

Monday
5 February 2018

Volume 635
No. 92



HOUSE OF COMMONS
OFFICIAL REPORT

PARLIAMENTARY
DEBATES

(HANSARD)

Monday 5 February 2018

House of Commons

Monday 5 February 2018

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Carillion: Pension Protection

1. **Mrs Louise Ellman** (Liverpool, Riverside) (Lab/Co-op): What steps she is taking to ensure support for former Carillion employees whose pensions will not be covered by the Pension Protection Fund. [903731]

The Secretary of State for Work and Pensions (Ms Esther McVey): Where all sponsoring employers of a defined-benefit pension scheme have declared insolvency, they will enter a Pension Protection Fund assessment period. The Pension Protection Fund will actively work with the scheme administrator to assess whether it is able to buy out the pensions at a higher level than the PPF benefits. Where a scheme cannot do this, PPF will provide compensation. Defined-contribution schemes do not need PPF help, because they do not promise a level of pension—the member keeps the pot they have built up.

Mrs Ellman: The Government have presided over a regulatory scheme where a deficit of about £1 billion has been allowed to build up in the pension fund at the same time as shareholders were receiving dividends. Can the Secretary of State guarantee that all former Carillion employees will receive in full their due pension?

Ms McVey: What the Government did successfully back in 2004 was set up the Pension Protection Fund, which is there to compensate people should their businesses become insolvent. This is what the fund will be doing: affording protection at 100% for those who have a pension. Those not yet on a pension will be getting 90%. The Government are ensuring that businesses are responsible to their employees and their pensions. We will be bringing in stronger corporate governance rules to make sure that boards, trustees, shareholders and stakeholders hold company executives to account.

Mr Philip Hollobone (Kettering) (Con): Financial directors must not cause detriment to any private sector pension scheme. Will my right hon. Friend ensure that the rules and regulations regarding the investigation of this sort of practice are toughened up, because we cannot allow this to happen in future?

Ms McVey: My hon. Friend is absolutely right. The Government are seeking to ensure that the regulator will—our new Bill will come out later in the year—have more rights to fine, follow criminal procedures and look into mandatory clearance. Those of us who have studied corporate governance realise that the rules changed in 1991—the Cadbury report and the OECD corporate governance rules—and were strengthened in 2002. I believe that now, under this Conservative Government, we will be strengthening the corporate governance rules again.¹

Nick Thomas-Symonds (Torfaen) (Lab): My constituents who have paid into pension funds deserve to have those moneys protected. Will the Secretary of State be a bit more specific? What specific changes to corporate governance does she want to see to ensure that high risk behaviour towards pension funds does not happen again?

Ms McVey: We are getting feedback from various businesses on how they think we can best enable and support them. Any knee-jerk reaction might result in unintended consequences. Shining a spotlight on one area could close down loopholes, only for others to open up. This has to be looked at in the round, but, as I said, stakeholders, shareholders and the executive team should be held to account. We will make sure that that happens.

Alex Burghart (Brentwood and Ongar) (Con): Can my right hon. Friend reassure my constituents that the UK's pension protection system has responded effectively to the Carillion situation?

Ms McVey: I can indeed reassure my hon. Friend that what it is doing, and the avenues it is pursuing, are correct and thorough. I met the regulator last week. It is making sure that it investigates these key matters and provides the necessary pension support. Where we need to strengthen in future, we will do so. Equally, I would like to make Members aware of what the pension regulator has done in the past. With regards to the British Home Stores fiasco, which is totally different from this situation, it employed an anti-avoidance measure and got Philip Green to pay his pensioners £363 million. Further prosecutions are coming forward for Chappell, who bought that company for a pound. That is the kind of good work the pension regulator is doing.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): As the Government have responsibility for the pensions regulatory framework, how would the Secretary of State describe a regulatory framework that allows the administrator of a pensions scheme to help to bring about the downfall of the company and the employees it represents, and to profit from that downfall?

Ms McVey: When I hear some of the hon. Lady's comments, particularly those that are out of context, I think about the letter that she has received in the past two days from the UK Statistics Authority, which states that many things she has said are not accurate. The letter said that her remarks—whether about children waking up in poverty at Christmas or linking universal credit with poverty—were not supported, that they were not true statistics and that the sources could not be relied upon. If you will allow me to ask this, Mr Speaker, will the hon. Lady make a statement straightaway about the letter from the UK Statistics Authority?

1. [Official Report, 8 February 2018, Vol. 635, c. 8MC.]

Mr Speaker: I understand the rhetorical significance of the Secretary of State's point, but I must exhort the hon. Member for Oldham East and Saddleworth (Debbie Abrahams) to stick to her last. That is to say, this is not the occasion upon which she is invited to expatiate on the matter. She may find other opportunities if she is so inclined, but she should stick to the line of questioning that is relevant to the questioning of a Government Minister.

Debbie Abrahams: I will indeed do just that, Mr Speaker, especially as there was absolutely no answer to my original question. Hundreds of thousands of ordinary working people including my constituent, Philip Wild, have lost half their retirement income because of the Government's failure to tackle pensions governance—from Carillion to Capita, and BHS to the British Steel Pension Scheme. How many more pensions scandals does the Secretary of State need to see before she introduces the robust regulatory oversight needed to protect people's pensions for the future?

Ms McVey: Obviously, in the light of the letter from the chair of the UK Statistics Authority to the hon. Lady, it needs to be put on the record that the vast majority of defined-benefit pension schemes are working very well indeed. When we do see instances of abuse or illegal goings-on, they are investigated and the people responsible are brought to account. We have a strong Pension Protection Fund, supported by other businesses that are looking after pensioners across the country.

Consumer Advice and Assistance

2. **Gillian Keegan** (Chichester) (Con): What steps the Government are taking to promote the delivery of effective consumer financial advice and assistance.

[903732]

The Parliamentary Under-Secretary of State for Work and Pensions (Guy Opperman): We are committed to ensuring that consumers across the United Kingdom have access to high quality, impartial and free pensions and money guidance services. That is why we are setting up the new single financial guidance body, which is presently in Bill Committee in this House. My hon. Friend will be aware that the Conservative Government's commitment is to a debt respite scheme and a breathing space specifically to address debt.

Gillian Keegan: In a recent poll conducted by Populus and *The Guardian*, 32% of British workers were found to have less than £500 in savings. What are the Government doing to promote long-term savings and to support employers such as the 1,340 in Chichester that have auto-enrolled their employees, currently benefiting 13,000 people?

Guy Opperman: When the debt respite scheme and the breathing space are put into law, the provisions will make a manifest difference to how people are dealt with in respect of debt, as will the single financial guidance body. I would be failing in my duty not to pay tribute to the 1,340 employers in my hon. Friend's constituency of Chichester that are doing a brilliant job in ensuring that there are more people in auto-enrolment, adding to the 9.1 million people across the country who are now auto-enrolled in a private pension—something that we should be very proud of.

Chris Elmore (Ogmore) (Lab): Some 11 million people a year use price comparison sites to gain information on insurers and other products. The Financial Conduct Authority found in 2014 that such sites were not delivering fair and consistent practices. The Competition and Markets Authority has now said the sites should be using the CARE model; that is, they should be clear, accurate, responsible and easy to use. What can the Government do to ensure that these sites are straightforward and easy to use?

Guy Opperman: The simple answer is that I will take that matter up with my colleagues at the Treasury who are handling that point, particularly in relation to the FCA. The hon. Gentleman will be aware that I am in a Bill Committee with the exact same Minister and will probably have an opportunity tomorrow—with the hon. Member for Birmingham, Erdington (Jack Dromey)—to have a discussion about this point.

Mr Speaker: Very reassuring.

Jack Dromey (Birmingham, Erdington) (Lab): A Port Talbot shift supervisor was badly advised by a pensions predator preying on him who made him take the wrong choice. "I will never forgive myself", he said, "because all 20 on my shift followed my lead." In an otherwise welcome Bill, in the words of Baroness Altmann,

"the Government seems to have bowed to industry pressure and proposes to weaken consumer protection for pension customers. By removing a clause introduced in the House of Lords...more people are at risk of losing their hard-earned savings in scams, frauds and unwise pension withdrawals."

She is absolutely right. Will the Government think again?

Guy Opperman: I am grateful to have the opportunity to replay the same debate that we had in the Bill Committee last Thursday. I will give the same answer, which is that, with no disrespect to Baroness Altmann, she is incorrect on this point. The Government are addressing pensions guidance. We have introduced very stringent new laws. We have improved on the point raised by the Work and Pensions Committee, as my hon. Friend the Member for Brentwood and Ongar (Alex Burghart), who sits on that Committee, agreed in the Bill Committee last Thursday.

Mr Speaker: I thank the Minister for his replay.

Mortgage Interest: Effects on Claimants

3. **Nic Dakin** (Scunthorpe) (Lab): What assessment she has made of the effect on employment and support allowance claimants' income of changes to support for mortgage interest.

[903733]

The Parliamentary Under-Secretary of State for Work and Pensions (Kit Malthouse): All claimants will be offered a support for mortgage interest loan paid at the same rate that is currently available as part of their benefit entitlement. There will therefore be no impact on their income. Claimants will pay back the loan only on the sale or transfer of the property, when the loan will be recovered from any available equity.

Nic Dakin: My constituent, who is registered blind yet has paid into the system all his working life, asks how it can be fair that tenants continue, quite rightly, to get support now, but 100,000 or more people like himself are losing that interest support with their mortgages. It is not good enough to say that they will get it back at the end. This is affecting people now. People are worried about their futures and worried about their incomes now. It is not good enough.

Kit Malthouse: Mortgage support is being offered at exactly the same rate as currently. The only difference is that it is now being deferred as a loan recoverable against any equity available in the house should it be sold in the future. Current participants in the scheme should see absolutely no difference unless and until they sell or transfer the house, at which point the taxpayer will recover the support offered.

21. [903754] **Jessica Morden** (Newport East) (Lab): This change to support for mortgage interest will hit very hard thousands of low-income households, half of whom are pensioners. Does the Minister acknowledge that this change has not been well publicised and that, at the very least, the Government should pause and communicate what it will actually mean for people financially?

Kit Malthouse: We have to recognise that we are dealing with support for people who are accumulating what is often a very significant capital asset, and it seems only right that when equity becomes available the taxpayer is able to recover some or all of the support. There has been significant communication on the scheme with the people who are participating in it, and that is continuing. There will be between four and six written communications, and people will be invited to call a telephone number where they can obtain information from a third-party adviser before we get to April, when the scheme comes into play. I am confident that the people who are participating in the scheme at the moment will have enough information. Certainly, large numbers are making a decision either way at the moment.

Carol Monaghan (Glasgow North West) (SNP): I have been contacted by a number of constituents about this issue, including a Mr Milne, a veteran who is surviving just now on a meagre state pension. He fears that this change will force him to sell his house or to have it repossessed. What assessment has the Minister made of the impact of this change, particularly on pensioners?

Kit Malthouse: There is absolutely no reason for anybody to fear forced sale or repossession of a house, not least because the scheme is specifically designed to avoid exactly that. If Members have specific cases where constituents have concerns about the operation of the scheme, I will be more than happy to take them up. If the hon. Lady writes to me about that case, I will provide a response.

Supported Housing

4. **Lucy Allan** (Telford) (Con): What steps the Government are taking to ensure the continuation of funding for supported housing. [903734]

The Parliamentary Under-Secretary of State for Work and Pensions (Kit Malthouse): We have recently completed consultations on the funding models for short-term supported housing and sheltered housing, and will provide a response in due course. We will come forward with our proposals for long-term supported housing by 2020.

Lucy Allan: My hon. Friend is making some useful and valued changes. Will he assure the House that accommodation costs for short-term supported housing such as women's refuges will continue to be funded at existing levels, with the new grant to local authorities being ring-fenced?

Kit Malthouse: It is typical of my hon. Friend that she has the welfare of her most vulnerable constituents at the forefront of her mind. I can confirm that the current proposal on which we have just consulted is that the section 31 grant paid to local authorities for provision of refuges and other short-term supported housing will be ring-fenced.

Mr Clive Betts (Sheffield South East) (Lab): The Government's proposals are an improvement on their initial proposals, but one element has brought criticism from virtually all providers, and that is with regard to short-term supported housing. My Select Committee has recommended that for emergency very short-term accommodation of around 12 weeks, there should be a ring-fenced grant to local authorities. The Government have changed the definition of short term from 12 weeks to two years, which all providers have condemned. Will the Government think again and bring accommodation lasting two years into the welfare system?

Kit Malthouse: We are in receipt of a significant number of responses to the consultation, which only closed a couple of weeks ago, and we will consider those over the months to come. I would be more than happy to meet the hon. Gentleman to discuss those concerns with his constituents if they wish to do so.

Mary Glendon (North Tyneside) (Lab): The Government have promised that all short-term provision currently funded by the welfare system will continue to be funded at the same level by local authorities until 2020, but will the Minister confirm that there will be no cut in funding after that?

Kit Malthouse: Given that I am not a Treasury Minister, I am not in a position to confirm that, but it would certainly be our aspiration to provide the current level of support, or indeed enhanced and better performing support, which is the purpose of the changes, in the future.

Universal Credit

6. **Colin Clark** (Gordon) (Con): What assessment she has made of the effectiveness of universal credit in helping people into work. [903736]

The Secretary of State for Work and Pensions (Ms Esther McVey): Universal credit has had a positive impact since its start, as shown through published research and analysis. Independent research shows us that people are

spending more time looking for work, applying for more jobs and even doing jobs they would not have considered doing before.

Colin Clark: Constituents in Gordon will face longer waiting times for payments due to the Scottish Government's policy of fortnightly payment. What support can my right hon. Friend offer the devolved Administration in Edinburgh to help reduce those times?

Ms McVey: The advice would be to take the approach of England and Wales. As my hon. Friend says, the Scottish approach delays payment at the end of the assessment period, with 75% rather than 100% of money on time, due to the fortnightly payment.

Ian Austin (Dudley North) (Lab): The introduction of universal credit is not helping to keep 250 highly skilled HMRC staff working on tax credits in Dudley in work. They were told they would be transferring to the Secretary of State's Department to work on universal credit. Last week, they were told that her Department has cancelled that, their office will close and they will be made redundant. Will she ensure that the transfer goes ahead as originally planned, so that my constituents can keep their jobs, and will she meet me to discuss it?

Ms McVey: I will indeed meet the hon. Gentleman to discuss that. Back in 2016, HMRC announced that move and transfer of jobs. It now seems that as many jobs were not needed for UC. I know that it wants to retain the staff and their skills and knowledge, but I will meet him to discuss the best way forward.

Luke Hall (Thornbury and Yate) (Con): Does the Secretary of State agree that universal credit is helping all those people who are stuck in a situation where they are only paid to work 16 hours a week and that it is fairer to those employees, the other employees in those businesses and taxpayers, who end up supporting the bill?

Ms McVey: My hon. Friend makes a very good point. The reason we are making this significant change from the legacy system is to ensure that every hour of work counts. We will not have a situation where people are stuck not working or paying punitive rates of income tax of 90% and above if they take work after 16 hours. This is cutting-edge technology. The UK is leading the way on flexible benefits that accompany flexible working, which nowhere else has.

Lucy Powell (Manchester Central) (Lab/Co-op): May I welcome the Secretary of State to her position? Perhaps she might think to show a little more humility when answering some of these difficult questions on universal credit. Has she considered some of the other benefits that are not included in universal credit, such as free school meals, free uniforms, free bus passes and so on? Many low-paid working families will lose out on those benefits under universal credit, which will make them worse off in work than if they were still on benefits.

Ms McVey: These are precisely the things that have been considered in bringing forward universal credit. What support are we giving? The extra childcare support. What is the extra support? Tailor-made career advice and support. We all need humility, but, equally, we all need to hand out and deliver the correct facts to people, not embellish them, resort to sound and fury or drama,

or provide obviously incorrect information, as the UK Statistics Authority has levelled against the Labour party.

Martin Vickers (Cleethorpes) (Con): Last month, I visited Grimsby jobcentre, which serves my constituency, and it is very clear that the staff are handling the changeover to universal credit very efficiently. Will the Secretary of State join me in complimenting the staff, including the work they do in motivating claimants and improving their self-confidence so that they can seek employment?

Ms McVey: My hon. Friend makes a very good point, and I have actually met the tremendous work coaches in his constituency. I go out to speak to work coaches all the time, and they are saying to me that the change we are delivering through universal credit is the best thing they have ever delivered. The support they can give—*[Interruption.]* Rather than Opposition Members laughing, they would be well advised to come and join me or others in meeting work coaches. I will tell them how we know this is working: if it were not working, we would not have an extra 3.1 million people in work.

Neil Gray (Airdrie and Shotts) (SNP): Contrary to the "SNP bad" broken record from the hon. Member for Gordon (Colin Clark), will the Secretary of State join me in welcoming the Scottish Government's recently introduced flexibilities for universal credit payments, and will she consider implementing Scotland's model down here, especially as her colleague in the Scottish Parliament, Adam Tomkins, has said he is "very much in favour" of them?

Ms McVey: The underlying principle of how we get people into work is working right the way across the United Kingdom. It is working in Scotland, and that is correct. Equally, we agree with giving extra powers to devolved Governments, and Scotland has the right to do things in its own way. As we pointed out earlier, however, some of the changes taken on board in Scotland have actually resulted in slower payment to people who need their benefits.

Unemployment Rates: Europe

7. **Vicky Ford (Chelmsford) (Con):** What recent comparative assessment she has made of rates of unemployment in the UK and other European countries. [903737]

The Secretary of State for Work and Pensions (Ms Esther McVey): The UK has the joint fifth lowest unemployment rate in the EU—better than France, the Netherlands and Denmark. The UK's unemployment rate, at 4.3%, is the lowest in 42 years. It is less than half that of the euro area, which is 8.7%, and 3 percentage points below the EU28 average of 7.3%.

Vicky Ford: Unemployment in my constituency of Chelmsford is now less than 1.5%, and those who are able to work are finding jobs, but will the Secretary of State reassure my constituents who need our financial support that they will continue to be supported when universal credit is rolled out later this year?

Ms McVey: I congratulate my hon. Friend on the work she is doing as a new MP, and her constituents on the work they are doing to find employment, getting on

in their careers and moving forward. As I have said, this Government believe in hand-up support and opportunity. The support of universal credit—a benefit that supports people in and out of work—will continue not only for her constituents, but for people right across the country.

Tony Lloyd (Rochdale) (Lab): Will the Secretary of State confirm that of those who have gone into work as a result of this Government's policies—and that is a good thing—many are living in poverty because of low pay and the inadequacy of our benefits system?

Ms McVey: It is interesting how differently people measure getting into work, poverty and life chances. Children born into workless households are actually five times more likely to be in poverty than those in working households. Under this Government, we have seen 3.1 million more people in work, and the number of workless households has gone down by over 600,000. We are helping people out of poverty: we are helping them get a job.

Philip Davies (Shipley) (Con): Earlier the Secretary of State mentioned dodgy statistics from the Opposition. I have heard people say that lots of the new jobs created are on zero-hours contracts and for part-time work. Can she say what the actual figures are for the number of jobs created that are full-time, permanent jobs?

Ms McVey: It was not me talking about dodgy statistics, it was the chair of the UK stats authority who said that, but I thank my hon. Friend for pointing that out. The overwhelming majority of jobs are full-time and permanent jobs, and the vast majority of those in part-time jobs have chosen to be in part-time jobs.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): On job searching, has the Secretary of State had the opportunity to review the very helpful and generous offer made by Liverpool City Council to her predecessor to provide office space for closure-threatened jobcentres? There are two jobcentres in my constituency—not one, but two—that her Government wish to close, leaving my constituency with zero jobcentres. They are due to close in just a few weeks' time. Has the Secretary of State had an opportunity to review that offer, to ensure that my constituents continue to receive employment support?

Ms McVey: It is really important that everybody gets the support they need, and a lot of the support going forward will be outreach work, so that people do not need to go to Jobcentre Plus, thanks to further support in the community. Obviously I am pleased that in the Liverpool city area—and in the north-west area—which is my hometown, employment is now far higher than it was in 2010. The unemployment rate under the Labour party was 2.8 million in 2008, even before the banking crisis, but now it is 1.4 million, so we are supporting people and we will continue to support people, because that is what this Conservative Government do.

