

**Jenny Chapman:** I would not let you down, Mr Hanson. Is it in order for a Minister to decline to take an intervention when she has 25 minutes remaining and she has not addressed many issues that have been discussed, including Northern Ireland and the border?

**David Hanson (in the Chair):** I am grateful for the point of order, but the Minister has the Floor. She can give way or not, according to her preference.

**Suella Fernandes:** Thank you, Mr Hanson.

Our country will be free to harness our people's abilities, talents and genius to develop a new, dynamic and beneficial future for our country. It is eminently possible that we will strike an agreement between the EU and the UK. Let us get on with the job and deliver for the British people.

7.5 pm

**Paul Scully:** I pay tribute to all hon. Members for such a good-natured debate—unlike some other debates and headlines. I am dismayed at some of the words spoken to my hon. Friend the Member for Eddisbury (Antoinette Sandbach). They are demeaning and deplorable, and frankly, they do not get anybody on either side of the debate anywhere. For that reason, I am pleased that the words chosen in the debate have been useful and careful. To the hon. Member for Glenrothes (Peter Grant), I say that I chose the word “buccaneering” carefully and used it as an adjective about being adventurous.

When it comes to Brexit, my eyes look to the future, not the past. I am pleased to hear the Minister say that there will be no second referendum. That would weaken our negotiating stance, prolong uncertainty and fuel the very divisions that the people who are calling for that referendum complained about in the first instance.

It is important that we understand the petitioners and that our approach is not patronising. Many people up and down the country signed the petition. They are not too old and they are not stupid. We have had a long

[Paul Scully]

debate. They have the facts that the Committees have come up with since the referendum, but they still signed this petition. We must appreciate what they are saying.

The petition says, “Why wait?”, but as we have heard, we are not waiting. We are working hard, whether that is on the EU (Withdrawal) Bill to ensure that we leave in an orderly fashion, or on the negotiations in which we know we have to compromise at some point. I appreciated President Macron’s interview over the weekend. Although I do not agree with everything that he said, he said it in a fair way. He was representing the views of French people, which is his job. It is up to our Government and us as parliamentarians to represent our people in the UK.

We are making the decision for 40 or 50 years—it is not a short-term decision—so although I am counting down the days to 29 March 2019, it is important to get it right and to concentrate on getting the best bespoke deal that we can. I ask petitioners to stay with us, to remain patient, to talk up our abilities as a country and as an economy, to believe in Britain and to know that our best days are ahead of us.

*Question put and agreed to.*

*Resolved,*

That this House has considered e-petition 200165 relating to leaving the European Union.

7.8 pm

*Sitting adjourned.*





# Written Statements

Monday 22 January 2018

## BUSINESS, ENERGY AND INDUSTRIAL STRATEGY

### Working Group on Product Recalls and Safety

**The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Andrew Griffiths):** Yesterday the Government published their response to the report of the Working Group on Product Recalls and Safety, and announced the establishment of a new Office for Product Safety and Standards.

Setting up the Office for Product Safety and Standards represents a significant upgrade in the Government's approach to product safety in the UK and will, for the first time, give us dedicated expertise to lead on national product safety challenges. It demonstrates our commitment to ensuring that UK consumers receive the highest possible levels of protection from unsafe goods, and that UK businesses are protected from the unfair competition posed by substandard and unsafe products (including imports) and can have confidence in meeting their responsibilities to supply safe goods.

The Working Group on Product Recalls and Safety was set up in October 2016 to provide advice to Ministers on tangible improvements that could be made in the safety of white goods and the recalls system. The Working Group is chaired by Neil Gibbins, former Deputy Chief Fire Officer for Devon and Somerset and former Chief Executive of the Institution of Fire Engineers; and brings together product safety experts, the fire service and trading standards professionals.

The group published its recommendations in July 2017. The Government accept the recommendations in full and are now taking action to address them.

The recommendations, and the headlines of the Government's response to each, are as follows:

There is a need for centralised technical and scientific resource capability to support decision making and co-ordination of activity of Local Authorities and the businesses that they regulate. The Government fully accept this recommendation and today we are establishing the Office for Product Safety and Standards to deliver this capability.

A detailed Code of Practice should be developed with input from all relevant stakeholders; this should be informed by behavioural insights research. This should set out expected good practice with regard to product safety corrective actions (including recalls). The Government fully accept this recommendation and commissioned the British Standards Institution who published a draft code in November. The draft code was widely welcomed and finalised text is expected to be published by March this year.

Full consideration should be given to establishing central capacity to co-ordinate product safety corrective actions at a central level. The Government fully support this recommendation and the Office for Product Safety and Standards will be responsible for providing incident management capability and for maintaining a comprehensive database of corrective actions and recall programmes for consumer goods.