Universal Credit: Disabled People

8. **Thelma Walker** (Colne Valley) (Lab): What assessment she has made of the effect of the roll-out of universal credit on the number of disabled people living in poverty. [903738]

The Minister for Disabled People, Health and Work (Sarah Newton): I do not want to see anyone living in poverty, and no Conservative Member of Parliament wants people living in poverty. Disabled people are some of the biggest beneficiaries of universal credit, with around 1 million disabled households having on average around £110 a month more on universal credit than they would have had on the legacy benefits.

Thelma Walker: As disability charity Leonard Cheshire has pointed out, many disabled people do not have internet access, assistive technology or the necessary support to fill in the online form to apply for universal credit. Does the Minister agree that the application process needs to be more accessible, so that disabled people can easily apply for these benefits?

Sarah Newton: The hon. Lady raises a very important point about accessibility of the benefits system for everyone, which is something we all take very seriously. I am grateful for the support that the Leonard Cheshire foundation and a whole range of stakeholders give us in designing the process, to make sure that it is as accessible as possible.

Mr Simon Clarke (Middlesbrough South and East Cleveland) (Con): Does the Minister agree that it is important that we are absolutely scrupulous in our presentation of the facts about universal credit? As the Secretary of State referred to earlier, I wrote to the UK Statistics Authority to query the shadow Secretary of State's claim that

"40,000 children will wake up in poverty on Christmas Day because the Tories refuse to pause"

the roll-out of universal credit. On Friday, Sir David Norgrove told me:

"It is clearly important that statements by a political party should be fully supported by the statistics and sources on which they rely. We do not believe"—

Mr Speaker: Order. The hon. Gentleman must resume his seat. He has got the thrust of his question across, and the House doubtless will be grateful to him, but this is not a debate; it is Question Time about the policies—

Mr Clarke *rose*—

Mr Speaker: No, no, the hon. Gentleman has finished for today on this. This is about the policies of the Government. The Secretary of State has made the point about the Statistics Authority, which I allowed her to make, perfectly properly, but it is not now the occasion for dilation on the attitude of the Opposition. This is questions to Ministers about the policies of the Government. That is the situation. Minister, very briefly—please, do not dilate on that matter, because it is out of order.

Sarah Newton: It is very important that anybody who stands up in this Parliament takes their responsibilities towards the truth extremely seriously.

Hywel Williams (Arfon) (PC): Some specialist employment services for people with disabilities such as drug, alcohol or mental health problems—for example, Agoriad in my constituency—are subcontracted to these small local agencies, but minus a management fee and

with unsatisfactory remote control. Would not direct contact with these small local agencies provide more resources where they are needed, as well as better value for money and more people in work?

Sarah Newton: The hon. Gentleman raises the important issue of specialist providers of employment. This is a very important sector, which the Government have a proud tradition of supporting. I meet stakeholders regularly, and we are always looking to see what more we can do to help them sustainably provide the invaluable employment opportunities that they do.

Marsha De Cordova (Battersea) (Lab): Despite the Government's claim that no severely disabled person moved on to universal credit would be worse off, we now know that that is not the case: scrapping the disability premiums will have just that effect. Transitional protection for existing claimants can easily be lost where there is a change in circumstance, such as if someone moves into work and if that job does not last. What assessment has the Minister carried out of the impact of abolishing these disability premiums on disabled people, and does she agree that transitional protection should be retained, so that it is not lost where there is a change in circumstance?

Sarah Newton: Unlike the previous system, universal credit is more targeted, and support is focused on those who need it most. Transitional protection is available for people who move into universal credit from other benefits, provided their circumstances stay the same. When giving evidence to the Select Committee last week, my hon. Friend the Minister for Employment said that he was aware of the situation, and he is thinking carefully about this issue.

Universal Credit: Household Debt

9. **Yvonne Fovargue (Makerfield) (Lab):** What recent assessment her Department has made of trends in the average level of household debt for people on universal credit. [903739]

The Minister for Employment (Alok Sharma): The Government have taken a number of steps to reduce the risk of problem debt, including capping payday lending costs and promoting savings.

Within universal credit, we also have interest-free advances and a system of priority deductions to help claimants who have got into arrears.

Yvonne Fovargue: The Government's own data shows that rising numbers on universal credit are falling into rent arrears, and many claimants in my constituency are going to food banks or approaching payday lenders. Although an advance is available, this is a loan, which is to be repaid at 40% of the standard allowance. Another 40% can be deducted to repay creditors—for example, utilities. That is a total of 80%. Can the Minister reassure me that 80% of the individual allowance cannot be deducted, and that affordability checks, like those that all payday lenders have to do, are carried out before any deductions are actioned?

Alok Sharma: Of course the hon. Lady is absolutely right to highlight that we want to make sure we help those who are in arrears. She will know that research done by the National Federation of ALMOs—arm's

length management organisations—has reported that three quarters of tenants were in rent arrears already before they moved into universal credit. She talks about deductions; the percentage is 40%. However, I am happy to meet her to discuss this matter further.

Kevin Foster (Torbay) (Con): It is a genuine pleasure to welcome the Minister to his place and, through him, to thank his Parliamentary Private Secretary for arranging a visit for me to see universal credit working in his constituency this Friday. Further to the question, will my hon. Friend outline the steps being taken to ensure that organisations on the ground help vulnerable people access 100% of universal credit advances rather than get into debt?

Alok Sharma: Yes, I can confirm that work coaches and those who perform the interviews at jobcentres make people aware that they can access 100% advances, which are of course interest free, as I said. The other aspect that is available is personal budgeting support, which individuals who need it can also receive.

Older Workers

10. **Stephen Metcalfe (South Basildon and East Thurrock) (Con):** What recent assessment she has made of trends in the level of employment of older workers. [903740]

The Parliamentary Under-Secretary of State for Work and Pensions (Guy Opperman): Since 2010, 1,272 new jobs have been created in South Basildon and East Thurrock—an increase due in no small part to my hon. Friend's efforts. He will be aware that older worker employment levels are at a record high. In his region, 850,000 50 to 64-year-olds are in employment—an increase of over 120,000 people since 2010—and 120,000 people aged 65 and over are in employment. Again, that is another increase of 45,000 since 2010.

Stephen Metcalfe: Does my hon. Friend agree that encouraging businesses to be flexible in how they employ older workers is one way to bridge the skills gap and keep older workers in the employment market for longer, sharing their experience and knowledge?

Guy Opperman: My hon. Friend is correct. The fuller working lives strategy, launched by the Department last year, is there specifically to support over-50s into employment and provide them with the skills and retraining that they need, and which businesses specifically value. There are a number of exemplar businesses. He will also be aware that individual people have created over 26,000 new businesses since 2011—that is for the over-50s.

Dr David Drew (Stroud) (Lab/Co-op): Many older workers are not necessarily there by choice. I think in particular of the WASPI women, who are having to work because of the inadequacies of their pension provision. What are the Government going to do about this?

Guy Opperman: The Government have no intention of revising the Pension Acts of 1995, 2007 or 2011 introduced by previous Governments and by the coalition,

but I make the point very strongly that average employment among the over-50s and the over-64s has increased dramatically since 2010.

Universal Credit

11. **David Linden** (Glasgow East) (SNP): What recent progress her Department has made on the roll-out of universal credit. [903741]

12. **Drew Hendry** (Inverness, Nairn, Badenoch and Strathspey) (SNP): What recent progress her Department has made on the roll-out of universal credit. [903742]

The Minister for Employment (Alok Sharma): Universal credit transforms the welfare state and the rollout is proceeding to plan, with universal credit now available in one third of all jobcentres in Great Britain.

David Linden: Easterhouse Housing and Regeneration Alliance is a coalition of eight independent housing associations that has been based in my constituency and operating for pretty much my entire lifetime. It has profound concerns about the rollout of universal credit in Glasgow. Given that the Government have given a lot of commitment to go and meet various people on their Benches today, will the Minister come to my constituency to meet it and listen to its concerns?

Alok Sharma: When we have rolled out universal credit, we have done it in a manner that makes sense and works. Right now, 9% of those who will eventually end up on universal credit are on universal credit, and it will reach 11% by June this year. I am, of course, undertaking a whole range of visits to jobcentres across the country. I will make sure that I make a visit to Scotland, and we can have a discussion about whether there is an opportunity to visit the hon. Gentleman as well.

Drew Hendry: A terminally ill man has won the right to raise a landmark challenge to the Government after the introduction of universal credit left him significantly worse off. Having already acted unlawfully to 1.6 million PIP claimants at a cost to taxpayers of £3.7 billion, does the Minister guarantee that his Government will not be found guilty of unfairly treating the terminally ill?

Alok Sharma: I want to be absolutely clear: the changes that we are making in universal credit and in the benefit system are there to focus on protecting the most vulnerable. That is the underlying policy of universal credit and we will continue to do that.

Stephen Timms (East Ham) (Lab): Has the Minister had any discussions with colleagues in the Department for Education about their proposals for the eligibility of universal credit claimants to free school meals? If the current proposal were to go ahead, it would introduce a huge new benefit trap into the system, far worse than anything in the old system. Universal credit was supposed to remove such traps, not create new ones.

Alok Sharma: Currently, 1.1 million young people—students—receive free school meals. If the policy that has been put forward as part of the consultation goes ahead—where there is an earnings threshold of £7,400—an additional 50,000 young people will benefit from free school meals.

Universal Credit: Child Poverty

13. **Diana Johnson** (Kingston upon Hull North) (Lab): If she will make an estimate of the number of children who will no longer be living in poverty as a result of the roll-out of universal credit. [903744]

15. **Karen Lee** (Lincoln) (Lab): If she will make an estimate of the number of children who will no longer be living in poverty as a result of the roll-out of universal credit. [903747]

The Parliamentary Under-Secretary of State for Work and Pensions (Kit Malthouse): Both hon. Ladies are right to recognise the role that welfare reform is playing in alleviating child poverty. Work is the best route out of poverty, and universal credit strengthens the incentives for parents to move into and progress in work. However, it cannot be considered in isolation: it is a key component of a broader strategy to move Britain to a higher wage, lower welfare and lower tax society.

Diana Johnson: Owing to policies pursued since 2010, we now have 20,700 children in poverty across Hull, and food poverty and holiday hunger are growing, including, despite what the Secretary of State says, in working families. Will restricting free school meals in universal credit create a cliff edge and make the situation even more dire in the most disadvantaged communities?

Kit Malthouse: Undoubtedly, as my right hon. Friend the Secretary of State said earlier, children are five times more likely to be in poverty if they are in a workless household. The Government's entire thrust is to get as many people into work as possible, and we would never contemplate anything that would get in the way of those kinds of incentives. As my hon. Friend the Minister for Employment said, nobody will lose out under the current proposals on free school meals; in fact, there might well be more recipients in the future.

Karen Lee: Figures published last month show that 27% of children in my constituency live in low-income households—and these are families who rely on universal credit. Does the Minister believe that it is acceptable that families living in poverty in Lincoln have to rely on food banks, particularly when due to problems with the roll-out of universal credit?

Kit Malthouse: I am sure that the hon. Lady, like me, welcomes the 43% fall in the claimant count in her constituency over the past few years—[HON. MEMBERS: "That wasn't the question."] On her question, as she and many Members will know, the causes and drivers of people going to food banks are complex. [Interruption.] In my constituency, for example, the food bank was established in 2006—at the height of Labour's conduct of the economy and welfare system—but the Department needs to think carefully about some of these issues, and we will be doing so in the future.

Michael Tomlinson (Mid Dorset and North Poole) (Con): I warmly welcome my hon. Friend to his place. Does he agree that, on the important subject of children living in poverty and universal credit, it is important to have a sensible, grown-up discussion and debate, rather than bandying around unqualified figures?

Kit Malthouse: My hon. Friend makes a strong point, and he is absolutely right. National statistics, on a number of measures, have shown child poverty falling. In particular, we have seen 200,000 children over the past few years move out of absolute poverty.

Michelle Donelan (Chippenham) (Con): For too long, parents have been able to hide their earnings from their child maintenance payment calculations, creating and adding to child poverty. What action are the Government taking to stop this?

Kit Malthouse: As my hon. Friend knows, the child maintenance system was put in place to enable greater co-operation between parents, on the basis that that often results in a much better outcome for children, but there are parents who fail to do that, and for those circumstances, we have invested significantly in the financial investigations unit of the Child Maintenance Service. We will be consulting further on what more we can do to strengthen our enforcement powers.

Margaret Greenwood (Wirral West) (Lab): I welcome the Minister to his place. When the benefit freeze was introduced in April 2016, inflation stood at 0.3%; it is now over 3%, and food prices in December were over 4% higher than a year earlier. A recent study by the Institute for Fiscal Studies showed that one in four of Britain's poorest households are struggling with problem debt, and new figures from the End Child Poverty coalition show that in some parts of Britain, such as Bethnal Green and Bow in London and Ladywood in Birmingham, over half of children are living in poverty. Their families are no longer just about managing. Will the Government end the social security freeze that is pushing families into poverty?

Kit Malthouse: I would advise the hon. Lady to be slightly careful about the statistics she is using. As we heard earlier, there are some particular problems, but in that report in particular there were enormous caveats saying that the measures were not accurate and the numbers not necessarily reliable, particularly on a constituency basis. The Government are committed to a strategy to tackle poverty that involves work, and since 2010 we have 954,000 fewer households in unemployment and moved into work. That is the best thing we can do for their futures.

Disability Confident Scheme

14. **Andrew Bridgen** (North West Leicestershire) (Con): What progress her Department has made on the implementation of the disability confident scheme. [903745]

20. **Mr Marcus Jones** (Nuneaton) (Con): What progress her Department has made on the implementation of the disability confident scheme. [903753]

The Minister for Disabled People, Health and Work (**Sarah Newton**): There are 5,550 employers currently signed up to the disability confident scheme. The disability confident business leaders group, comprising prominent national businesses, is promoting the scheme to other employers, and all main Departments have now achieved disability confident leader status. I encourage all hon. Members to come along to a drop-in centre I have

organised on Wednesday 21 February, 3 pm to 5 pm, in Portcullis House, Room Q, so that they too can become disability confident employers.

Mr Speaker: It is always useful to have a little bit of additional information, and we are deeply obliged to the Minister.

Andrew Bridgen: Last year, I attended a disability confident workshop in my constituency, where unemployment now stands at an all-time low of 1%. Also present were representatives of the DWP and the local council, as well as local employers, many of whom signed up to the scheme immediately. Will my hon. Friend give further feedback on the national roll-out of a programme that encourages employers to take advantage of keen, loyal staff who are disabled?

Sarah Newton: I congratulate my hon. Friend on his local support for the disability confident scheme. I urge all Members to become involved in these wonderful events, where we see hundreds of people signing up to the scheme. It is important for us to continue to build on the constructive and positive feedback that we receive from employers by giving them practical support, so that they can employ more disabled people.

Mr Speaker: Finally—and, I am sure, with admirable succinctness—Mr Marcus Jones.

Mr Marcus Jones: I recently visited the excellent Oak Wood School in my constituency, whose leaders are working hard to get talented young people with special needs into work and work placements when they finish school. Will my hon. Friend, like me, encourage employers in my area to join the disability confident scheme, so that we can give opportunities to those young people, and not just give them hope for the future, but provide the labour market with a number of people who will be able to bring a vast amount of experience and difference to our workplaces?

Sarah Newton: I was very pleased to hear about the important work being done by Oak Wood School. Last year, more than 500 young people took part in supported internships, and this year the Department for Education has made available just under £10 million of additional funding, which will provide more work placements, particularly for young people with special educational needs. I agree with my hon. Friend that it is vital for us to ensure that more of those young people are given the opportunity to work.

Mr Speaker: I am grateful to the Minister. I am sure that Members will have an opportunity to pore over her comprehensive reply by moving speedily to the Library, where copies will, I am sure, be located within minutes.

Topical Questions

T1. [903721] **Bridget Phillipson** (Houghton and Sunderland South) (Lab): If she will make a statement on her departmental responsibilities.

The Secretary of State for Work and Pensions (**Ms Esther McVey**): We had a record-breaking 2017 for employment, and I am delighted to see the trend continue as we enter

the new year. The proportion of people in work is at an all-time high at 75.3%—so 32.2 million people are now in work, 415,000 more than were working last year. Figures also show that there are a record 810,000 vacancies in the economy at any one time, which proves that the Government are delivering on our promise to build a strong economy.

Bridget Phillipson: No child in modern Britain should grow up in poverty, but figures from both the End Child Poverty coalition and the Secretary of State's own Department reveal that we face a growing crisis. Does she seriously believe that ploughing ahead with universal credit will do anything to help the millions of children who are trapped in avoidable poverty in our country or will bring that number down?

Ms McVey: One thing on which both of us will agree—on which, indeed, Members in all parts of the House will agree—is that no child should be growing up in poverty. If we take action to ensure that families are working, those children will not be in poverty. We know for certain that if a child's family are working, that child is much less likely to be in poverty when it grows up and is more likely to attain higher school qualifications. That is the action that this Conservative Government are taking.

T3. [903723] **Kevin Hollinrake** (Thirsk and Malton) (Con): Ryedale citizen's advice bureau has seen a significant drop in the number of universal credit problem cases as a result of the measures introduced by my right hon. Friend and her predecessor, but we are seeing instances of advance payments being used to clear debts. What help and advice is being given to claimants in respect of budgeting and support, so that they can clear problem debts sensibly and sustainably?

The Minister for Employment (Alok Sharma): Through universal credit, we are providing personal budgeting support, which is available through conversations with work coaches. That is making a great difference to those who need such help.

Mr Speaker: Front Benchers will have to be very brief, because we are running short of time on account of the length of questions and answers. A pithy sentence, or whatever, will suffice.

Neil Gray (Airdrie and Shotts) (SNP): What is the Secretary of State's response to the report from the European Committee of Social Rights that said statutory sick pay and support for those seeking work or the self-employed is "manifestly inadequate" and therefore in breach of the legally binding European social charter?

Alok Sharma: I am happy to have a discussion with the hon. Gentleman on this point. All the policies we have put forward are based on being as fair as we can be to all recipients.

T7. [903728] **Gordon Henderson** (Sittingbourne and Sheppey) (Con): We have heard a lot today about universal credit, and making it work properly will depend to a great extent on DWP staff. With that in mind, will my right hon. Friend join me in congratulating the staff in Sittingbourne and Sheerness jobcentres, who are

showing immense dedication and enthusiasm to ensure that benefit claimants in my constituency are not adversely affected by the roll-out of UC?

Alok Sharma: Of course I join my hon. Friend in congratulating the staff at Sittingbourne and Sheerness jobcentres. When I have spoken to work coaches in the visits I have made, they are incredibly enthused: they tell me this is the first time they are able to do what they want to do, which is help people into work.

Jack Dromey (Birmingham, Erdington) (Lab): The behaviour of Philip Green on BHS pensions was outrageous; likewise, Carillion paying dividends and big bonuses, while running up a £900 million pensions deficit. We expect better from our universities; does the Secretary of State agree that it cannot be right that they are proposing to cut the pension benefits of staff just when one vice-chancellor alone at Edinburgh university has accepted a 33% salary hike as part of a package worth £410,000?

The Parliamentary Under-Secretary of State for Work and Pensions (Guy Opperman): With respect, this is not a matter for Government to respond on. The joint negotiating committee, which is made up of trustees, employers and unions, is responsible for approving an appropriate recovery plan to ensure the scheme is adequately funded. The universities are subject to regular assessment of their overall financial sustainability management and governance, and I am sure the Pensions Regulator will therefore be watching this situation.

Mr William Wragg (Hazel Grove) (Con): Developing a theme from this side of the House, I had the pleasure of visiting my local jobcentre on Friday. Will my hon. Friend pay tribute to the hard-working staff who are delivering record levels of employment in my constituency?

Alok Sharma: Absolutely: I congratulate the staff in my hon. Friend's jobcentre, and by the end of the process of rolling out UC, we will have 5,000 extra work coaches across the country.

T2. [903722] **Maria Eagle** (Garston and Halewood) (Lab): About 20,000 people in Liverpool have had their personal independence payments cut due to the blatantly discriminatory regulations that the Secretary of State has now accepted were unlawful. When will my constituents get their money back and their entitlement returned?

Ms McVey: The first decision I made was to make sure we did not appeal that question about PIP and what we on this side of the House were going to do to live up to the expectations of PIP, and I think it is a very true, honourable and correct thing that we have done. However, to make sure we deliver it correctly and give the correct amount of money to the people who need it, it will take time for us to thoroughly research what needs to be done.

Andrew Bowie (West Aberdeenshire and Kincardine) (Con): The attractiveness to many of the two-weekly payments of UC are obvious, but does my right hon. Friend share my concerns that the Scottish Government's decision to offer this to my constituents and other people across Scotland will leave those who choose it to be worse off than claimants in the rest of the UK?

Alok Sharma: It is absolutely the case that under the Scottish system individuals will be at a cash-flow disadvantage after a number of weeks. I would point out that, of course, alternative payments are available in England, too.

T4. [903724] **Stephen Morgan** (Portsmouth South) (Lab): Following last December's High Court ruling, can the Secretary of State tell me by what date all 1.6 million PIP claims will have been reviewed: will it take weeks, months or even years?

Ms McVey: This reviewing will be an administrative process, so we will not need to see the people, but what is most important is that the right people get the right amount of money, and that will take the time it needs.

Alex Burghart (Brentwood and Ongar) (Con): We had a very interesting session on assistive technology in the Select Committee on Work and Pensions recently. Will the Government commit to looking at how assistive technology can be used to help more disabled people into work?

The Minister for Disabled People, Health and Work (Sarah Newton): I thank my hon. Friend for his question, and I really welcome the work that the Select Committee is doing. I believe that the fourth industrial revolution has the most enormous potential to transform the lives of disabled people, and of course I will read that report thoroughly.

T5. [903725] **Cat Smith** (Lancaster and Fleetwood) (Lab): My constituent Mrs Allinson suffers from multiple sclerosis. She has been receiving the personal independence payment for 24 months, but was recently reassessed and denied it on the ground that she can work, although only part time. Given that she is no longer getting that money, she is working full time and damaging her health. Do the Government recognise that disabled people need support to stay in work for as long as possible? Will the Minister meet me and ensure that Mrs Allinson's case is reviewed?

Sarah Newton: Of course I would be delighted to meet the hon. Lady to discuss the case of her constituent. Let us be clear that we want to achieve the maximum amount of support for people who want to and can get into work as well as ensuring that the right support is available for those who cannot do so.

Philip Davies (Shipley) (Con): The Child Support Agency was set up to pursue absent fathers who were not paying anything at all towards their children's upkeep. Too often, the Child Maintenance Service seems to file those people under "too difficult" and just pursue people who are already paying. Can the Minister guarantee that the Child Maintenance Service will continue to go after people who are not paying anything at all towards the upkeep of their children, rather than just pursuing those who are already making a contribution?

The Parliamentary Under-Secretary of State for Work and Pensions (Kit Malthouse): I can reassure my hon. Friend that that will indeed be the case, and we will shortly be consulting on what more we can do to enforce against those who are unwilling to support their children.

T6. [903726] **Stephen Lloyd** (Eastbourne) (LD): One of the challenges in the design of universal credit is that it does not take into account the fluctuating incomes of people who are freelance. They can earn a low amount one month and a high amount the next, but universal credit does not manage that properly. A self-employed person who has earned £15,000 in a year will get less under universal credit than an employed person who has earned the same amount. Will the Government commit to fixing that anomaly?

Alok Sharma: As the hon. Gentleman knows, universal credit works on a monthly basis. When someone earns a large amount in a month, we apportion that over the following months. It is worth pointing out that it is entirely possible for people with those kinds of earnings to budget over the year, just as many businesses do.

Lucy Allan (Telford) (Con): The GKN takeover proposal announced last Thursday seeks to pay a £1.4 billion sweetener to shareholders, despite a £2 billion pension deficit. Does the Minister agree that the Government should act to protect the interests of GKN pension fund members?

Ms McVey: Of course the Government agree that we have to look after the concerns of the GKN workers. Here we have actually seen the trustees of the pension fund coming out, being bold and wanting reassurance from the other company that it can indeed pay for the pension scheme. We can look at the argument from two sides. GKN has to be strong and robust, but also Melrose should voluntarily ask the regulator to look into the implied costs in that benefit scheme to make sure that it can afford to take over the other company.

T8. [903729] **Thelma Walker** (Colne Valley) (Lab): On 14 December last year, I asked the Minister not to ignore the voices of the 7,000 women in my constituency who are affected by state pension inequality, because we are not going away. Is the Department now any closer to paying us what we are due?

Guy Opperman: The position has not changed. The Government do not intend to change the Pensions Act 1995, or the 2007 and 2011 Pensions Acts. I would point out that a £1.1 billion transitional arrangement was put forward in the 2011 statute.

Michelle Donelan (Chippenham) (Con): Some 70% of the rise in UK employment involves higher-skilled jobs. This is true in Wiltshire, which expects more than 2,500 jobs from Dyson alone. What work is the Minister doing with other Departments to tackle the science, technology, engineering and mathematics skills gap in the UK, so that Wiltshire can benefit from those jobs?

Alok Sharma: I have started to have conversations with ministerial colleagues, and my hon. Friend is absolutely right to say that we need to work as one Government to ensure that high-skilled jobs are created across our country.

Gareth Thomas (Harrow West) (Lab/Co-op): Given the significant rise in household debt and the fear that payday lenders will seek to take advantage of that situation, is not this the right time to seek a significant expansion of credit unions across the UK? What might the Minister do to facilitate such an expansion?

Guy Opperman: The hon. Gentleman and I have a meeting in our diaries for, I believe, a week Monday, when I hope to expand on that specific point. He will know that credit union membership has doubled in the past 10 years, and I can assure him that we are discussing these matters with the Treasury, which has ultimate control over credit unions.

Vicky Ford (Chelmsford) (Con): I am a mathematician and a mother, so I am concerned that the head of the UK Statistics Authority had to write to a shadow Minister to point out that statements that they made were not based on real sources or real statistics. Does my right hon. Friend agree that the shadow Minister should apologise?

Ms McVey: My hon. Friend puts it so eloquently. It is about time that Opposition Members apologise for their scaremongering.

Mr Speaker: Even mothers and mathematicians have to respect the method, and the method in the House is that Members question Ministers about the Government's policies. I do not blame the Secretary of State for taking the opportunity to ram home her point with force and alacrity, but Members must understand that this is not Question Time about the policies, tactics or preferences of the Opposition; this is Question Time about the policies of the Government. Even if there is some Whip handout saying, "Ask the Minister about the behaviour of the Labour party," that does not make it in order. It is not in order—end of subject.

T9. [903730] **Lilian Greenwood (Nottingham South) (Lab):** Thousands of women born in the 1950s are being left in serious hardship as a result of accelerated changes to the state pension age, and as my hon. Friend the Member for Colne Valley (Thelma Walker) said, they are crying out for justice. In the week when we celebrate the centenary of the first women gaining the right to vote, how dare this Government ignore their voices?

Guy Opperman: The hon. Lady will know that the policy continued for 13 years under the Labour Government, and her Government could have done something about it between 1997 and 2010, but she maintained that it was the right policy. This Government continues to maintain that it was the right policy, and if individuals require assistance, the Government give over £50 billion to the disabled on an ongoing basis.

Michael Tomlinson (Mid Dorset and North Poole) (Con) *rose*—

Mr Speaker: I am going back and forth, so the hon. Gentleman can have another go. In fairness to colleagues who have not asked questions, a short sentence—one, that is—will suffice.

Michael Tomlinson: What benefit has auto-enrolment provided for my constituents?

Guy Opperman: Seven thousand employees are now signed up, and 900 employers are doing the right thing and are providing auto-enrolment to my hon. Friend's constituents.

Mr Speaker: I thank the hon. Gentleman and the Minister.

Chris Law (Dundee West) (SNP): Later, we will debate benefit uprating, which will maintain a freeze on many key working-age benefits even while the consumer price index sits at 3%. We all know that the freeze is pushing people into crisis, so will the Minister take this opportunity to lift the freeze to ease claimants' suffering—yes or no?

Kit Malthouse: As the hon. Gentleman knows, the freeze was enacted in primary legislation, and we would need a vote of the whole House to change it. I am afraid that it forms part of a general suite of welfare reforms that have driven an enormous number of people into work and out of poverty.

David Hanson (Delyn) (Lab) *rose*—

Mr Speaker: A short sentence from the voice of Delyn.

David Hanson: Will a Minister look at how universal credit is paid into credit unions? My local credit union is raising real concerns about the DWP's efficiency and organisation in doing so.

Guy Opperman: I am happy to take representations from the right hon. Gentleman, and I will look at that point with my colleagues who handle universal credit.

Ruth George (High Peak) (Lab): Bearing in mind the Secretary of State's call for clear statistics, will she welcome today's Library paper, which clarifies that 113,000 children will cease to receive free school meals under the proposed changes to universal credit, withdraw the claim that 50,000 more children will benefit at one point in time and bring that to the attention of the House?

Alok Sharma: A consultation is taking place, and the Department for Education will respond to it. Everyone who is currently on universal credit will have that benefit protected as long as the children remain in that education setting.

Several hon. Members *rose*—

Mr Speaker: Order. I am advised that we have had 23 topical questions, and we must now move on. I am sorry to disappoint colleagues who have waited. I try to extend the envelope a bit, but the time comes when we must move on.

Debbie Abrahams: On a point of order, Mr Speaker.

Mr Speaker: I hope it is a genuine point of order, as opposed to a point of irascibility.

Debbie Abrahams: Further to the comments made by the Secretary of State during oral questions, Mr Speaker, I seek your guidance on how I can place my response on the record. I agree it is important for everyone to use data responsibly and to provide the sources and contexts of those data, but I will take no lessons from this Secretary of State or her cohort, who accuse us of scaremongering as a way to distract from the reality

of their Government's cuts. We know what happened last time they accused Opposition Members of scare-mongering about the impact of cuts and universal credit: the Government introduced £1.5 billion of measures. Our concerns were accurate and well founded, and the Child Poverty Action Group found that cuts to universal credit will force 1 million more children into poverty.

Mr Speaker: The shadow Secretary of State has found her own salvation. She asks me, I think rhetorically, how she can put her thoughts on the record, and she knows perfectly well that she has just done so through the device of a purported—I use the term advisedly—point of order. One day somebody will do an academic analysis. I have not done so myself, but, in my experience in the House, at least 90% of points of order are bogus. The hon. Lady has made her point.

Philip Davies: Further to that point of order, Mr Speaker. Can you clarify whether or not that was an apology from the shadow Secretary of State? It was not entirely clear.

Mr Speaker: I think not. *[Interruption.]* The Secretary of State for Work and Pensions is gesticulating at me in a mildly appealing fashion, but she has made her points with considerable force and requires no further opportunity now.

Ms McVey: Further to that point of order, Mr Speaker. I will lay the letter from the UK Statistics Authority in the Library, so that other people can read it.

Mr Speaker: That is a perfectly reasonable course of action for the Secretary of State to take, but it is not a point of order. It might be called a point of information that some colleagues will find helpful.

Sir Desmond Swayne (New Forest West) (Con) *rose*—

Mr Speaker: Is the right hon. Gentleman seeking to raise a point of order, or is he stretching his legs? *[Interruption.]* The right hon. Member for Broxtowe (Anna Soubry) says he is keeping himself awake.

Immigration White Paper

3.42 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab) (*Urgent Question*): To ask the Secretary of State for the Home Department what is going on with the immigration White Paper.

Mr Speaker: Order. That is very cheeky of the right hon. Lady, who is a very senior denizen of the House. I must ask her to read out the urgent question that was granted. I did not grant an urgent question on what is going on with the immigration White Paper; I believe I am right in saying that her urgent question is, “To ask the Secretary of State for the Home Department if she will make a statement on the publication of the proposed immigration White Paper.”

Yvette Cooper: That is indeed what I asked. Would you like me to repeat those words?

Mr Speaker: Blurt it out.

Yvette Cooper: I would like to ask the Secretary of State for the Home Department what is happening with the immigration White Paper.

Mr Speaker: Well, all right. If the right hon. Lady were sitting a written exam today, she would probably have to do a little more revision. I think she has not quite remembered the precise wording. Nevertheless, as Jack Straw would have said, I think we have got the gravamen of the matter.

The Minister for Immigration (Caroline Nokes): I will endeavour to answer the question that was set.

It is of course a great pleasure to come to the House today to answer the question from the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) and I commend her for her brevity. In doing so, I point out that Ministers have made great efforts to keep the House informed of the state of play on the UK’s exit from the European Union, bearing in mind that we are in an ongoing negotiation and cannot give a running commentary.

Since June 2016, there have been numerous ministerial statements. This question, however, relates specifically to immigration, so I remind the House of where we have got to. Our first priority in the negotiation is to reach a deal on citizens’ rights, on the position of the 3 million EU citizens currently in the UK and, just as importantly, on the position of the 1 million UK citizens who reside in other EU member states. An agreement was successfully concluded on that last December, meaning that all those people were guaranteed continuing rights to live and work as they do now. Of course, we updated Parliament fully at the time. Our next priority is to agree the arrangements during the implementation period—the period immediately following the UK’s exit next March. Negotiations are shortly to begin with the EU. My right hon. Friend the Prime Minister set out the UK’s broad objectives in the speech she gave in Florence last year. We will publish a White Paper in the coming months, when the time is right, and of course we will consider how we can update the House as negotiations progress.

As to the longer term, as the House will know, the Government have commissioned the independent Migration Advisory Committee to advise on the economic aspects of the UK’s exit. The MAC has been asked to report by September 2018, although it has been invited to consider whether it could also produce interim reports. Let me be clear: given that we expect to have an implementation period of about two years after we leave, there will be plenty of time to take account of the MAC’s recommendations in designing the longer-term immigration system for the UK.

We are clear that the Government will make a success of Brexit. We will end free movement and build an immigration system that works in the national interest. We will, as we have done thus far, ensure that Parliament is kept informed and up to date.

Yvette Cooper: I welcome the Immigration Minister to her new post, but she did not give us any information about immigration or the immigration White Paper. The Home Secretary told the House and the Select Committee in October that there would be an immigration White Paper by the end of last year and a Bill early this year. The then Immigration Minister, the right hon. Member for Great Yarmouth (Brandon Lewis), told the Committee in November that the White Paper would be produced “soon”, but now we have this. What on earth is going on? I have to say to the new Minister that this is a shambles. I understand that the MAC is not reporting until the autumn and that it will want to take advice on the labour market, but Ministers knew that timetable before Christmas, when they answered those questions. They knew that timetable because they set it when they asked for advice from the MAC. I also understand that negotiations are continuing, but, again, Ministers knew that before Christmas. In addition, this does not get around the obligation on the Home Office to tell the House, the public, EU citizens and employers what its negotiating objectives actually are.

These practical questions need answering very soon, not “in good time” or “when the time is right”. For example, what will the legal status be of the EU nationals who have not registered by the end of the grace period? The Home Secretary told the Committee that that would be in the White Paper. What will the arrangements be for European economic area citizens from Norway or Switzerland? If EU citizens arriving after March next year do not register, will they be able to work? Will employers have to check their registration documents? Will landlords have to make checks before they rent these people a property? What is the position for EU students coming this autumn? What will the arrangements for them be?

We know that the Prime Minister wants people arriving after March 2019 to be treated differently, but we have no idea how. It is just not good enough keeping Parliament in the dark in this way. The Government have said they do not want to be in the single market, but they have not told us what they want instead. They have said that they do not want to be in the customs union, but they have not told us what they want instead. Now they have said that they do not want to have free movement, but, again, they have not told us what they want instead or even what their negotiation objectives are. At best, Ministers are cutting Parliament and the public out of the crucial debate about the future of our country. At

[Yvette Cooper]

worst, they seem to be stuck in negotiations without having agreed, even among themselves, what they want to achieve out of them. May I suggest to the Immigration Minister that she asks the Home Secretary to come to this House to make a full statement, at least on the transition arrangements? The clock is ticking and when you are running out of time, you cannot keep kicking the can down the road.

Caroline Nokes: First, I reassure the right hon. Lady that we are not kicking the can down the road. We are making sure we get a system that is right for people. That is why I make no apology for making our priority the 3 million EU citizens living here and the 1 million UK citizens living in EU states. We want to have a system in place for them during the implementation period so that we can register those 3 million people as smoothly and seamlessly as possible. It is imperative that, when we come to the House with a White Paper and an immigration Bill, they are the right pieces of legislation.

Sir Desmond Swayne (New Forest West) (Con): When are we likely to get immigration down to the tens of thousands?

Caroline Nokes: My right hon. Friend will know as well as I do that in successive Conservative party manifestos we have made a commitment to making sure that we bring immigration down to sustainable levels.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): The immigration White Paper was originally scheduled to be published last summer. Then, Ministers told the Home Affairs Committee that it would be published before Christmas. Does not this constant postponement speak to the chaos and confusion on immigration in the Department as a whole? Does the Minister accept that, as the director general of the Confederation of British Industry said, business will be “hugely frustrated” by yet another postponement? Does she appreciate that firms need time to plan for change?

Does the Minister accept that this uncertainty is particularly upsetting for the 3 million EU citizens who live here? These people are contributing to the health service, social care, universities, financial services and the hospitality industry, among many other sectors. They are many of our constituents, neighbours and work colleagues. It is wrong that they should be treated like this. Furthermore, the longer the uncertainty goes on, the less willing EU citizens will be to come here to take up employment. Does the Minister accept that the consequences for recruitment in the health service in particular are potentially very serious? Does she also accept that European students who come to study in Britain after March 2019 will want reassurance that, if they are doing a three or four-year course, they will be able to stay for more than two years without having to apply again for a residence permit?

It is all very well for the Minister to say that the White Paper will be published when the time is right. The Opposition argue that the time has been right for some time and that the Government’s postponement and delay are inexcusable.

Caroline Nokes: What is crucial is that, as my predecessor as Immigration Minister did, I continue to consult businesses and universities to make sure that their views are fed into the process. Likewise, the Migration Advisory Committee is consulting businesses because it is so important that their views are fed into the process and that the Government can use the response of economic experts to enable us to determine the best policy going forward.

Sir Robert Syms (Poole) (Con): I commend the Home Office for the careful and considered way it is dealing with this important Bill. It is listening to business and the experts and waiting for some further negotiation, before introducing a Bill that will be fit for purpose for this country for the next 10 or 20 years.

Caroline Nokes: Of course, what we are seeking to do is to have evidence-led policy making.

Gavin Newlands (Paisley and Renfrewshire North) (SNP): This unnecessary and unwelcome delay in the publication of a White Paper that was originally promised last summer should perhaps not surprise us, given the Government’s chaotic and aimless approach to Brexit. Even the transition arrangements are in chaos, with the Prime Minister saying that she will push back on residency rights for EU nationals during the transition, thereby making it harder to attract key EU nationals. All that while we are already rejecting doctors and crucial staff from outside the EU because the ridiculous tier 2 cap has been breached for two months in a row.

Scottish Government economic modelling shows that, on average, every EU citizen working in Scotland contributes £34,000 in GDP. The leak of the Whitehall EU exit analysis means we now know that the UK Government are sitting on analysis that comes to precisely the same conclusions as the Scottish Government’s. That highlights yet again the positive contribution that EU citizens make to Scotland’s economy and communities. Free movement has been vital to support healthy population growth in Scotland. I urge the Minister to continue dialogue with the Scottish Government to ensure that immigration rules after exit do not undo that welcome progress.