Systematic and sustainable ways to capture and share data and intelligence should be established and agreed by relevant parties—this should make use of existing systems used by Trading Standards and the Fire Service. The Government fully accept this recommendation and the Office for Product Safety and Standards

will establish an intelligence capability that brings together the widest possible range of information and evidence to inform the understanding of risks at industry and product level. Work has already begun to map available data sources and available expertise.

Manufacturers and retailers should continue to work together and through standards setting bodies to develop technological solutions to product marking and identification. This recommendation was aimed at manufacturers and retailers however the Government would welcome further thinking from the business community on the practicalities and costs of taking this forward. The Government themselves are undertaking research on indelible marking which may prove useful to industry in their considerations.

Primary authority provides a key mechanism for ensuring that businesses, local authority and BEIS (Department for Business, Energy and Industrial Strategy) expertise is shared to ensure the protection of consumers. The Government support this recommendation. Primary authority helps businesses to improve their compliance and it supports local regulators in delivering protections for the public. The Office for Product Safety and Standards will work with primary authorities and businesses to provide additional compliance advice based on the latest scientific and technical knowledge.

The registration of appliances and other consumer goods with manufacturers by consumers should be encouraged to make corrective actions (including recalls) more effective. The Government welcome the 'Register my Appliance' initiative developed by the Association of Manufacturers of Domestic Appliances. The Government will continue to work with retailers, fire services and others to see what more can be done to improve the registration of appliances.

An expert panel bringing together trade associations, consumer and enforcement representatives and BEIS should be established. The Government fully accept this recommendation and is looking to build on the foundations of the Working Group on Product Recalls and Safety. The Office for Product Safety and Standards will also work closely with the BEIS Chief Scientific Adviser to consider the potential role and make-up of additional scientific and technical committees.

The establishment of the new Office for Product Safety and Standards will deliver on the Working Group's key recommendation which called for centralised technical and scientific capability to support effective decision making and to help co-ordinate the activity of local authorities and the businesses that they regulate. It also provides the capability needed to address the other recommendations made by the Working Group.

The Office for Product Safety and Standards will enable the UK to meet evolving challenges—responding to expanding international trade, the growth in online retail and the increasing rate of product innovation. It will also help the UK to put in place the most effective system for regulation and enforcement of product safety in preparation for our exit from the European Union.

#### The Office will:

- provide incident management capability to respond to national product safety issues;

- improve the information available to consumers on the Government's product recall website;

- provide central scientific and technical expertise on product safety issues;

- provide support for local authority Trading Standards teams, and for district councils in Northern Ireland;

- support checks at UK borders and the interception of unsafe imports;

- provide improved intelligence and risk analysis to guide enforcement activities; and,

- work with UK business to ensure they are able to meet their compliance requirements.

The Office for Product Safety and Standards will initially be based in the Department for Business, Energy and Industrial Strategy and will have an operating budget of around £12 million per year when it is fully operational. In the longer term, the Government will examine the options for making the Office an arm's length independent body and will look at associated funding options. This will be subject to further consideration and public consultation before any decisions are made.

The Government's response to the Working Group's report marks the culmination of longer term work on product safety and recalls. An independent review of the recall system was undertaken by Lynn Faulds Wood in 2015, with her review published in February 2016. The Working Group has built on that review and made its own recommendations.

On 16 January 2018, the BEIS Committee published its report "The Safety of Electrical Goods in the UK". The Government will respond to the Committee in due course.

The Government response to the Working Group on Product Recalls and Safety sets out in full how we are addressing each of the Working Group's recommendations. That response has now been published, and copies of the documents have been placed in the Library of each House.

[HCWS418]

## TREASURY

### ECOFIN: 23 January 2018

#### **The Chancellor of the Exchequer (Mr Philip Hammond):**

A meeting of the Economic and Financial Affairs Council (ECOFIN) will be held in Brussels on 23 January 2018. European Finance Ministers will discuss the following:

#### *Early morning session*

The Eurogroup President will brief Ministers on the outcomes of the 22 January meeting of the Eurogroup, and the Commission will provide an update on the current economic situation in the EU.

#### *Deepening of the Economic and Monetary Union (EMU)*

The Council will hold a policy debate on the deepening of the EMU.

#### *Current financial services legislative proposals*

The presidency will present information on the current legislative proposals in the field of financial services.

#### *VAT: simplification of rates and simplification for SMEs*

The Commission will present proposals to reform the rules on VAT rates and structures and to simplify VAT obligations for SMEs.

#### *Presidency work programme*

The Bulgarian presidency will present its work programme for January to June 2018, followed by an exchange of views.

#### *European semester 2018*

The Council will be asked to adopt Council conclusions on the Annual Growth Survey 2018 and the Council conclusions on the Alert Mechanism Report 2018. The Council will also be asked to approve a Council recommendation on the economic policy of the euro area.