Caroline Nokes: I thank the hon. Gentleman for that question. He is of course right to point out that EU citizens who have made their lives in the UK have made a huge contribution to our country. That is precisely why we want to see their rights preserved and, indeed, why the Government are legislating that they should be through the withdrawal agreement. I absolutely take on board his comment about the Scottish Government. I reassure him that we will of course continue to work with our colleagues in the Scottish Government to make sure that we get the best results for the whole United Kingdom.

Bill Grant (Ayr, Carrick and Cumnock) (Con): Will my right hon. Friend confirm that the Government are committed to leaving the single market and that that will allow the United Kingdom to have more control over EU immigration in future?

Caroline Nokes: My hon. Friend will know as well as I do that, when people voted in June 2016 to leave the EU, part of that decision for some people was based on

immigration. That is why we are taking back control of our borders and will do so through the immigration Bill when it is introduced.

Chris Bryant (Rhondda) (Lab): The Minister seemed to suggest that there is no need to deal with this matter before the transition period because we will have the whole transition period—some two years—in which to sort out new arrangements. Does that mean that we will be retaining freedom of movement during the transition period, in which case why do we not stay in the single market?

Caroline Nokes: We have been very clear that, after our exit, we want a deep and special relationship with our neighbours going forward, but we also want a smooth transition. It is really important that we have an implementation period that enables us to make sure that the 3 million EU citizens who are here are allowed to register smoothly and seamlessly. The hon. Gentleman will be as aware as I am that the Prime Minister has been very clear that we are leaving the single market and we are leaving the customs union.

Michelle Donelan (Chippenham) (Con): Does the Minister agree that the referendum sent out a clear message that people want to take back more control over EU immigration, and that it is therefore crucial that we get this right and publish the report when it is fully ready?

Caroline Nokes: My hon. Friend is, of course, right that, back in 2016, people sent us a very clear message. It is absolutely imperative that we have a smooth transition and that we publish the White Paper and the immigration Bill when the time is right, not before we are ready to do so.

Angela Smith (Penistone and Stocksbridge) (Lab): With the Government's position on this topic totally unclear even to Parliament, how on earth can Ministers expect to be taken seriously in the ongoing negotiations with our EU counterparts?

Caroline Nokes: I am not quite sure how I can be clearer: we are leaving the single market, we are leaving the customs union, and we are seeking to implement a process that will last throughout the implementation period that allows those 3 million EU individuals living here, whose contribution we value, to register for their settled status as smoothly and as seamlessly as possible.

Douglas Ross (Moray) (Con): My right hon. Friend says that she will continue the dialogue about immigration with the Scottish Government. When she is doing that, will she remember that a recent opinion poll said that almost 70% of Scots rejected the Scottish National party's plans to devolve immigration powers from this place to Holyrood?

Caroline Nokes: I thank my hon. Friend for taking the trouble to point that out. Of course I will listen to voices from across Scotland.

Sir Edward Davey (Kingston and Surbiton) (LD): With this chaos and delay, is not one thing increasingly clear: the Government's promise to give EU citizens, and their families and employers, the legal certainty that they

deserve is now totally broken? When will 3 million EU citizens get more than warm words and unfinished negotiations from this Brexit Conservative Government?

Caroline Nokes: The right hon. Gentleman makes his point forcefully. However, I can only repeat this: we will bring forward the settled status scheme, which will be a digital scheme, that will enable our EU citizens living here, whom we value and whom we want to stay, to have a smooth and seamless transition as soon as we possibly can. We have allowed a two-year implementation period, because I am very conscious that 3 million people cannot register instantly. If they do so on a smooth basis, that will still represent 5,000 people a day. That will be a challenge, but it is one that we are determined to get right.

Tom Pursglove (Corby) (Con): What my constituents in Corby and east Northamptonshire want is an immigration system that provides control, but one that is also fair and that treats people equally, regardless of where they come from in the world. Will my right hon. Friend confirm to the House that those two principles will underpin the White Paper in due course?

Caroline Nokes: I thank my hon. Friend for his comment; I am always pleased to hear views from Corby and east Northamptonshire. What matters is that we have an immigration system that is fair, and that we work to ensure that any proposals that come forward during the implementation period are the ones that will give the best deal for the UK and ensure that our immigration system is sustainable.

David Hanson (Delyn) (Lab): This is a two-year Session of Parliament. Does the right hon. Lady expect the immigration Bill to complete its passage through the Houses of Parliament in that two-year period?

Caroline Nokes: Of course.

Mr Philip Hollobone (Kettering) (Con): I congratulate my right hon. Friend on her new position as Immigration Minister and on her response to the urgent question. Will she confirm that it was the previous Labour Government who let immigration spiral out of control from tens of thousands to hundreds of thousands a year, that immigration levels are still far too high, and that once we leave the European Union those numbers will start to fall?

Caroline Nokes: With respect, I point out to my hon. Friend that the numbers are already beginning to fall. It is important that we note that the direction of travel is the right one. My right hon. Friend the Prime Minister and I have been very clear that we want a sustainable immigration system that sees those numbers coming down, and it is important that we deliver on that.

Andy Slaughter (Hammersmith) (Lab): Post March 2019, from a practical point of view, the one in five of my constituents who are EU nationals could: have permanent residency or settled status; be eligible for settled status; have future eligibility for settled status; or not be eligible at all. When they are talking to landlords, employers and the health service, how are they going to differentiate which category they fall into?

Caroline Nokes: It is important to note that we will want to register those who are eligible for settled status as soon as possible so that their status can be confirmed. The hon. Gentleman is right to point out that there will be a period during which it will be difficult to differentiate, which is why we are going to use the two-year period to make sure we can do that as seamlessly as we possibly can.

Michael Tomlinson (Mid Dorset and North Poole) (Con): Just in case anyone—either inside the Chamber or beyond—has inexplicably missed what my right hon. Friend has said, will she reaffirm the Government's commitment to leaving the single market and leaving the customs union, and that this will ensure that we have control over EU immigration in the future?

Caroline Nokes: My hon. Friend is, of course, right. We intend to leave the single market and the customs union, and to retain the control over our immigration system that our citizens told us that they wanted back in 2016.

Heidi Alexander (Lewisham East) (Lab): The Minister will be aware that roughly half the immigrants who come to this country are from outside the EU and the European economic area. She talks about control, so will she tell me how many non-EEA citizens there are in the UK who have had an immigration application refused, but have not had removal or deportation proceedings initiated against them?

Caroline Nokes: The hon. Lady will be aware that we work very hard to make sure that people who are in this country without permission find it a very difficult environment in which to live. The previous and current Home Secretary's compliant environment policies have made sure that it is harder to have a bank account, harder to have a driving licence and harder to rent property. The important thing is we know that people come into this country without permission, and we should therefore be seeking to remove them.

Clive Efford (Eltham) (Lab): A White Paper is a consultation document, but it seems to me that the Government are delaying consulting on what should go into a consultation document. Are we not in this situation because the extreme right wing of the Tory party, who are extreme Brexiters, have formed a tail that is wagging the Tory dog?

Caroline Nokes: I am not quite sure how I should respond to being called a dog. However, it is really important to note that we are working incredibly hard to make sure we have an immigration system after Brexit that works in the interests of UK citizens. There is no extreme right-wing cabal controlling the Tory party. This is actually about making sure we deliver on what the British people voted for in 2016.

Anna Soubry (Broxtowe) (Con): Will my right hon. Friend confirm two things? First, is it not really important, when we discuss immigration, to recognise that the overwhelming majority of people who come to our country do so to work? We are grateful for the work they do and we should always welcome the contribution they make to our country. Will she also confirm that the customs union has got diddly squat to do with immigration?

Caroline Nokes: My right hon. Friend is right to point out that people who come to this country to work—whether they are from the EU or outside the EU—make a valuable contribution. That is part of the reason why, through the settled status scheme, we seek to recognise that and to make sure that these 3.5 million people can register as seamlessly as possible.

Mike Gapes (Ilford South) (Lab/Co-op): The Minister said that the issues around EU nationals in this country have been resolved. Is it not a fact that the European Commission made it clear that the circumstances of EU nationals married to British citizens who have chosen to come into this country using treaty rights under article 21 of the treaty of the European Union and the Surinder Singh judgment have not been resolved? Is there not a large group of people in this country married to people from other EU countries who have a level of uncertainty about their future?

Caroline Nokes: The agreement that the Prime Minister came to with other EU leaders on 8 December was really important, because we are seeking to make the rights of EU citizens and their dependants as clear as possible, and to make it as easy as possible for them to register so that they can have the certainty to which they are entitled.

Alan Brown (Kilmarnock and Loudoun) (SNP): The Minister keeps talking about achieving sustainable levels of immigration, which suggests that current levels are unsustainable. The reality is that another Scottish farmer reported at the weekend that food was left to rot in his fields because he did not have enough workers. The fish processing industry is struggling, the medical profession is struggling to attract EU immigrants and academics are worried about their future, so the current level of immigration is currently unsustainable for exactly the opposite reasons that the Conservative Government think it is unsustainable. Is this another part of the no-deal preparations that the Government seem to be embarking on? What will happen to immigration policy if there is no deal and no transition period?

Caroline Nokes: Whether deal or no deal—we are confident that there will be a deal—we will need a new immigration system that takes account of the fact that we will have left the European Union. The hon. Gentleman makes an interesting point about different sectors of the economy. That is one of the many reasons why we have asked the Migration Advisory Committee to consider what our policy should be, and that will give businesses a chance to feed in their views.

Kate Green (Stretford and Urmston) (Lab): The Recruitment & Employment Confederation reports that in many sectors there are already insufficient UK applicants to fill the vacancies that exist today. Business cannot carry on with this uncertainty for much longer, so may I urge the Minister to bring forward the White Paper and the immigration Bill at the very earliest opportunity for the sake of our businesses?

Caroline Nokes: I reassure the hon. Lady that we continue to consult businesses and the universities sector, and that is part of the reason why we have asked the MAC to bring forward a report for us by the autumn. It

is really important to us that we get our immigration policy right, which is why we have not yet brought forward the White Paper and the Bill, but we intend to.

Daniel Zeichner (Cambridge) (Lab): Last week, two consultants in intensive care at Addenbrooke's Hospital wrote to me. They had been trying to recruit urgently needed staff. They found three people, but those people were turned down by the Home Office because the tier 2 visa cap had been reached for that month. How can that possibly be helpful to our country? Does the Minister agree that the system is basically broken?

Caroline Nokes: Of course we need to ensure that we have a sustainable system, which is why it is important that the Bill and the White Paper take account of all views expressed to us by all sectors. That is what we are determined to do to get this right.

Tony Lloyd (Rochdale) (Lab): Even if the Minister cannot confirm any other great details, will she re-emphasise the point that there will be no change to the historical rights of citizens of the Irish Republic to travel to and work in Britain?

Caroline Nokes: I think that we have been quite clear that those from the common travel area will be able to continue to travel, as indeed they could from 1920 onwards—long before we became members of the European Union.

Paula Sherriff (Dewsbury) (Lab): In Yarl's Wood and other such institutions, vulnerable people have been held, effectively indefinitely, when most of them have not actually committed any crime. Does the Minister agree that the Bill, when it finally comes, will provide an opportunity to review this obvious injustice?

Caroline Nokes: Detention will continue to form part of our immigration policy, but I thank the hon. Lady for mentioning the case of Yarl's Wood. I am going there to visit the immigration removal centre this week, and I have already been to two other removal centres. As the new Immigration Minister, it is imperative that I go and see how our policies are operating, and to seek reassurances where they are required.

Alison Thewliss (Glasgow Central) (SNP): Every Friday at my surgeries, I have a queue of constituents who have

issues with the Home Office—everything from entrepreneur visas that have been delayed and refused, to people who cannot get their granny over for a visit. Is it not the case that the Home Office is a Department in so much chaos that there is no way whatever that it will be able to cope with an additional 3 million EU nationals?

Caroline Nokes: I absolutely refute the suggestion that we are a Department in chaos. I reassure the hon. Lady that we are determined to ensure that the registration of EU nationals is as simple and straightforward as possible.

Diana Johnson (Kingston upon Hull North) (Lab): Has the Minister had a chance to read the Health Committee's report on nursing shortages? It clearly sets out how much the NHS relies on nurses from overseas, and how many EU nurses are really worried about their future. Will she tell us how this delay will help the overstretched NHS to plan for the future and ensure that this country has the nurses it needs?

Caroline Nokes: The hon. Lady will be aware that nurses remain on the shortage occupation list. Nurses from the EU who are currently living and working here will of course have the same right to settled status as those in other employments.

Chris Elmore (Ogmore) (Lab): In reply to my right hon. Friend the Member for Delyn (David Hanson), the Minister said that the immigration Bill would be passed in this two-year Parliament. If the consultation on the White Paper is coming in October, that will give her about four months to pass the Bill through both Houses. Will she confirm when the Bill is coming and whether she will get it through in the two-year Parliament? This is not something from "Yes, Minister"; it is about people's lives. We need firm views from the Government on what is happening on immigration.

Caroline Nokes: I thank the hon. Gentleman for comparing this to a "Yes, Minister" episode; I remember that there was a definite paucity of women in that programme. I assure him that we are absolutely clear that we will introduce the immigration Bill and the White Paper when the time is right. We appreciate that we have to get our immigration system sustainable and appropriate for a post-Brexit era, and it is really important to me that we do so.

NHS Winter Crisis

4.10 pm

Jonathan Ashworth (Leicester South) (Lab/Co-op) (*Urgent Question*): To ask the Secretary of State for Health if he will make a statement on the Government's response to the resolution of the House of 10 January on the NHS winter crisis.

The Minister of State, Department of Health and Social Care (Stephen Barclay): Winter is challenging for health services worldwide. With a high number of flu cases this year, we have seen an increase of about 35% in accident and emergency attendances for flu—triple what it was last year—with about 3,000 hospital beds occupied as a result of flu and a further 700 because of norovirus. The NHS saw 1,200 more patients at A&E compared with this time last year. The guidance issued by the national emergency pressures panel sought to free up capacity for emergencies given the high number of flu cases, including from two dominant strains of flu co-circulating this year.

It is important to remind the House that the deferment of operations referred to in that guidance applies to about 13% of hospital beds dealing with elective patients, of which about half were protected within the guidance in respect of cancer and other urgent elective treatments. The guidance was updated on 26 January to confirm that further deferment of hospital operations is no longer needed. In terms of the impact that the guidance has had on operations, we will not know that until mid-March, when that data will be published and placed in the Library for the benefit of those on both sides of the House.

Jonathan Ashworth: I welcome the new Minister to his place. However, the Secretary of State should have been here giving an oral statement, because those were the terms of the motion endorsed by the whole House.

The reason that motion was endorsed is that this winter, in recent weeks, over 95% of hospital beds have been full, we have seen the highest-ever number of A&E diverts, 50,000 elective operations have been cancelled, and urgent operations have been cancelled too. The crisis that our NHS is now in is so deep, and the underfunding so severe, that on Friday NHS England was forced to announce that the target of seeing 95% of A&E patients within four hours is now effectively abandoned until March 2019. If the Secretary of State had come to the House last Thursday, he could have been questioned on the NHS guidance.

Last year, more than 2.5 million patients waited longer than they should have done in A&E. Does the Minister expect that number to rise or fall this year? The 18-week target has already been abandoned. Is it not unprecedented that patients will have to accept, even before the financial year starts, that the NHS will not deliver on key constitutional standards of care? The waiting time standards are legal duties contained in the NHS constitution. What legal advice have Ministers received, or will they be seeking to amend the NHS constitution?

On Saturday, thousands of us took to the streets to demand a fully-funded, universal public national health service—and by the way, we will take no lessons from Donald Trump, who wants to deny healthcare to millions

with a system that checks your purse before it checks your pulse. The NHS model is not broke but it does need funding. If this Government will not give it the funding it needs, then the next Labour Government will.

Stephen Barclay: A party preparing for a run on the pound will be in no place to give funding to the NHS. It is the agreed convention of the House that responses to Opposition day debates are provided by the Department within 12 weeks. The Secretary of State will of course do that within that period, and there is a good reason for that. As I set out in my opening remarks, the data will not be available until mid-March, so the hon. Member for Leicester South (Jonathan Ashworth) is premature in asking this urgent question.

The facts are that the NHS was better prepared for winter this year. The number of 111 calls dealt with by a clinician has doubled compared with last year. Over 1 million more people have been vaccinated for the flu virus, 99% of A&Es have GP streaming and over 3,000 more beds have been made available since November, reflecting the extent of the plan.

Clive Efford (Eltham) (Lab): So everything in our NHS is fine, is it?

Stephen Barclay: If the hon. Gentleman would like to compare with the performance of the NHS in Wales, we will undertake a comparison. The reality is that this year, we have had pressure on the NHS as a result of flu. The difference is that in 2009, the Conservative party did not play politics with the flu pressures. This year, the hon. Member for Leicester South has done so. He should compare it with the pressure in Wales and see the excellent performance we have had in comparison.

Dr Sarah Wollaston (Totnes) (Con): The Minister will know that pressures in the NHS cannot be viewed in isolation from pressures in the community. It is great to see that he is now part of a Department of Health and Social Care. Will he say what is being done about making beds available in the community, to free up pressures in the NHS?

Stephen Barclay: My hon. Friend, the Chair of the Health Select Committee, makes a valid point about the need for much more integration in our approach to the NHS. That is reflected in the appointment of my hon. Friend the Member for Gosport (Caroline Dinéage) as the Minister for Care, to look at that exact point.

Part of it is also looking at how we address other areas to deliver better outcomes. For example, 43% of bed occupancy at present is from just 5% of patients—those staying over 21 days. One key issue is how we bring down the current average stay from 40 days to, say, 35 days. That alone would unlock around 5,000 beds. We are looking at a more integrated model to address the pathways that I know my hon. Friend has highlighted in the Health Committee as a key priority.

David Linden (Glasgow East) (SNP): Scottish National party Members want, first and foremost, to put on record our thanks to NHS staff. A number of members of my family work for the NHS. I spent time with them at the weekend, and we got that time because they were working over the Christmas period. We know that Christmas and the winter period has been profoundly challenging due to flu, but it is important that resources follow that.

That is why we have record funding support for the NHS in Scotland and NHS Scotland A&E departments are the best performing in the UK.

Last week, the Scottish Parliament voted to abolish the public sector pay cap and to look at bringing in a 3% pay increase for our public sector workers. That is action, rather than warm words. Far too often we hear warm words from this Government, but in the national health service we need to see action, particularly on the public sector pay cap. What steps is the Minister taking to tackle wage stagnation within the national health service?

Stephen Barclay: I thank the hon. Gentleman for his more mature approach, in recognising the huge amount of work performed by NHS staff. Indeed, as I pointed out, 1,200 more people a day are being treated in A&E, which reflects how much more is being done in our NHS with more resource, more money, more doctors, more nurses and more paramedics.

In terms of the specifics on money, the Government have given £1.6 billion to support performance improvements, which will be used to treat a quarter of a million more patients in 2018-19. The NHS planning guidance also shows that it expects performance to improve in the face of growing demand. That shows how more is being done, and more needs to be done.

Michelle Donelan (Chippenham) (Con): All over the world, every winter sees a spike in illness and pressures on healthcare. Does the Minister agree that this Government have been proactive? In fact, for the first time ever, care home staff can receive vaccinations for free.

Stephen Barclay: My hon. Friend is right to highlight the importance of vaccinations. This year we have seen 1 million more vaccinations than last year, which is part of addressing the demand on A&E. The number of 111 calls dealt with by clinicians has more than doubled, which has mitigated much of the demand from the flu virus.

Sir Vince Cable (Twickenham) (LD): In the light of the funding problems exposed by the winter crisis, what is the Government's response to the recommendation of the last chief executive of the NHS, the heads of the Royal College of Nursing and the Royal College of General Practitioners and the retiring head of the Treasury that there has to be a form of earmarked taxation to provide stable, sustainable funding?

Stephen Barclay: Addressing the challenge of funding was reflected in the Budget, with the additional money set aside by my right hon. Friend the Chancellor. On the comments of Simon Stevens, it is important to note what he said about the connection between a strong economy and delivering the finance that the NHS needs. Simon Stevens said:

"It has been true for the 68 years of the NHS's history that when the British economy sneezes the NHS catches a cold."

The reality is that if we are to fund the NHS as all of us want it to be funded, we need to ensure that there is a strong economy and only one party will ensure that that happens.

Sir Desmond Swayne (New Forest West) (Con): If we restore the beds to Milford-on-Sea lost under Labour, it will reduce the pressure on Southampton General, will it not?

Stephen Barclay: My right hon. Friend is absolutely right. The other issue that puts pressure on beds and hospital finances is many of the legacy private finance initiative deals. We also inherited those deals from the Opposition, which they very rarely seem to want to talk about.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Will the Minister tell the House why, on Friday, NHS England suspended the requirement for A&E patients to be seen within four hours until 2019, contrary to the NHS constitution, and will he amend the NHS constitution to reflect this advice?

Stephen Barclay: I thought the hon. Lady was going to stand up to reflect on the fact that her trust got £2.9 million of additional funding from what the Chancellor set about doing. The reality is that this Government are putting more money into the NHS and addressing the demands on the system.

Simon Hoare (North Dorset) (Con): May I ask my hon. Friend what scope there is as we go forward for conversations between his Department, NHS England and NHS trusts about maximising staff numbers in acute settings in our hospitals during the winter months?

Stephen Barclay: We are in discussion with Health Education England on workforce planning and ensuring that we address concerns about retention and training, part of which is the fact that the Chancellor has lifted the 1% cap as it applies within the health service, and we are of course in active discussions with the trade unions on that point.

Heidi Alexander (Lewisham East) (Lab): It has been reported to me that out of the 17 cubicles at Lewisham A&E one morning last November, five people were awaiting section with severe mental health problems. One person was there for over 72 hours, another for over 26 hours and another for over 21 hours, and all were there for over four hours. When will the Minister acknowledge that the reason why A&Es cannot cope is that the entire system—from social care and GPs through to mental health—is buckling under the enormous pressure of increasing demand, and when is the NHS going to get the funding it needs?

Stephen Barclay: I have already said that I recognise there is increasing demand, and set out many of the measures we are taking through the 111 service and other areas. The hon. Lady's own trust has received an additional £3.2 million to address many of those pressures, and the key question is how that will be deployed by the trust to address many of the blockages in the pathways at the moment.

Mr Marcus Jones (Nuneaton) (Con): Despite the challenges this winter, does my hon. Friend not agree that we can be extremely proud in this country that we have an NHS free at the point of delivery to all of our citizens? Will he confirm that that will continue to be the policy of this Government, and does he agree with me that we should not listen to the voices from across the Atlantic saying we should adopt a different system?

Stephen Barclay: I absolutely agree with my hon. Friend that the NHS will remain free at the point of delivery. The reality is that for the majority of the NHS's existence, it has been run by the Conservative party. We know the value of retaining healthcare free at the point of delivery, and the Secretary of State has repeatedly reaffirmed his absolute commitment to that.

Tracy Brabin (Batley and Spen) (Lab/Co-op): In my constituency surgery, two sisters came to speak to me about their father, who went to hospital last month. Because the staff were so overstretched, he was placed in the wrong ward, so he did not get seen by a doctor for four days. Will the Minister reassure the sisters, and will he will pause the downgrade of Huddersfield Royal Infirmary and rethink this so that the winter crisis does not become a daily crisis in the NHS?

Stephen Barclay: As the hon. Lady knows, local commissioning decisions are for the clinical commissioning group and local commissioners, but again, not one Opposition Member has recognised the additional funding that has gone in. Her own trust received an additional £3.4 million—[*Interruption.*] Well, it never is enough for the hon. Lady. The question is, how, with the economic mismanagement under their party, Labour Members are ever going to deliver what they want? Her trust received an additional £3.4 million to address the pressures.

Matt Warman (Boston and Skegness) (Con): Not only are this Government increasing the funding available to the NHS; crucially, they are also training more doctors, with 1,500 more medical school places. Does my hon. Friend agree that that is not only a crucial factor that will address areas such as Lincolnshire, which are under-doctored, but another reason to put a medical school in Lincolnshire?

Stephen Barclay: I very much note my hon. Friend's bid for further training places, and he is absolutely right: there has been a 25% increase in the number of places. That is part of ensuring that we have more doctors, nurses and paramedics, which this Government have put in, to address the increasing demand that the NHS faces.

Jenny Chapman (Darlington) (Lab): Given that, according to Age UK, one in three older people admitted to hospital is suffering from malnutrition, will the Minister now accept that cuts to adult social care are putting an avoidable and increasing strain on the NHS?

Stephen Barclay: What the hon. Lady's question points to is how we better integrate care as between hospitals and the care sector. That is exactly the issue that the Minister of State, my hon. Friend the Member for Gosport (Caroline Dinéage), who has responsibility for care, is looking at in the Department, to ensure better outcomes from the money being put into the system.

Andrew Selous (South West Bedfordshire) (Con): Will the Minister join me in praising the foresight, dedication and hard work of the staff and management of Luton and Dunstable, which was the first hospital to bring in A&E streaming and now regularly and comfortably achieves the 95% target? Does he agree that we need to be better at moving best practice in the NHS around the whole system more quickly?

Stephen Barclay: My hon. Friend is absolutely right. What he points to is the variance in performance between some of the best trusts, such as Luton and Dunstable, and other trusts. One of the key challenges is how we ensure that that best practice is better socialised across the NHS, because unlike Labour we recognise that it is not just about how much money we put into the NHS; it is what we get out for that money. Luton and Dunstable illustrates that point, and more trusts need to follow suit.

Alex Cunningham (Stockton North) (Lab): North Tees Hospital staff are doing a great job of dealing with the winter crisis, but even they have been struggling this year. The trust says it is going to record its first ever deficit, because it cannot make the £18 million cuts demanded by the Government. Is the answer really to deprive it of more money or to have it set up a wholly owned subsidiary company to cut the terms and conditions of future staff?

Stephen Barclay: The hon. Gentleman's trust has received an additional £1.6 million, so it is simply factually incorrect to say that its budget has been cut.

Mr Philip Hollobone (Kettering) (Con): May I thank my hon. Friend the hospitals Minister for the extra £2.6 million given to Kettering General Hospital to help it to cope with winter pressures this year; and, through him, my I congratulate the NHS on this year undertaking the most comprehensive flu vaccination programme in Europe and the largest in this country's history?

Stephen Barclay: My hon. Friend is an assiduous campaigner for his constituency, and he is absolutely right to highlight both the progress made and the importance of the prevention offered through the increased number of vaccinations. I hope many more people next year will continue to take up the vaccination, including Members of this House.

Mr Jim Cunningham (Coventry South) (Lab): Does the Minister not realise that 14,000 beds have been taken out of the national health service on this Government's watch? People are now being treated in ambulances, which is a disgrace. Is he not taking us back to the Major Government of the 1990s, when people were sleeping on trolleys?

Stephen Barclay: Again, the hon. Gentleman is ignoring the increase in the number of doctors. There are now 14,900 more doctors and 14,200 more nurses in the system. As I alluded to earlier, it is not just the number of beds; it is also how we manage those beds. It is how we manage the fact that 5% of the patient population is occupying 43% of beds that will best address bed occupancy rates.

Robert Halfon (Harlow) (Con): I strongly welcome the extra investment in Essex and Harlow in terms of the winter crisis in the national health service, and I very much hope we get a 10-year plan, as suggested by the Secretary of State. Is my hon. Friend aware of the difficulties that Harlow Hospital faces, in that we have among the highest A&E figures per head in England and a hospital that is literally falling down and not fit for purpose, as recognised by the Department? Will he visit the hospital to see what can be done to help us in our campaign for a brand-new hospital for Harlow?

Stephen Barclay: As my right hon. Friend knows, the challenge at Harlow is recognised by the Department. That is why, from memory, its outline business case has been approved and it is now going through the next phase in terms of getting the final business case approved. I am very happy, as always, to discuss the progress of Harlow with my right hon. Friend.

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): Before the Minister seeks to deflect my question by telling me how much extra my trust has got—his Parliamentary Private Secretary is diligently looking that up at this moment—let me tell him that I am aware of how much we received: £1.1 million. However, I can also tell him that winter cost us £11 million, so there is still a £10 million cost to our trust budget.

However, there is a double hit, because my hospital will be hit by fines as a result of missing A&E targets and handling targets for ambulances, with £120 per missed four-hour target, £1,000 per missed 12-hour target and £200 for each ambulance affected. Will the Minister make sure that those fines are not levied by clinical commissioning groups, and that that money stays where it is needed, which is in frontline care?

Stephen Barclay: Again, the hon. Gentleman is ignoring the huge number of measures that have been put in place. As Sir Bruce Keogh himself recognised, there was much more planning this year at a much earlier stage. We have had better integration between NHS England and NHS Improvement. We have had a much more comprehensive planning cycle. We have had better access to primary care, reducing pressure on the front door. We have had stronger action on delayed discharges, addressing issues at the back door. We have had changes to the way ambulance services respond to calls, so there is better prioritisation. We have also had financial incentives focused on A&E performance, so there is a huge range of measures, in addition, as I said earlier, to 1 million more people being vaccinated against flu. Those are all part of the actions taken by this Government to prepare and plan for the pressure of the flu issue we have had to manage.

Kevin Foster (Torbay) (Con): While my constituents will welcome the £1.1 million of extra winter funding, they do not want to believe that this issue is decided purely by knockabout in the House of Commons, which is what some others wish to focus on. Will the Minister reassure me that he will look for independent clinical advice on how to deal with pressures in the NHS and then base his response on that advice?

Stephen Barclay: My hon. Friend is right. There is a desire among Labour Members to avoid the reality of what is happening in Wales, where clinicians said that their best performance is often akin to the worst performance in England. However, we recognise that there needs to be much more integration in the system. That is why the Minister of State, my hon. Friend the Member for Gosport, is looking at how we have better integration in the NHS and the community in terms of domiciliary care, and at how we address some of the issues in the pipeline—the pathways—in hospitals to get a better flow, so that the discharging of patients is not delayed. Much progress has been made, but we recognise that more needs to be done.

Diana Johnson (Kingston upon Hull North) (Lab): We all knew this was going to be a difficult winter for the NHS, but I just wondered whether the Minister felt that his Department had helped the situation by delaying the announcement of additional funds until the November Budget, with most trusts not receiving that money until December. That meant that my trust, for example, had to make plans without knowing whether it would get additional funding and that it was taking a risk.

Stephen Barclay: The Labour party seems to have moved from complaining about the amount of money to complaining that it was not delivered early enough. The hon. Lady's trust received £3.4 million of additional money, but, as Sir Bruce Keogh has made clear, the point is that preparation for winter this year began much earlier than normal and was far better advanced than has been the case before. That is what the medical director of the NHS has said about how we prepared for winter this year.

Bill Grant (Ayr, Carrick and Cumnock) (Con): Could I reflect on the rather rosy picture that my colleague from the Scottish National party, the hon. Member for Glasgow East (David Linden), painted of the NHS in Scotland? We have poor waiting times at A&Es, we are closing a paediatric ward in Paisley, and the chemotherapy unit at Station 15 in Ayr is under threat. Does the Minister think that having the highest tax base in the United Kingdom is a threat to recruitment in NHS Scotland, and that higher taxes in Scotland might play to the advantage of NHS England?

Stephen Barclay: My hon. Friend points to a key point that I have made throughout this session. It is not just about how much money is put into the NHS, but about the outcomes that are delivered as a result. He is right to allude to the fact that in Scotland the SNP has not delivered the improvements it promised on the NHS. That is why there is so much dissatisfaction in Scotland with what is happening in the NHS there.

Kate Green (Stretford and Urmston) (Lab): It is not just integration that will solve the problems in the social care sector. In Trafford, social care providers are being promised £14.61 an hour from this April—well short of what we need to sustain the home care market. What will the Minister do to ensure that there is adequate funding for home care providers?

Stephen Barclay: The hon. Lady raises a very valid point. It is exactly why we will have a Green Paper this summer looking at what steps need to be taken to address this issue. On both sides of the House, we recognise that more needs to be done on how we address these concerns, and that is what the Green Paper will tackle.

Clive Efford (Eltham) (Lab): I am sure that the Minister did not mean to mislead the House regarding the impact of the flu epidemic on our A&Es, so will he confirm that the delays to people being treated in A&E, and the fact that people have been waiting on trolleys in corridors and that ambulances have been queueing at the doors of A&E, predated the flu epidemic?

Stephen Barclay: The hon. Gentleman makes quite a serious allegation of my misleading the House. What I was very clear about is that there has been a 35% increase in attendances at A&E as a result of flu this year

[Stephen Barclay]

compared with last year, and that around 3,000 beds are currently occupied by patients with flu and around 700 beds are occupied by those with norovirus. Clearly, that has resulted in significant seasonal pressures this year, which have placed strain on the system. That was recognised by the Government in the additional funding that was put in place. It was recognised by the NHS, as Sir Bruce Keogh set out in the early planning that was undertaken, and it is simply wrong for the hon. Gentleman to ignore the impact of flu this year, given the way that in 2009 the then Opposition were very responsible in recognising its impact.

Margaret Greenwood (Wirral West) (Lab): Can the Minister confirm that accountable care organisations, accountable care services and place-based care are being rebranded as integrated care services? Will he explain whether there is actually any difference between those terms, and will he do all he can to ensure that Members in this House are given the opportunity to scrutinise them, as I believe that they are here to act as a Trojan horse to bring in the break-up and privatisation of the national health service?

Stephen Barclay: We continually hear this myth about privatisation. The reality is that this Government appointed to run NHS England, first, Sir David Nicholson, who had previously been appointed by the Labour party, and then Sir Simon Stevens, who has worked for both sides of the House. Numbers show that the level of private healthcare provision has not changed this year compared with last year. I understand that the Health Committee is due to look into ACOs and integration within a matter of weeks as part of its deliberations, and I very much look forward to reading the conclusions in that Committee's report.

Andy Slaughter (Hammersmith) (Lab): The programme to reduce acute hospital services and close blue-light A&Es, like that at Charing Cross Hospital, is about to undergo its fourth change of name in five years—"Shaping a healthier future," "sustainability and transformation," "accountable care," and "integrated care". Would it not be better to reconsider that policy, which is being driven not by local clinicians, but by his Department?

Stephen Barclay: The impression given by the hon. Gentleman is that he always seems to oppose reconfiguration of any sort. The reality is that most clinicians will say, "We do need to reconfigure. We do need to look at how services are operated." The evidence of that can be seen within London in terms of the reconfiguration of stroke, which from memory, he opposed—

Andy Slaughter *indicated dissent.*

Stephen Barclay: If the hon. Gentleman did not oppose it, I will happily correct that, but he will recognise that the reconfiguration of stroke in London to fewer sites significantly improved outcomes for patients. There is always a discussion to be had about how reconfiguration operates, but clinicians and the royal colleges recognise that the benefits of reconfiguration are better outcomes for patients as well as better outcomes for the NHS.

Grenfell Tower

4.39 pm

John Healey (Wentworth and Dearne) (Lab) (*Urgent Question*): To ask the Secretary of State for Housing, Communities and Local Government if he will make a statement on the implications of the withdrawal of the Building Research Establishment's safety test results for insulation materials used on Grenfell Tower.

The Minister for Housing (Dominic Raab): I wish to respond to the right hon. Gentleman's question and the decision by the Building Research Establishment to withdraw a building cladding safety test from its website.

The BRE was contacted by the insulation manufacturer, Celotex, after it identified anomalies between the specification for a particular cladding system it had submitted for testing and the actual system tested. It was alerted to the issue last week, and we were informed by the BRE last Wednesday. As a result, the BRE has withdrawn the classification report relating to that specific test, which was carried out in 2014. That is clearly the right thing to do. The cladding system in question included a fibre cement board, rain screen and Celotex RS5000 insulation. Celotex will now schedule a retesting of that system as soon as possible, as detailed in the relevant test report. It is important to make it very clear that this was not a test of the aluminium composite material cladding system that was widely reported and understood to have been present on Grenfell Tower, and it would be wrong to conflate the two.

In the meantime, we understand that Celotex is contacting all its customers who have used this material. We have published advice for building owners on the fire safety of cladding and insulation materials, including this type of insulation, and that advice still stands. As it makes clear, building owners should take professional advice on any further action they think might be necessary, reflecting their buildings' particular circumstances. More broadly, we continue to expect building owners to progress any necessary remedial works and, where necessary, to implement interim fire safety measures to make sure that residents and their buildings are kept safe.

John Healey: The Government's fire testing system is in chaos, yet the Minister offers no fresh advice, let alone fresh action, to deal with the problems. More than seven months on from the Grenfell Tower fire, only three out of 300 high-rise blocks confirmed to have unsafe cladding have had it removed or replaced, so thousands of families across the country are still living in homes that are not safe, and other privately owned blocks with the same suspect cladding have not even sent it for testing, despite the Government's saying they should back in August.

On Friday, the Government's test centre, the BRE, was asked to withdraw the 2014 safety test results that approved the insulation materials on Grenfell Tower. How many other residents are living in how many other high-rise blocks with that same insulation, which now has an invalid approval? Are any other BRE tests similarly flawed? In particular, is the Government's own testing programme sound? The industry is now saying that Government-commissioned cladding and insulation tests used different standards from those in official guidance, with cavity barriers three times more fire-resistant. Is this the case? What does the Minister say to insurers

and landlords who tell residents that the Government's tests are not sufficient to show they breach building regulations, despite what the Secretary of State has said, and that therefore they will pay no removal or replacement costs, leaving leaseholders liable to foot the full bill?

Seven months on from Grenfell, the national testing regime is in tatters. After this national disaster, people look to national leaders for action. Only Ministers can act to make sure that all high-rise buildings are tested, that all tests are sound and that all dangerous cladding or insulation is removed. When will the Government sort this out?

Dominic Raab: I am somewhat disappointed that from this case and the detailed specifications that need to be retested, the right hon. Gentleman has jumped to conflate a much wider range of issues relating to Grenfell. I think that he has done it deliberately, and it is not a responsible thing to do. *[Interruption.]* Let me now answer his questions directly—and perhaps the hon. Member for Great Grimsby (Melanie Onn) would like to listen rather than commenting without understanding the facts.

The right hon. Gentleman asks why there was no new advice. There is no new advice because the existing advice is sound. He said that there had been no action. I gave details of the very specific action that has been taken in relation to Celotex. Indeed, on first hearing of this, I ensured at director level in my Department that the managing director of Celotex was contacted. We understand how seriously the company takes the testing issue, and we understand that it will act as soon as reasonably possible to have the product retested. I know the right hon. Gentleman would not suggest that that should be done in a rushed way. We want it to be done correctly, properly and responsibly, so that we understand and can give the reassurances for which he fairly asked.

The right hon. Gentleman suggests that homes were not safe. He already knows that as part of the building safety programme, inspectors have identified 284 buildings with cladding that does not comply with the requirements in the regulation, and the fire service has visited every one of those buildings. There are interim measures in place, including measures relating to car parks and ensuring that fire wardens are present, so that we can confidently say that every home is safe.

The right hon. Gentleman asks why the renovations had not been conducted more quickly. We need to engage with construction services responsibly to ensure that the renovations are carried out correctly, accurately and in a way that can reassure tenants and the wider public, and that obviously cannot be done in a hurry. We have reviewed the advice regularly, and it remains sound. We are taking every action that is necessary, both in relation to this case—which was the pretext on which the right hon. Gentleman based the urgent question—and in relation to the sensitive and important wider issue of housing and cladding as it affects local authority and housing association tower blocks and those in the private sector. That is exactly what the public would expect.

Mr Philip Hollobone (Kettering) (Con): I declare my interest as a member of Kettering Borough Council. I welcome the Minister to his post. May I ask him how many local authorities have sought financial flexibilities

to help with essential fire safety work, and whether he can confirm that no requests for such flexibilities have been turned down?

Dominic Raab: I have had personal conversations with local authorities that have been affected. We have made it clear that carrying out the necessary remedial works is the responsibility of the building owner, whichever sector it is in, but that when they need financial support or flexibility, they can come to us. As my hon. Friend suggests, we have not declined any such request.