#### *Action plan to tackle non-performing loans in Europe*

The Council will exchange views on a factual report by the Commission regarding the implementation of the action plan to tackle non-performing loans in Europe.

[HCWS419]

## DEFENCE

### Devonport Collection

#### **The Minister for the Armed Forces (Mark Lancaster):**

My right hon. Friend Earl Howe has made the following Written Ministerial Statement.

I have today laid before Parliament a Ministry of Defence Departmental Minute describing a gifting package which the Department intend to make to the National Museum of the Royal Navy.

Devonport Dockyard had a museum known as the Adelaide Gallery in the first half of the 1800s comprising a number of artefacts including figureheads and items such as flags from ships that served at Trafalgar. Sadly a fire in 1840 destroyed the majority of the collection. However, with the help of volunteers the museum was opened, within the Naval Base estate, in the disused Old Admiralty Fire Station in April 1969. Since opening, the "Devonport collection" has been enhanced by a group of willing volunteers who have accumulated artefacts of both local and national significance.

The current collection is made up of over 100,000 artefacts spanning the period 1588 to the present day. The collection includes naval stores, uniforms, medals, badges, personal kit and also model ships. It also includes silver, china and kitchenware, weights and measures as well as larger items such as figureheads. The total cost of the proposed gift is estimated at approximately £650,000.

The expansion of the collection is such that artefacts are now displayed in eight galleries across three buildings and is managed by a group of over 30 dedicated volunteers and uniformed staff. Currently, members of the public can only visit the collection by appointment.

Given the changes to the Naval Base site and the wider area under the Plymouth and south-west peninsula city deal and the complexities associated with supporting such an extensive collection of historical material, I propose the gifting of the Devonport collection to the National Museum of the Royal Navy in order that it can be suitably conserved and more widely displayed in Plymouth for current and future generations allowing greater access to the public.

The Departmental Minute, which I have today laid before Parliament, describes a gifting package to the National Museum of the Royal Navy that will comprise a number of historical items which need the continued support of the professional services that the Museum can provide.

Gifting is expected to be undertaken as soon as possible after the completion of the Departmental Minute process.

[HCWS417]

## HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

### Telecommunications Infrastructure (Relief from Non-Domestic Rates) Bill: EVEL

**The Parliamentary Under-Secretary of State for Housing, Communities and Local Government (Rishi Sunak):** I am today placing in the Library of the House the Department's analysis on the application of Standing Order 830 in respect of any motion relating to a Lords Amendment, for Commons Consideration of Lords Amendments to the Telecommunications Infrastructure (Relief from Non-Domestic Rates) Bill.

Attachments can be viewed online at:  
<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-01-22/HCWS420>.

[HCWS420]

## WORK AND PENSIONS

### Funeral Expenses Payment

**The Parliamentary Under-Secretary of State for Work and Pensions (Kit Malthouse):** I am pleased to announce that it is my intention to lay regulations in the House later today that will make some enhancements to a number of the eligibility conditions relating to the social fund funeral expenses payments scheme, and

simplify the process for making a claim. The scheme makes a contribution to paying the costs of funerals being arranged by people on qualifying benefits.

The changes, which we plan to bring into force on 2 April, were the subject of a public consultation exercise in summer 2017 which generated an overwhelmingly positive response for our proposals. This package of proposals will, among other things, enable claimants to receive contributions from charities, relatives or friends without them being deducted from the overall sum payable toward funeral costs. In future, claimants will have six months from the funeral date in which to make an application for help with funeral costs instead of the current three months. They will also have the option of submitting any evidence needed in support of their claim electronically.

[HCWS416]



# Petitions

Monday 22 January 2018

## OBSERVATIONS

### EDUCATION

#### Fair Funding for Schools

*The petition of residents of Ilkley and Wharfedale,*

Declares that the cuts in spending in schools in Ilkley and Wharfedale will lead to redundancies amongst teachers and teaching assistants, increasing class sizes, reduction in the range of subjects on offer and a decline in educational standards.

The petitioners therefore request that the House of Commons urges the Government to reverse the cuts that have been made to school budgets in Ilkley and Wharfedale; further to protect per pupil funding in real terms in the schools of Ilkley and Wharfedale over the lifetime of this Parliament; and further to ensure no school loses out in real terms as a result of any new funding formula.

And the petitioners remain, etc.—[Presented by John Grogan, *Official Report*, 16 November 2017; Vol. 631, c. 3P.]

[P002080]

*Observations from the Minister for School Standards (Nick Gibb):*

The Department for Education announced the final details of the national funding formulae for schools and high needs on September 14 last year. This followed extensive consultations, with over 26,000 responses from individuals and representative organisations.