Alan Brown (Kilmarnock and Loudoun) (SNP): The Minister has accused the right hon. Member for Wentworth and Dearne (John Healey) of conflating issues relating to Grenfell. If the Government wanted to keep the House informed and if they were on top of the situation, the Minister would have made a statement rather than our having to rely on an urgent question. The Government promised to keep the House updated on all developments associated with Grenfell, and they have failed badly in that respect.

What steps have been taken to establish how many properties may be affected by the loss of a certificate for this product, and how many other products may be affected in the same way? What investigations will the Government undertake to determine how the wrong information could be supplied to BRE and how tests could have proceeded on the basis of that wrong information? How will the Government ensure in future that correct end-to-end processes—from start to finish—are followed properly and that safe materials are installed in buildings? Will the Government consider giving BRE a wider role, involving more than just carrying out fire tests? How will the fire testing regime feed into future design and product specification? There needs to be a circular procedure. Given that BRE and Celotex seem to be blaming each other, when will the Government get a grip and take a lead?

Dominic Raab: The reason why it is a conflation of the two issues is that the system that was tested in a way that has been found to have been flawed is not the same system that is widely understood to have been the one used in relation to Grenfell. We have no expectation or reason to believe that there is a fire safety issue as a result of this flawed testing, but the responsible thing to do is make sure it is retested as swiftly as possible; then we will know the facts and we can give advice. But if any building owner, let alone tenant, has any concern or question in relation to their property, the existing advice about how to get it tested as soon as possible and take interim measures to protect the property stands; that is the most important thing. There should be no suggestion in this House—on either side—that those living in their homes are anything other than perfectly safe if they followed that important guidance.

Paul Scully (Sutton and Cheam) (Con): Residents want to know that their safety is paramount, and they want clear information on what is a complex issue, so does my hon. Friend agree that it is irresponsible for others to draw a connection between the recent coverage about Celotex and the Government's building safety programme? Does he agree that this must not distract from the vital work of making the buildings meet the required standards in London and across the country?

Dominic Raab: My hon. Friend is right. It is perfectly reasonable to ask questions about how the Celotex case happened, and in relation to the firm and BRE and the action we have taken, it is clear what needs now to be done as soon as possible to get that retesting done, to make sure those questions are answered. The leap into the wider Grenfell issue is deeply sensitive, and a wholesale programme on that is under way to make sure, first, that the interim measures are taken, so that people are safe in their homes; secondly, that the renovations are made, so that we have the proper cladding and systems in place around those buildings; and thirdly, in relation to the wider review of building regulations undertaken by Dame Judith Hackitt, that we learn the wider lessons for building regulation. That is the responsible thing to do. My hon. Friend talked about leadership; we are providing it.

Emma Dent Coad (Kensington) (Lab): Why is the Minister refusing to take action to make the residents in social housing tower blocks safe by backing Labour's pledge to set aside funding to retrofit sprinkler systems, as fire chiefs have asked the Government to do? People are afraid.

Dominic Raab: We are taking the technical advice, we are making sure we have the interim measures in place and we are making sure that the renovations that need to be done to keep those tower blocks safe are done as soon as possible, although that takes time because that requires construction services that have to be contracted. We are making sure that all that work is done. As I have said in relation to the wider question of building regulation, the review conducted by Dame Judith Hackitt will make sure that all those lessons are learned. We have already had the interim report. We have accepted those recommendations and we look forward to the full report.

Simon Hoare (North Dorset) (Con): Decent people up and down the land will want to know that the Government, both centrally and locally, are doing all they can to ensure that people are safe in their homes. The Minister has set some of that out this afternoon. Does he agree that decent people up and down the land will not be expecting party political points scoring on this and people grubbing around for a vote or two?

Dominic Raab: My hon. Friend is right. As I said, I think it is perfectly reasonable to ask questions about the testing system and how we get it right. It is the leap into the other sensitive issues on which a range of concerted action has been taken that is wrong.

Hilary Benn (Leeds Central) (Lab): There are leaseholders living in blocks all over the country, including One Brewery Wharf and Quay One in my constituency, who, having discovered that their homes are covered in unsafe cladding, now face the prospect of having to pay for its replacement, and they are facing difficulties in remortgaging and selling their properties. Since the Secretary of State's urging freeholders to do the decent thing and pay is not working, what are the Government now going to do to ensure that the recladding of those blocks takes place without the cost falling on leaseholders, who are entirely blameless in this matter?

Dominic Raab: The right hon. Gentleman has raised a number of points. First, he talked about cladding that might be unsafe. He did not specify which, but any concerns can be sent to the Building Research Establishment for sampling. We can get that checked in the right way.

In relation to the issue between freeholders and leaseholders, we have been clear all along that it is for the owner of the property to conduct the required renovation and to bear the cost. On local authorities, wherever financial flexibility is required, they can come to us. We have not said no to one yet. Housing associations should go to the regulator. In relation to private sector landlords, we have made it very clear that we believe they should bear the cost. It will depend on the specific leases, and of course the legal question of whether costs are being unreasonably handed over to tenants can be determined by the first-tier tribunal. That is a legal issue and we cannot interfere in that, but morally, we know that there are plenty of freeholders in the private sector who should be doing just as local authorities and housing associations are doing, and who should not be passing on any unreasonable cost to leaseholders or tenants.

Kevin Foster (Torbay) (Con): It is interesting to contrast some of the comments made at the Opposition Dispatch Box today with the reactions of that individual to previous issues when he was a Minister. Will the Minister tell me what is being done to ensure that social housing tenants will be listened to in future? That is one of the big things that has come out of this. People put forward their concerns, but they were just not listened to, even by those who were supposed to be representing them.

Dominic Raab: My hon. Friend makes a broader point. We have two important streams of work under way to ensure that lessons are learned. The first relates to building regulations. We have had the interim report from the Hackitt review and we look forward to the full report. We are also conducting a series of workshops for social housing tenants across the country. We have held something like 100 events, and I have attended two of them, in Basingstoke and in relation to Grenfell. That is the right way to proceed. We must ensure that we listen to social tenants with an open mind and an open heart, and that we learn the lessons as we take forward our reform proposals.

Richard Burden (Birmingham, Northfield) (Lab): The Minister has said that no local authority has been refused assistance when it has asked for help to keep its tenants safe. He will know that Birmingham City Council requires £31 million to ensure that its tenants are kept safe. It has asked the Government for £19.4 million towards that. Will the Government agree to provide it?

Dominic Raab: We are in conversation with that local authority, as we are with others. We are continuing to talk these issues through, and I can assure the hon. Gentleman that we have not declined any requests for financial flexibility. We will make sure that we get it right so that the residents in his constituency are kept safe.

Sir Desmond Swayne (New Forest West) (Con): When did the substantial deregulation of fire safety take place?

Dominic Raab: As I have said, the building regulations review is under way and we have had the interim report. We have accepted all its recommendations and, when the final report is published, we will look at it carefully and consider how to take it forward.

Mr David Lammy (Tottenham) (Lab): The Minister says that he is "in conversation" with a number of councils. After Grenfell, the Secretary of State said that

he would leave no stone unturned and take every precaution in relation to anyone living in a building with similar cladding. On 22 June, the Prime Minister said that every resource would be made available. Why is the Minister still “in conversation”? Why is he not providing the funds? Why is it possible that there could be another Grenfell in this country tonight?

Dominic Raab: I have to say to the right hon. Gentleman that using that kind of language on an issue that we are all trying to grapple with is quite irresponsible. We have offered the financial flexibility—*[Interruption.]* He can point his finger in a jabbing manner all he likes, but we are taking this forward as effectively as we can. Some of the technical issues cannot be addressed overnight. We need to get this right and not act in haste. We have made sure that the interim arrangements are in place so that no one sleeping in their home at night is unsafe. The wider renovations will take time to get right because this is a complex technical undertaking.

Bill Grant (Ayr, Carrick and Cumnock) (Con): As one who served for 31 years in the fire service, I realise the urgency following the events at Grenfell. I should like to compliment South Ayrshire Council, which retrofitted all its high-rise flats some 10 or 12 years ago. I take comfort from that. We are aware of Dame Judith Hackitt’s interim report. It is a good report; it is frank and open. Does the Minister intend to drive forward some of the recommendations that she has made, rather than waiting until the publication of the final report? Surely there are things that we can do now and I ask him to identify which ones they are.

Dominic Raab: I congratulate my hon. Friend’s local authority on being on the front foot. We encourage all local authorities to do their best to ensure that they address such issues in the same way. As for the Hackitt review, we have accepted every single one of the interim recommendations. We obviously want to consider the final report carefully, but the swift action and decisiveness that he wants are already under way.

Ms Karen Buck (Westminster North) (Lab): The fire risk is obviously the single most important issue, but there are others. Local authorities such as mine are in the process of removing cladding. In one estate alone, the removal, the fire watch and the replacement will cost £6.5 million. Will the Minister assure me that the confusion over the tests will not mean that any local authority, private provider or housing association will face a delay in the decision making on the replacement of cladding? If they do, will the Government ensure that any interim costs, such as to cover waking watch or damage to buildings from water penetration when cladding is removed, will be fully met by the Government?

Dominic Raab: There is absolutely no reason why the testing and retesting of Celotex should have any impact on the wider re-cladding exercise that is under way. I am happy to speak again with the hon. Lady’s local authority, just as we have with others, to ensure that we get things right.

Jack Dromey (Birmingham, Erdington) (Lab): The Government are guilty of inexcusable delay. Acting upon the advice of the West Midlands fire service, Birmingham

City Council wants to carry out extensive works to 213 tower blocks containing 10,000 households. As my hon. Friend the Member for Birmingham, Northfield (Richard Burden) said, the council has put specific proposals to the Government and has repeatedly asked for a reply—not one peep, not one penny. The Government are treating the city and worried tenants with utter contempt. When will there be a response so that the necessary works can start straightaway?

Dominic Raab: We are in constant dialogue, so the suggestion that the council has not heard a peep out of the Government is not accurate or responsible. I will chase up the hon. Gentleman’s specific question and ensure that we get a resolution as swiftly as possible. We are having detailed conversations. We often ask further questions of local authorities and they come back with the specifications. We then know how to get the issue resolved properly.

Mr Steve Reed (Croydon North) (Lab/Co-op): I fear that the Minister has been misadvised. Government guidance in paragraph 12.7 of approved document B still permits the use of cladding with a polyethylene core, which industry experts advise is dangerously combustible. It is still being put on buildings today, including on one block in Lewisham, because Ministers have consistently ignored professional advice from the building industry. Hundreds of other buildings across the country are affected, and an average of one fire a month is already being linked to such cladding. When will the Minister issue clear advice on what action should be taken in all circumstances where limited combustibility cladding is in place? When will he order its immediate removal from every residential block where it is present, which includes Citiscape in Croydon?

Dominic Raab: The hon. Gentleman is wrong to suggest that we have not taken the expert advice. We have consistently done that and have acted on it, but I am happy to look again at the material he mentioned. I have been involved in relation to the Citiscape case in Croydon and we have made it clear to the freeholder there, just as we have done everywhere else, that there is a moral case for avoiding any unreasonable costs to leaseholders or tenants. The leaseholders and tenants also of course have the option of going to the first-tier tribunal to settle an issue legally, and it would be wrong for Ministers to interfere in that process.

Clive Efford (Eltham) (Lab): The Minister has constantly referred to financial flexibility for local authorities, so does that mean an additional borrowing allowance? If so, does that come from the housing revenue account or the general fund, or are the Government going to fund it?

Dominic Raab: The hon. Gentleman is right that the flexibility relates to local authorities’ borrowing. Quite how that should be done will depend on the individual circumstances of particular local authorities, but we are willing to discuss that. As I mentioned earlier, we are yet to decline a request, so the support is there.

Matthew Pennycook (Greenwich and Woolwich) (Lab): The New Capital Quay development in my constituency is just one of hundreds of private freehold developments

[Matthew Pennycook]

across the country where cladding has failed and where the freeholder in question—Galliard Homes in this case—has washed its hands of all responsibility for interim fire safety measures and remedial works. Does the Minister agree that it cannot be right for leaseholders to pick up the full costs in such cases? Will he urgently set up a working party to consider the matter and give proper guidance as to who is liable under the law for the costs on such developments?

Dominic Raab: It is not just in relation to local authorities and housing associations that the freeholder is responsible for renovations; it is also the case for private landlords. The question of the allocation of responsibility for funding and financing the renovation is partly determined by the terms of the leasehold arrangement, but my understanding is that, as a matter of general law, a freeholder cannot pass unreasonable costs over to leaseholders. There is always recourse to the tribunal and we know plenty of leaseholders have taken such action. We have been very clear that, morally, such costs should not be passed on to leaseholders.

Andy Slaughter (Hammersmith) (Lab): At the last Housing, Communities and Local Government Question Time, my hon. Friend the Member for City of Durham (Dr Blackman-Woods) and I both asked about the review of technical documents. We did not get an answer. To be clear, we are talking not about the Hackitt review, which is doing some good work on the wider issue, but about individual types of cladding and what document B says. We cannot go ahead with the replacement of cladding—we may still put up partially combustible materials on those buildings. The review of technical documents has not yet started.

Dominic Raab: If the hon. Gentleman writes to me about that, I will follow it up. There is detailed dialogue with any local authority that raises such issues. If he wants me to follow it up, he should write to me and I will be very happy to do so.

Mr Jim Cunningham (Coventry South) (Lab): How much have the Government spent so far on assisting local authorities and the private sector to deal with this situation? Let us have a figure, let us know how much money is available and let us stop this argument about negotiating to borrow so that local taxpayers have to pick up the tab.

Dominic Raab: The financial responsibility is different in all of those cases, but if the hon. Gentleman has an example of where he thinks that has been badly handled, like others, he should write to me and I will look into it personally.

Rail Update

5.6 pm

The Secretary of State for Transport (Chris Grayling): With your consent, Mr Speaker, I will make a statement on rail franchising. I apologise to the two Opposition Front-Bench spokespeople for the slightly late delivery of copies of the statement—the speed with which we took this afternoon’s urgent questions caught us all a bit by surprise.

I informed the House on 10 January that my Department was preparing contingency plans for running train services on the east coast main line in the event of the existing franchise failing. Despite delivering significant returns to the taxpayer and having some of the highest passenger satisfaction scores in the country, the lead operator of the franchise, Stagecoach, has been incurring significant losses. During that debate, I promised to return to the House to provide an update on the situation, and I am doing so today.

Since 2015, the franchise has met all its financial commitments to the taxpayer, returning nearly £1 billion to the public purse, but that has come at a substantial cost of nearly £200 million to Stagecoach. I have already informed the House that the franchise will, in due course, run out of money and will not last until 2020, but it has now been confirmed that the situation is much more urgent. It is now clear that the franchise will be able to continue in its current form for only a very small number of months and no more.

Last week, following detailed analysis, my Department issued the franchisee with notification that the franchise has breached a key financial covenant. It is important to make it clear to the House, and indeed to the public, that that will not affect the railway’s day-to-day operations. The business will continue to operate as usual, with no impact on services or staff on the east coast, but it does mean that in the very near future, I need to put in place a successor arrangement for operating the railway and to end the current contract.

Given the imminent financial pressure that the existing franchise is under, I am taking action now to protect passengers who depend on these train services and to ensure continued value for taxpayers’ money. Given the urgency of the situation, I would like to take this opportunity to update the House on my plans.

It is worth remembering that our franchising system, as a whole, has delivered great benefits to passengers. New private investment has totalled £6.4 billion over the past 11 years, passenger journeys on the rail network have more than doubled and the private sector is paying for new trains all around the country. There are those who want that to stop, because of a dogma that the state could run the railway better, but we see the fruits of private investment all around the network.

There has also been much misinformation about the franchise, so it is worth stressing again at the outset that, because payments to the Government have been subsidised by Stagecoach, the taxpayer has continued to profit financially from this franchise. Passenger satisfaction is high, and preparations are well under way to deliver state-of-the-art new trains on this railway.

The problem is very straightforward: Stagecoach got its numbers wrong. It overbid and it is now paying the price. Contrary to widespread speculation and rumour,

no deal has been done on this railway, and I have not yet made a decision on the successor operator to run the east coast railway until the longer-term plans for the integration of track and train can begin in 2020. There is no question of anyone receiving a bail-out. Stagecoach will be held to all its contractual obligations in full. But, as the Brown review said five years ago, this is what we expect in a competitive franchise system: private businesses risk substantial amounts of their own capital, and if they fail to live up to their stretching targets, they lose out, not the taxpayer. For anyone who thinks that the nearly £200 million that Stagecoach will lose is insignificant, let me put it into context: the combined profit of every train operator in the country was only £271 million last year, and the loss equates to more than 20% of Stagecoach's total market value. So this is a significant amount of money by any measure, and it should also act as a stark warning to any company tempted to overbid in future. Moreover, the franchising system has now been adjusted to deter further optimism when bidding.

The priority now is to ensure the continued smooth running of the east coast franchise for its passengers. I have therefore asked my officials to conduct a full appraisal of the options available to the Government to ensure continuity of service until we implement the east coast partnership on the route from 2020. My decision on which option to choose will be made in accordance with the key principles set out in the statement on how I use my rail franchising powers. These include: protecting the interests of passengers; preserving the interests of taxpayers by ensuring value for money; and supporting investment and improvement in the railway, including through the deployment of new inter-city express trains on the east coast line.

In order to inform this decision, the Department will assess the extent to which each option performs against those principles. Our value-for-money assessment will be based on a number of criteria, including which option returns most money to the taxpayer, the risks attached to each, and the value of any improvements in passenger services. I will also have regard to the effect of my decision on other franchises. The decision will be taken in a transparent way; the Department's assessment of the option will be published and it will be properly validated.

At this stage, one of the options is to consider the possibility of Stagecoach continuing to operate services on the east coast line under a very strictly designed short-term arrangement. The current management has a strong record of customer service and to rule out its involvement now would go against the principles I have outlined. However, given the circumstances in which the Government are having to step in to protect passengers on this line, I am prepared to consider that option only on the basis that the franchise would be operated on a short-term, not-for-profit basis. The only acceptable financial reward for Stagecoach could be received at the end of the contract—and only in return for the delivery of clearly specified passenger benefits and improvements. The company cannot be allowed to continue to run this franchise and simply make a profit, given what has happened. It got its sums wrong, and it will pay the price for that, not the taxpayer.

The second alternative is for the east coast franchise to be directly operated by the Department for Transport through an operator of last resort. My Department will subject that option to the same rigorous assessment to

establish whether it would deliver value for money for taxpayers and protect the interests of passengers. This option is very much on the table and will be selected if the assessment that I have set out determines that it offers a better deal for passengers and taxpayers than the alternative.

In either scenario, the east coast main line is expected to deliver substantial revenue to the taxpayer. The line will also continue to deliver premium payments to the Government once the east coast partnership is in place in 2020. So let me be clear that the east coast franchise will continue to offer and deliver a healthy operating profit for taxpayers. It has done so over the course of this franchise so far and it will do so in future.

There will be those who claim that because Stagecoach overbid, it should be excluded from bidding for future franchises. I have to be clear that the legal advice on this is clear. As the company is meeting its financial obligations to support the franchise, including with the full parent company's support, and because it has operated services on the east coast line successfully, the Department has concluded that there are no adequate legal grounds to restrict it from bidding on current and future franchise competitions on this basis. Members will understand that it is my duty to follow legal advice, but let me be clear that we will keep its eligibility for current and future bids under close scrutiny and constant review.

It is vital that we continue to focus our attention on delivering benefits for passengers across the network and on securing the genuine benefits of privatisation, so in addition to the transparent, rigorous process for the east coast line that I have set out, I am making some additional franchising announcements that will deliver benefits to passengers on the west coast and east midlands routes. In December 2016, we set out our plans to award the west coast partnership—the franchise that will deliver the first High Speed 2 passenger services. In that announcement, we made clear our intention to agree a short direct award with the current incumbent to allow the time necessary to design the west coast partnership. The negotiations have been completed and we have agreed a direct award with the existing operator, Virgin Trains west coast.

Let me be absolutely clear that the east coast and west coast franchises should not be confused. As with the east coast franchise, the west coast operator is meeting all its financial obligations, but the west coast franchise has a completely different corporate structure, in which Virgin Trains is the majority shareholder. As was set out 14 months ago, the direct award is a sensible bridge between the existing contract and the west coast partnership. Once that partnership is ready, the direct award will cease to exist.

Virgin has transformed the west coast franchise from a poorly performing service that required a subsidy of more than £75 million a year into a franchise that has one of the highest passenger satisfaction rates, at 91%, and which returns more than £200 million per year to the taxpayer. The transformation has included: the introduction of trains every 20 minutes between London and Manchester and between London and Birmingham, and hourly services between London and Scotland; the installation of wi-fi on every train; the lengthening of the Pendolinos to 11 carriages to accommodate growing passenger numbers; and the introduction of free at-seat entertainment services.

[Chris Grayling]

My decision is in keeping with the three key principles that I set out earlier: protecting passengers, ensuring value for money and supporting investment. I look forward to the release of the invitation to tender for the west coast partnership in due course and am confident that we will see strong competition for this exciting new franchise, which will help to transform rail travel in this country through to and including the delivery of the first HS2 services.

In the coming years, we will also transform the east midlands franchise, with the biggest investment in the midland main line since it was completed in 1870. Passengers will benefit from more seats, new trains and dramatically reduced journey times from Nottingham and Sheffield to London. Once the work is complete, there will be almost twice as many seats into London St Pancras during the peak compared with today.

The next operator will be required to deliver many of the improvements, so I shall set out today the next step of the competition that will award the contract. Abellio, Arriva, Stagecoach—the incumbent—and a joint venture between First and Trenitalia have all been shortlisted to run the east midlands franchise that will deliver improved services. As I have said, the Government have no adequate legal grounds to restrict Stagecoach from bidding, but the completion will be run on a fair and transparent basis, with new safeguards against over-bidding. Ultimately, the winner will be the firm that offers the best service to passengers and the best value to the taxpayer.

In a competitive market, franchises will sometimes fail. When that happens, my duty is to protect passengers and taxpayers, and to ensure continued investment in the railway. Stagecoach has paid the price for failure, as stipulated in its contract. Passengers on the east coast main line can be assured that services will continue as normal. The Government will undertake a transparent appraisal of the options available to ensure that passengers and taxpayers are protected.

I know that I will hear a lot about nationalising everything. It is worth remembering that, as we have heard today, renationalising our water companies would cost £90 billion. We have heard nothing about the cost of renationalising the railways—due to not just losing the private investment that is bringing in all those new trains, but the billions that would have to be spent to bring those trains back on to the public books. We remain committed to the success of a private railway. Over the past 20 years, passenger numbers have doubled. We have one of the safest railways in Europe, passenger satisfaction is high across the network and other countries are now adopting Britain's model for running the railways. The plans I have set out will allow the British public to continue to benefit into the future from an ever-improving railway. We have challenges to meet, but we will meet them. I commend this statement to the House.

5.18 pm

Andy McDonald (Middlesbrough) (Lab): I would like to thank the Secretary of State for advance sight of his statement, but as I was given it just 15 minutes before he started to speak, I am not sure that I need to be over-grateful. Given the content of his statement, I am not surprised at his reticence. Let us see whether the markets deliver the sort of share value boost that his last statement secured.

Today's announcement is yet another monumental misjudgment to add to a growing list of miscalculations by this Secretary of State. It is increasingly clear that he does not care about taxpayers, rail passengers or the rail industry itself, but will do everything in his power to protect and support Virgin, Stagecoach and their ilk, and the failed franchise system.

Members on both sides of the House can be in no doubt: the bail-out culture at the Department for Transport is alive and well—it has never been better. Virgin-Stagecoach failed to deliver on its contract on the east coast route. No problem—the Government will step in and bail it out, kissing goodbye to the £2 billion that Virgin had previously agreed to pay. But, guess what? Let us just give both companies a new contract to run the west coast line as well.

Listening to the Secretary of State's statement, I did not know whether to laugh or cry. His argument that a direct award to Virgin-Stagecoach for the west coast and east coast represents a good deal is truly laughable. The idea of more profits and less risk for those companies is an insult to Members and their constituents. What makes me want to weep is that he is giving yet more gifts to Richard Branson and Brian Souter. What is more, he is using our public money to fund his failure. Let us not forget that Virgin and Stagecoach are companies that extracted hundreds of millions of pounds in rigged compensation payments from taxpayers during the upgrade of the west coast main line between 2002 and 2006—£590 million to be precise. [*Interruption.*] Similar tactics are now being deployed on the east coast, as the companies blame Network Rail for their failure to deliver on their contract.

Virgin Group games the system in rail and Virgin games the system in health. It has done it before, and it is doing it again: Virgin Trains is a company that shakes the system down. The Secretary of State's failure to stand up to Virgin and Stagecoach is a disgrace. He is supposed to protect the taxpayer interest, not to sacrifice it to Branson and Souter, yet he stands by this model. Companies are not bidding for franchises, which makes a mockery of competition, and his taxpayer bail-outs make a joke of train operating companies paying premiums to the Treasury. What does this Secretary of State do instead? He just gives train operating contracts without competition. Since 2012, there have been more contracts directly awarded than franchises let after competitions. Why? Because he is ideologically opposed to running the railways in the public sector. He just will not do it. He cannot do it, even when the clear majority of the public are in favour of bringing the railways into public ownership. His solution is more taxpayer support and ever higher fares for passengers.

The Secretary of State refused to answer my questions about these contracts in a debate in this House on 10 January. He does not do long-term thinking, only crisis management. Franchise failure should mean forfeit. If a private train company cannot deliver on the contract, it does not deserve the contract. That was what the Labour Government did in 2009 with the east coast line. This Government's failure to grasp reality is costing passengers and taxpayers dear. That is why a Labour Government will bring in a railway for the people and businesses that it is intended to serve, and put a stop to this appalling, profiteering racket.

Several hon. Members *rose*—

Mr Speaker: Order. Just before the Secretary of State responds to the shadow Secretary of State, I must say to the hon. Member for Kingston upon Hull East (Karl Turner), who, in his usual fashion, yelled, “It’s a disgrace,” from a sedentary position, that this morning I conducted my weekly Skype session with school students from the Education Centre. They were students of the Herne Bay primary school, one of whom asked me, “Mr Speaker, is there a Member who is particularly cheeky in terms of loud and repeated heckling?” I said, “Well, seeing as you ask, there is a chap called Karl Turner, who is a very agreeable fellow, but he does tend to go from nought to 60 in about five seconds.” I proceeded to educate the pupils of that primary school class in the favoured expressions of the hon. Gentleman—“Shocking” and “It’s a disgrace”—and his ritual exhortation, which fortunately I have not heard today to a Minister, to wit “be’ave”, which he makes while conspicuously failing to do so himself.

Chris Grayling: As we were caught short by the speed of the urgent questions, I know that the hon. Gentleman did not have as much time as he might have wished to prepare, but I am not sure that he listened to a word I was saying. He talked about a bail-out culture, gifts and standing up to people, but I have just announced that we will terminate a contract and that we may bring the operation of this railway back into the system of operator of last resort, which is, if I recall correctly, what Labour did in 2009.

I intend to ensure that I do what offers the best value for the taxpayer and the best option for the passenger at a time when exciting things are happening on this railway. New trains arriving in the coming months will transform the journey for passengers on the route, and that is long overdue. In the next control period, there will be investment in different parts of the route in order to improve performance in places where it is desperately overdue. The future is promising for the passengers on this railway, as they will have a better travel experience in the months to come.

The hon. Gentleman talked about long-term thinking, which is precisely what the east coast partnership is about. It is about unifying track and train in a way that I believe the public of this country want, and people on the railway believe that this will lead to a more efficient railway. The more that we can reunite the day-to-day operation of the track and trains right across the network, the more reliable a railway we will have.

Andy McDonald: Nationalise it.

Chris Grayling: The hon. Gentleman says from a sedentary position, “Nationalise it” but this country has done that before. It was called British Rail and it became a national laughing stock. Whatever else we may do, I have no intention of leading our railway system back into the days of British Rail, when lines were closed, routes were axed and the system received a lack of investment year on year because it was competing with schools and hospitals for the capital available. I have no intention of recreating British Rail, although Labour may do. I have a strategy that involves bringing together track and train, a long-term vision of investment, expanding our network and new trains. That is what passengers want.

Iain Stewart (Milton Keynes South) (Con): The west coast main line is a vital railway service for my constituency. Virgin has indeed transformed that service over the duration of its franchise. Will my right hon. Friend say a little bit more about the duration of this direct award? What additional features can my constituents expect during that time?

Chris Grayling: My expectation is that it will last no more than two years—possibly only one year. It is important to get the west coast partnership structure in place to go through the bidding process, and we will shortly be issuing the invitation to tender. I can only reiterate that there is a clear corporate difference between the east coast main line, which is 90% owned by Stagecoach, and the west coast main line, which performs well and is majority owned by a different company, Virgin Trains. Whether the brand is used on both is neither here nor there; it is a different corporate entity. There is no possible legal benefit or passenger benefit from somehow ripping this up for an interim period, rather than moving seamlessly into the future and the path towards HS2.

Alan Brown (Kilmarnock and Loudoun) (SNP): Despite what the Transport Secretary says, the franchising system is quite clearly not working, especially given today’s further announcement. When all these announcements are made, we keep hearing about the private investment that privatisation of the railways has brought in with the increasing passenger numbers. The reality is that all that new investment is paid for by the rail users. Sure, it might make the railways more attractive, but it is being paid for by those who use the railway. It is not magic money; it comes out of our pockets. It is quite clear that the parent company guarantee system is not working. If it were working properly, the east coast franchise would continue until the end, so there is clearly a failure in the system.

The Secretary of State did the usual bluster, but he mentioned water companies when he was talking about nationalisation. Well, I have news for him: in Scotland, the water company is a national company. It is owned by the public and operates successfully. The Scottish Government are also looking into a public sector rail bid, so these things can work. If the Transport Secretary’s defence is that Stagecoach got its sums wrong, what does that say about the Government’s due diligence on the tenders that were submitted? The fact is that the Government followed through and awarded the tender to a company that got its sums wrong. That is another reflection on his Department.

All this follows the west coast main line tender farce—the franchise deal collapsed in 2012, resulting in the direct award to Virgin, which is now going to get another direct award. There are way too many direct awards in the franchise system, and that kind of goes against the ethos of competition that a franchise is supposed to bring, which again highlights that the system is not working. What will be the duration of the next award and what impact will that have on the timescales for HS2? Will the Secretary of State give us accurate timescales for the HS2 tender process?

On the east coast and west coast awards, will the Secretary of State follow the Scottish Government’s lead? All employees on the ScotRail franchise are paid the real living wage, there are no compulsory redundancies and ScotRail is operating at a higher satisfaction level

[Alan Brown]

than the companies in the rest of the UK. For once, will he seriously consider the devolution of Network Rail to Scotland? That would save his Department money, take away some responsibility—given that it is a failing Department—and perhaps make up for a £600 million shortfall in maintenance monies allocated for the next control period in Scotland.

I have one final question. [HON. MEMBERS: “Oh!”] How is the Secretary of State’s new railcard system working? What funding has been put in place for it? Does the inflation-level rise he has agreed cover the new railcard?

Mr Speaker: I simply advise the hon. Gentleman, in all friendliness and candour, that he was only 43 seconds over his time.

Sir Desmond Swayne (New Forest West) (Con): It seemed longer.

Mr Speaker: I do not know how long it seemed to the right hon. Gentleman, who is usually quite a patient fellow. Not everybody, I am afraid, is as succinct as the right hon. Gentleman, who has developed it into an art form, but the hon. Member for Kilmarnock and Loudoun (Alan Brown) must do better.

Chris Grayling: We are going to hear a lot today about the public versus private argument. What SNP Members, and indeed Labour Members, have not remembered is that if the investment has to come from the public sector, it competes with money for schools, hospitals and the armed forces. That means that, as happened in the days of British Rail, our rail network is starved of investment, and we saw the consequences. By contrast, the new trains that are shortly going to be arriving in Edinburgh Waverley and going up the east coast to Aberdeen are paid for by the private sector.

Andy McDonald: They are paid for by the customers!

Chris Grayling: Of course they are paid for by the customers. The private companies make the investment and they make the return on that investment because the passengers pay for fares. That is the way that business works. Perhaps Labour Members do not understand the way that business works. Customers buy something they want to buy. I am absolutely certain that customers want to travel in brand-new trains. That is long overdue on the east coast main line, where they have regularly failed to do so. However, there are clearly lessons to learn on this. That is why we have moved much more towards a quality basis for new franchises. I want an increased quality of service delivered to be the basis for the allocation of new franchises.

The hon. Member for Kilmarnock and Loudoun (Alan Brown) asked about the west coast main line direct award. As I said, it will run for between one and two years. It will finish as soon as possible. I want this up and running. We are going to issue the ITT for the west coast partnership very shortly.

The hon. Gentleman raised the issue of staffing. The private sector-run east coast main line is today employing more people than it did in the public sector. As somebody who believes passionately that we need more customer service staff on the railway rather than fewer, I think that is a good thing.

The hon. Gentleman asked again about the devolution of Network Rail. I simply reiterate that I think that the SNP Government have quite enough to do without going beyond the devolution recommendations that we have put in place.

As regards the travelcard, it is being issued by the industry, which is moving ahead quickly with preparations for it.

John Penrose (Weston-super-Mare) (Con): The last time the Secretary of State stood at the Dispatch Box, I asked him about open-access rail and competing rail firms. He rightly waxed lyrical about the benefits to customers in terms of choice and value that open-access rail can produce. As he looks at the options for the east coast main line, will he consider, in addition to the two options he has laid out for the House, an open-access alternative so that we can get away from the state-led and potentially even nationalised set of alternatives that we are otherwise being pushed towards?

Chris Grayling: I know that my hon. Friend feels very strongly about this. He is right about the benefits of open access. My view is that open access holds the existing operator’s feet to the customer service fire to make sure that it delivers. It would not be realistic to do this in timeframes available to me for making the change that we are going to need. However, I am very clear that the rules around the creation of the east coast partnership must and will leave room for open access.

Melanie Onn (Great Grimsby) (Lab): The reason given for not providing residents of Grimsby and Cleethorpes on the east coast a direct service to London was the impact on Virgin’s profits. Will today’s announcement see any progress on a direct rail link line for my constituents, or perhaps a cut in the amount they are shelling out for their fares?

Chris Grayling: I very much hope and believe that we will be able to create opportunities for more direct services to east coast towns in the years ahead. There is no reason why this route cannot be used for further open access, if the Office of Rail Regulation judges that the capacity is there. It is very much down to the regulator to decide what is realistic and what is not. It is as much about whether it can be done logistically as anything to do with profitability. [Interruption.] The hon. Member for Middlesbrough (Andy McDonald) says, “Easy get-out.” There is only so much capacity available. I hope, however, that the investment going into the east coast main line during the next control period will free up additional train paths and additional capacity. Of course, when HS2 arrives it will create a complete step change for the east coast main line and allow for services to a whole range of new destinations.

Maggie Throup (Erewash) (Con): With Stagecoach remaining on the shortlist for the East Midlands franchise, which serves my constituents, will my right hon. Friend keep the bid under review and revisit the legal advice he has received over the coming months?

Chris Grayling: I will be immensely careful about both the legal position and what is right for the midland main line. We will take the bid that will deliver the best outcome for passengers, and we will do so in a way that fulfils the legal advice. I am not interested in a second-rate

solution for passengers. We will be providing much upgraded services and new trains, and the people who operate those new trains have to be the right ones.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Is the Secretary of State aware that I am very disappointed he did not inform me he was attending a well-publicised meeting in the centre of Huddersfield in my constituency on Friday? He had the opportunity to talk to me and some of my constituents about the deterioration of the east coast line over recent years and the fact that not only the east coast line but the network across the north of England is a very great concern for my constituents who use it to get to work.

Chris Grayling: Just to reiterate, I did make sure that my office contacted the hon. Gentleman's office on Friday morning to tell them I was going later in the day to meet Conservative councillors ahead of the council elections—an event that I would not normally invite him to. I was particularly struck by how thoughtful the Conservative team in Huddersfield is about the potential transport improvements for that area. It was a very valuable set of discussions.

Mr Sheerman: On a point of order, Mr Speaker.

Mr Speaker: Not in the middle of the statement.

Mr Sheerman: Is it not right that Members should be told of another Member visiting their constituency?

Mr Speaker: I am extremely grateful to the hon. Gentleman for his point. The Secretary of State says that the hon. Gentleman was notified and his office was informed. I must say, I think the spirit of the requirement is not always honoured. It is quite important that a genuinely conscientious effort is made to contact the Member concerned, but, to be fair, the Secretary of State did start by saying, "I informed his office." That may or may not be entirely satisfactory, but we will have to leave it there for now, because notwithstanding the hon. Gentleman's considerable perturbation about what he regards as late notification, other hon. Members are now waiting to ask their questions and will become very perturbed if they do not have the chance to do so.

Several hon. Members *rose*—

Mr Speaker: We will start with one that I feel sure, from experience and precedent, will be very brief. I call Sir Desmond Swayne.

Sir Desmond Swayne (New Forest West) (Con): How good is Lord Adonis's memory?

Chris Grayling: I am not a doctor, but I know that there is no record whatever of any ban on National Express continuing to bid for franchises after 2009. I am sure that the legal advice then was the legal advice I have now. Whatever one may say in public, the reality is that no legal constraint was placed on National Express from further bidding for franchises.

Dr Roberta Blackman-Woods (City of Durham) (Lab): I think it is the Secretary of State who has the short memory, so I will remind him that this is the third time in 11 years that a private sector franchise on the east coast line has failed. Can he explain to the House why his Department prevented East Coast, a public company

that ran the railway superbly for both passengers and the taxpayer, from bidding for this contract? Will he today commit to changing the rules so that public sector companies can bid for these franchises?

Chris Grayling: The key point to remember is that this is a franchise that has increased the number of services, increased the number of staff it employs, improved its passenger satisfaction rating and is providing a larger payment to the taxpayer, notwithstanding the troubles I have set out today. That, to me, suggests that it is getting something right. I want to be absolutely clear—*[Interruption]* Notwithstanding the sedentary comments, it is really important for me to pay tribute to the hard work of the staff who work on the east coast main line, who have done a good job in improving the quality of service for passengers. It is not their fault that their company got the financing of this wrong.

Luke Graham (Ochil and South Perthshire) (Con): Can my right hon. Friend confirm that every penny of the £165 million guarantee that was insisted on in the franchise agreement will be reclaimed by the taxpayer?

Chris Grayling: Absolutely, and indeed, that has already happened. I am absolutely clear that Virgin-Stagecoach will fulfil this contract to the letter.

Andy McDonald: What about the £2 billion?

Chris Grayling: The shadow Secretary of State has failed to understand what I keep saying, which is that this railway every year continues to generate a substantial contribution to the taxpayer, and that will continue right the way through until 2023 and beyond.

Heidi Alexander (Lewisham East) (Lab): May I ask the Transport Secretary for an update on station accessibility improvements? Hither Green in my constituency was due for a major upgrade in this control period, but that was kicked into the long grass by his predecessor. How much has been allocated for these improvement projects in the next control period, and will projects that were priorities last time around but lost out continue to be priorities?

Chris Grayling: There will be a continuation of the accessibility fund in the next control period. We have not decided exactly how much it will be, but I can give the hon. Lady an assurance that I will want to make sure that where commitments have been given in the past, we will seek to fulfil them in the next control period.

Robert Courts (Witney) (Con): Will the Secretary of State confirm that privatisation has brought investment of £6.4 billion to our railways over the past 10 years, and that when awarding franchises both on the east coast main line and on the Cotswolds line—the GWR franchise, which is being consulted on at the moment—his guiding light will always be the quality of service provided to passengers?