The introduction of the national funding formula is supported by significant extra funding of £1.3 billion across 2018-19 and 2019-20, over and above the budget announced at the 2015 spending review. Core funding for schools and high needs will therefore rise from almost £41 billion in 2017-18 to £42.4 billion in 2018-19 and £43.5 billion in 2019-20. As the independent Institute for Fiscal Studies has confirmed, school and high needs funding will be maintained in real terms per pupil for the next two years. With the additional funding, the national funding formula will:

Increase the basic amount of funding that every pupil will attract.

Recognise the challenges of the very lowest funded schools, by introducing a minimum per pupil funding level. Under the national funding formula, in 2019-20 all secondary schools will attract at least £4,800 per pupil, and all primary schools will attract at least £3,500 per pupil. In 2018-19, as a step towards these minimum funding levels, secondary schools will attract at least £4,600, and primary schools £3,300.

Provide a cash increase for every school and every local area from April 2018. Final decisions on local distribution will be taken by local authorities, but under the national funding formula every school will attract at least 0.5% more per pupil in 2018-19, and 1% more in 2019-20, compared to its baseline.

Provide significantly larger increases for underfunded schools, of up to 3% per pupil in 2018-19 and a further 3% per pupil in 2019-20.

Full details on the provisional allocations for local authorities and schools can be found here: <https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs>. These include notional school level allocations showing what each school would attract through the formula.

Under the final national funding formula, schools in Keighley would gain 2.1% more funding if the formula were fully implemented (based on 2017-18 data). Bradford schools will continue to have higher per pupil funding than the national average under the national funding formula, which reflects their individual circumstances, in particular the high proportion of pupils with additional needs (deprivation, low prior attainment, English as an additional language, etc) in Bradford schools. The national funding formula allocates additional funding to schools with high numbers of pupils with additional needs to help those who are most likely to fall behind their peers.

To provide stability for schools through the transition to the national funding formula, local authorities will continue to set their own local formulae, in consultation with local schools, which will determine individual schools' budgets in their areas in 2018-19 and 2019-20. Bradford local authority will be confirming individual schools' 2018-19 budgets in the coming weeks, to provide schools with their allocations ahead of the new financial year as normal.

## TRANSPORT

#### Congestion on the A40 between Witney and Oxford

*The petition of residents of Witney and West Oxfordshire,*

Declares that current high levels of traffic congestion on the A40 between Witney and Oxford have become unsustainable and the residents of Witney and West Oxfordshire require a permanent solution; further that the Government should bring forward proposals for improvements to be made to the A40; further that West Oxfordshire residents and businesses unduly suffer due to current poor provision for roads, cycleways and public transport; further that changes should be made to the A40 to ensure the area's ongoing commercial and residential success; and further that with plans for significant further development at the Oxfordshire Cotswolds Garden Village, alongside other projected growth in the area, the aforementioned factors will continue to worsen over time.

The petitioners therefore request that the House of Commons

And the petitioners remain, etc.—[Presented by Robert Courts, *Official Report*, 20 December 2017; Vol. 633, c. 1243.]

[P002095]

*Observations from the Parliamentary Under-Secretary of State for Transport (Jesse Norman):*

The Government have an ambitious strategy for tackling congestion across the country. This includes significant new investment in both the strategic and local road networks, as well as encouragement for more sustainable transport including buses, walking and cycling.

This section of the A40 is the responsibility of Oxfordshire County Council. But the Government recognise its importance to the economic growth of Oxfordshire. The Government are investing £35 million on public

transport improvements on the A40, alongside £9.5 million for Didcot station, which is a key gateway to Science Vale and the Enterprise Zone. This is in addition to investing some £19.4 million, in this financial year 2017-18, to reduce congestion at key locations and improve the maintenance of local highway assets across the county as a whole.

Oxford and Oxfordshire local authorities and the Oxfordshire Local Enterprise Partnership secured £55.5 million in January 2014 through their City Deal, which runs until 2021. The deal supports business expansion by delivering major improvements to transport links, including the A34 and the A40 'Northern Gateway', with a new £28.8 million link road from the A40 to the A44.

In January 2017, it was announced that Oxfordshire would become home to one of the first Garden Villages in the country, at a site north of Eynsham. The new

garden village will provide much-needed homes and jobs, and is likely to enhance the case for improvements to local transport links, including upgrades to the A40.

The A40 is also likely to be on the Major Road Network. This major new programme will see substantial amounts of new investment available for each road enhancement scheme on the final network, funded from the National Roads Fund, which will be established in 2020-21.

I would encourage local partners to share their views on how to define the Major Road Network and how investments on this new network should be planned and assessed by responding to the Government's consultation, which runs until 19 March this year. I would also encourage local partners to continue to work together to explore further options to address the issues along the A40 for the County Council and the Local Enterprise Partnership to determine priorities for investment.





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