Chris Grayling: This is now very much my approach. My view is that if the service is really good, revenues will follow. While it is absolutely essential that one seeks to achieve best value for the taxpayer in a bidding process, there is already a different balance between the amount

[Chris Grayling]

of money bid and quality, and the balance will continue to evolve towards quality. That is what matters to passengers, and what drives revenues.

David Hanson (Delyn) (Lab): If the Secretary of State rushed, he would just about get the 6.10 from Euston to Flint in north Wales, and it would cost him £283 for a return ticket. In the next two years of the direct award franchise for the west coast main line, does he expect prices to stabilise, or indeed fall?

Chris Grayling: The right hon. Gentleman is an astute Member of the House, and I have no doubt that he would have bought an advance ticket for a fraction of the sum he mentioned. Really good value is available on the west coast main line, although for those who turn up at the last minute—as, indeed, is the case with airlines and many other forms of transport—there is a higher price to pay. I believe that since the passenger numbers on the west coast main line continue to rise and services continue to be rated good, the current operators must be doing something right.

Alex Chalk (Cheltenham) (Con): It seems clear that Stagecoach miscalculated, overbid and is now paying a £200 million price. Can anything more be done to avoid private sector companies overbidding and setting themselves up to fail, and can those lessons be learned in time for the GWR extension, which will affect my constituents in Cheltenham?

Chris Grayling: It is really important that we do so. We have in fact already changed the way the franchising structure works for the most recent franchise. The south-eastern franchise, which is out to tender at the moment, has a different approach to the issue of risk sharing. We have to be careful: on the one hand, we must seek to get best value from the franchises, but on the other hand, we need to make sure that they are resilient. It is a balance, and we have to try to get this right, but we are seeking to improve the balance between the risk to quality and the revenue we receive.

Paula Sherriff (Dewsbury) (Lab): While the east coast main line was under public ownership between 2009 and 2015, passenger satisfaction, punctuality and reliability reached record high levels. Has the case not therefore been made for renationalisation based on these principles?

Chris Grayling: Except that since the line returned to being operated by Stagecoach, passenger satisfaction levels have risen, the number of employees has risen, the return to the taxpayer has risen and the number of services has risen. In my judgment, the day-to-day operation of this railway has proved very successful over the past two or three years, even though its finances have been disastrous.

Stephen Kerr (Stirling) (Con): In my right hon. Friend's statement, he said that the financial reward for Stagecoach at the end of its contract would be set on the basis of the achievement of "specified passenger benefits". What does he have in mind?

Chris Grayling: I want continued improvements of the kinds committed to in the original franchise documents—better services, more services. If there is to be any payment at all at the end of this direct award, it has to

be on the basis of an improved situation for passengers and better services. As far as I am concerned, this will be a not-for-profit award on a year-by-year basis if—if—we go down this route. Such a decision has not been taken, and I will not take it until I have seen the evidence on either side; and I will be completely transparent about it. Any payment at the end of a direct award has to be linked to a much better deal for passengers.

Tom Brake (Carshalton and Wallington) (LD): Can the Secretary of State confirm that if any Virgin or Stagecoach directors receive any bonuses in relation to the east coast project, they will have them clawed back?

Chris Grayling: Given that the company has lost nearly £200 million over time and has, I believe, effectively wiped out all its profits from rail operations for the past four years, I would be extremely surprised if its management wanted to pay any bonuses at all. If they do, they will not be paid for by the taxpayer, but out of the company's reserves, but I will be gobsmacked if they are paying bonuses on this at the moment.

Kevin Foster (Torbay) (Con): I welcome the general tone of the Secretary of State's statement, in particular the emphasis on Stagecoach taking the hit rather than the taxpayer. Can he tell me what lessons will be learned for the great western railway franchise from what has happened with the east coast franchise?

Chris Grayling: I am very clear that when the great western franchise is let, it has got to be based to a much greater degree on quality. As my hon. Friend will be aware, we are consulting on the possibility of having a separate south-western franchise. I am looking forward to hearing responses on that—I am open-minded about it—but I am clear that the next great western franchise has got to deliver better and more innovative services for people in the south-west. It is why, for example, we are now working with Great Western with a view to reintroducing a passenger service to Okehampton, which is something there is a clear opportunity for.

Tony Lloyd (Rochdale) (Lab): The Secretary of State was very casual in dismissing the comment of my right hon. Friend the Member for Delyn (David Hanson). People who use the west coast main line feel that it is very expensive, because there is so little competition. During this period, when he has imposed a new contract, what will he do to guarantee that there is value for money and that we will not simply see ticket prices go up, when they should be going down?

Chris Grayling: All I can say, again, is that this railway line is well used and has seen an increase in passenger growth and customer satisfaction—it is the highest-rated railway in the country. I never want to see fares go up, but pay rises happen each year and there are costs to meet. Therefore, I am not offering a cut in fares, but we will operate a tight regime around the franchise to make sure it is not abused.

Mr Philip Hollobone (Kettering) (Con): May I thank the Rail Minister for agreeing to meet the formidable Kettering rail users group this coming Wednesday in his office? They are going to bring with them constructive proposals for how the rail service to and from Kettering

might be improved. May I urge the Secretary of State to recognise that Kettering is the most northerly junction from London between the Corby-to-St Pancras service and the midland main line itself? Thus, Kettering's status during the next franchise should be enhanced.

Chris Grayling: Both my hon. Friend and the Kettering rail users group are powerful advocates for Kettering. I am sure they will be pleased by the investment going in. I was on the line the other day, and I could see all the engineering work taking place north and south of Kettering. There will be much better train links into London and, importantly, far more seats at peak times from Kettering, and we will be looking carefully at how we can ensure that passengers from Kettering have the best possible experience.

Lucy Powell (Manchester Central) (Lab/Co-op): With the collapse of this contract and the collapse of Carillion recently, is this not a moment for us to be clear with the public that we are learning the lessons of these contracting exercises? People are coming in, overbidding or undercutting—or however one likes to put it—to kill off the competition and yet cannot afford to provide these public services. We need to be really clear with people that we have learnt the lessons and understand and that this will not happen going forward.

Chris Grayling: Actually, I absolutely agree with the hon. Lady. We do need to learn the lessons—that is absolutely clear. That is one reason why we have shifted much more clearly towards a different risk-based approach on current franchises and why we are moving towards a greater element of quality on current franchises. It is worth saying that the winning bid for the new south-western railway franchise was not the highest bid; it was the highest-quality bid. That is important. We can never militate against corporate failure. What has happened with Carillion has been tragic, but we took a lot of precautions on the rail network and HS2 to make sure there was not a significant impact if the worst happened, which it did; but, yes, of course lessons have to be learned.

Martin Vickers (Cleethorpes) (Con): While privatisation has certainly resulted in more investment in the network, it is also clear that the existing franchise system needs reform. At the moment, we have competition for gaining the franchise, but very little competition in the actual provision of rail services. If we are to have improvements to services such as the direct service to Grimsby and Cleethorpes, which has already been referred to, we need to look again at the franchise system. Does my right hon. Friend have any plans for longer term reform?

Chris Grayling: We are looking at the way the franchise system works to try to make sure it is as effective as possible for the future. However, as I discovered, things I would like to do at a number of places on the network are constrained just by the limitations of what is there. My hon. Friend would be surprised by how often it is impossible to deliver a service improvement I would like to deliver, because, in the days of British Rail, a length of track was taken out, a station was closed or whatever. I would not want to go back to the days when services were being axed; I want to be part of a railway and a transport system that is actually expanding and growing, and that is our ambition.

Jenny Chapman (Darlington) (Lab): On passenger satisfaction, is the Secretary of State aware that, this morning, every service on the east coast main line from my constituency to London was either delayed or cancelled? There is no competition on the line, and this is the third time the franchise has failed. Does he not understand that passengers and staff on the line just want certainty, and that is why they are keen on having a public sector body managing the franchise?

Chris Grayling: I do not know for certain the cause of this morning's incident—

Jenny Chapman: Signalling.

Chris Grayling: Of course, signalling is the responsibility of the public sector Network Rail, so there is a gentle suggestion that the hon. Lady's proposal may not be the all-encompassing panacea. What our signalling needs is what we are giving it, which is £20 billion of investment over the next four years to renew infrastructure that is old and, in many places, worn out. We are still dealing with the years of under-investment before this Government took office.

David Linden (Glasgow East) (SNP) rose—

Sir Edward Davey (Kingston and Surbiton) (LD) rose—

Mr Speaker: I call Mr David Linden.

David Linden: Thank you very much, Mr Speaker. You are far too kind.

The Secretary of State spoke in his statement about protecting the interests of passengers and taxpayers. When will he look at the example being taken forward in Scotland, where Scottish Government Minister Humza Yousaf has said he is minded to accept a public sector bid to run the railways? What is the Secretary of State's objection to that? Is it ideology or just an obsession with corporate recklessness?

Chris Grayling: As I said earlier, my ideology is very straightforward: I want more investment in the railways, I want more trains and I want newer trains and new opportunities. Of course, the model the hon. Gentleman is articulating would mean less investment in the railways, because we would lose all the private investment in new trains, for example. I do not believe that that is what the public want.

Sir Edward Davey rose—

Mr Speaker: We shall now hear from a Kingston and Surbiton knight—Sir Edward Davey.

Sir Edward Davey: Thank you, Mr Speaker—that was a difficult choice for you.

The Secretary of State has today acted when a franchiser overpaid, hitting its shareholders. Will he commit to the House that when a franchiser under-delivers, hitting the passengers, he will also act?

Chris Grayling: If a company is systematically failing to deliver, yes. However, in many cases—indeed, I suspect I know precisely what the right hon. Gentleman is

[Chris Grayling]

talking about—the infrastructure is the problem, rather than the train company. I cannot blame one person for another person's failings; what I can do is try to sort out the failings that lead to these problems in the first place. If we look at the Waterloo line, for example, where the problems last autumn were caused by a technical problem around the Waterloo works, which took about two months to get rid of, that is a good example of where Network Rail problems caused the issues. That is why we need that £20 billion investment in renewing those parts of the infrastructure that are too prone to fail.

Points of Order

5.53 pm

Nick Smith: On a point of order, Mr Speaker. During business questions last Thursday, I asked the Leader of the House about the “eye-watering” interest rates charged by rent-to-own firms. In response, she said that the Financial Conduct Authority

“has capped the interest rates that such companies are allowed to charge”—[*Official Report*, 1 February 2018; Vol. 635, c. 1002.]

Unfortunately, no such cap has yet been placed on these interest rates. I thought that I would aid the Leader of the House by clarifying the point for the record.

Mr Speaker: Well, the hon. Gentleman has achieved his objective. Moreover, he may feel gratified that the Leader of the House is in her place. She is under no obligation to say anything, but she is welcome to do so if she wishes.

The Leader of the House of Commons (Andrea Leadsom): Thank you, Mr Speaker. I am grateful to the hon. Gentleman for giving me prior notice of his point of order. It was a genuine mistake on my part, for which I apologise to the House, and my officials will be setting the record straight.

Mr Speaker: I think that is fulsome. We are extremely grateful to the Leader of the House.

Paula Sherriff (Dewsbury) (Lab): On a point of order, Mr Speaker. I would like to receive your guidance. I have been seeking meetings with Transport Ministers regarding a possible Flockton bypass and the services delivered by TransPennine trains. I secured a meeting with the hon. Member for Blackpool North and Cleveleys (Paul Maynard) before the reshuffle, but the Department has been unable thus far to honour that commitment.

I learned that the Secretary of State was in Kirklees last Friday. I asked on a number of occasions via his office to meet him, but I was refused and told that he would meet only Conservative members and activists. Those members have since indicated on social media that they discussed the very two issues I wished to discuss with the Secretary of State. I now understand that members of the public were also present at those meetings—something for which there is photographic evidence.

I have sought to raise the issues I mentioned with the Secretary of State for months, as the MP elected by the constituency. Can you please advise whether Ministers in this House should be prepared to meet Members on issues relating to their constituencies?

Mr Speaker: I am very grateful to the hon. Lady for her point of order and for her courtesy in giving me advance notice that she wished to raise this issue.

What I would say—and it is very commonplace for me to get points of order of this type—is that I understand her concern to achieve a meeting with Ministers on a matter which is of importance to her constituents. Clearly, she had that prior commitment. It is customary, but not to be guaranteed, that a commitment by a Minister will tend to be honoured by his or her successor. While I would hope that Ministers would be even-handed

in their response to Back-Bench Members on both sides of the House, I have nevertheless to say to the hon. Lady that it is not for me to tell Ministers whom they should meet; it is for an incoming Minister to decide whether to continue with a meeting arranged by his or her predecessor.

If a Minister goes to an area and is principally concerned to have what would be called a political meeting with members of his or her party, that may be exceptionally irritating to a Member who is not a member of that party, but it is not, of itself, illegitimate. There is no bar on Ministers undertaking party political activity alongside their ministerial duties.

All that said, I think that this place works best when there is a basic courtesy and respect from one Member to another. The hon. Member for Blackpool North and Cleveleys (Paul Maynard), who was previously the serving Minister, has always struck me as a most courteous fellow, but, looking at the Treasury Bench, I have known the Secretary of State for at least two decades, and we have always enjoyed very cordial relations—he is a most courteous chap. As for the hon. Member for Orpington (Joseph Johnson), well, I think my cup runneth over—the hon. Gentleman is personable to a fault. I cannot understand why neither of them is willing to meet the hon. Lady—I would have thought that they would think it a most worthwhile enterprise.

The Secretary of State for Transport (Chris Grayling)

rose—

Mr Speaker: It looks as though an explanation is in the offing, because the Secretary of State is perched like a panther ready to pounce. Let us hear from the fella.

Chris Grayling: Mr Speaker, as you know, I am regularly around this House. I am sure there will be plenty of opportunities for the hon. Lady to tap me on the shoulder and say, “Would it be possible to have a meeting? There has been a reshuffle.” I would be delighted to organise a meeting with the Department. However, what I cannot offer her is a commitment that, when I attend a meeting with Conservative councillors in a constituency, I will invite the Member from the neighbouring constituency at the same time. I am afraid that that issue is completely separate, but I am very happy to ensure that she has a meeting with Ministers.

Mr Speaker: If I may say so—it may not please everybody—that seems to me to be a reasonable compromise, because what the hon. Lady really wants is to meet the Secretary of State. She may be interested in what the Secretary of State has to say to her, but I think she is, in particular, extremely interested in what she has to say to him. If they get a meeting, it does not matter that it is not in Dewsbury or a neighbouring constituency; it is a meeting about the matters of substance, and that should be the source of much merriment for all concerned.

Gareth Snell (Stoke-on-Trent Central) (Lab/Co-op): On a point of order, Mr Speaker. I apologise for not having given you prior notice, but pursuant to the comments that have just been made by my hon. Friend the Member for Dewsbury (Paula Sherriff), you will recall that I raised a similar point of order last week about the Secretary of State attending my constituency, not giving me prior notice and then meeting Conservative colleagues. If it becomes a pattern of regular behaviour that a Minister on ministerial duties seeks to meet only Conservative councillors and fails to give proper notice, how might we remedy that in the House to prevent embarrassment for the Minister should he accidentally do that in the future?

Mr Speaker: Well, I suppose Members can keep raising tedious points of order about the matter, which may disincentivise Ministers from behaving in this way. I say to the hon. Gentleman that I am not defending it or saying that I think it particularly desirable, but I think this phenomenon of Ministers meeting only with members of their own party on a visit is what I would call “seasonal”. It tends to apply in the run-up to local and by-elections, so it may be that a meeting at another time of the year would be easier to arrange.

I think that we will probably have to leave it there. We seem to have excited a member of the public, who is standing in the Gallery. We normally discourage that, but I am very grateful to him. On the whole it is best not to stand in the Gallery, but nevertheless, sir, thank you for attending our proceedings. [*Interruption.*] Yes, maybe he was going to raise a point of order—I do not know. If we have exhausted the appetite for points of order at least for today, we shall proceed. I thank the Secretary of State and other colleagues.

Social Security

6.1 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Kit Malthouse): I beg to move,

That the draft Social Security Benefits Up-rating Order 2018, which was laid before this House on 15 January, be approved.

Mr Speaker: With this it will be convenient to consider motion No. 2:

That the draft Guaranteed Minimum Pensions Increase Order 2018, which was laid before this House on 15 January, be approved.

Kit Malthouse: With the forbearance of the hon. Member for Oldham East and Saddleworth (Debbie Abrahams) for any prior confusion, I move the motion. In my view, you will be pleased to hear, Mr Speaker, the provisions in both orders are compatible with the European convention on human rights.

The draft Guaranteed Minimum Pensions Increase Order 2018 is an entirely technical matter that we attend to each year in this House and I do not imagine that we will need to spend much time on it today. The statutory instrument provides for contracted-out defined benefit occupational pension schemes to increase members' guaranteed minimum pensions that accrued between 1988 and 1997 by 3%.

I turn to the rates that are included in the draft Social Security Benefits Up-rating Order. The Government continue to stand by their commitment to the triple lock guarantee, which means that, this year, the basic state pension and the full rate of the new state pension will go up by the increase in prices, at 3%, as outlined in the autumn Budget on 22 November last year. We will increase the pension credit standard minimum guarantee by more than the growth in earnings to match the cash increase in the basic state pension, and we will increase benefits to meet additional disability needs and carer benefits by 3% in line with prices.

The Government's continuing commitment to the triple lock for the length of this Parliament means that the basic state pension rate for a single person will increase by £3.65 to £125.95 a week from April 2018. As a result, from April 2018, the full basic state pension will be £1,450 a year higher than it was in April 2010. We estimate that the basic state pension will be around 18.5% of average earnings—one of the highest levels relative to earnings for more than two decades.

In 2016, the Government introduced the new state pension for people reaching their state pension age from 6 April 2016 onwards, with the aim of making it clearer to people at a much younger age how much they are likely to get and providing a solid base for their saving and retirement planning. We are committed to increasing the new state pension by the triple lock for the duration of this Parliament. As a result, the full rate of the new state pension will increase by 3% this year, meaning that, from April 2018, the full rate of the new state pension will increase by £4.80 to £164.35 a week—around 24.2% of average earnings.

The benefits of the triple lock uprating will also be passed on to the poorest pensioners through an increase in the standard minimum guarantee in pension credit to match the cash rise in the basic state pension. That will be paid for through an increase in the savings credit threshold. To match the cash increase in the basic state pension, the standard minimum guarantee will rise

by 2.29%, which exceeds growth in earnings of 2.2%. That will mean that, from April 2018, the single person threshold of this safety net benefit will rise by £3.65 a week, to £163.

On the additional state pension, this year, state earnings-related pension schemes will rise in line with prices by 3%. Protected payments in the new state pension will be increased in the same manner. Consistent Government support for pensions has seen the percentage of pensioners living in poverty fall dramatically in the past few decades; it is now standing close to the lowest rate since comparable records began.

Kate Green (Stretford and Urmston) (Lab): The Minister will know that state pension is deducted from pension credit, leaving those pensioners no better off than if they had not contributed to qualify for a state pension. Because state pension is also taxable if other income is brought into the household, the pensioner may have both to pay tax on it and to see it deducted from their pension credit. Therefore, they could be worse off than if they had not contributed to qualify for a state pension. What are the Government doing to address that long-standing inequity?

Kit Malthouse: Significant measures have been taken by the Government to deal with pensions and, in particular, pensioner poverty over the last few years. We have seen that fall from something approaching 46% to around 16% in the last few years. One measure, in particular, that will have benefited many millions of pensioners is raising the personal tax threshold. That has taken millions of people out of the tax system altogether and particularly those, such as pensioners, who are on a fixed income.

I turn to disability benefits. The Government will continue to ensure that carers, those who cannot work and those who have additional needs as a result of disability get the support that they need. We continue to follow the principle in our welfare reforms that more of the money should get to the people who need it most. That results in disability living allowance, attendance allowance, carer's allowance, incapacity benefit and personal independence payment all rising by 3% in line with prices from April 2018. Disability-related and carer premiums paid with pension credit and working-age benefits will also increase by 3%, as will the employment and support allowance support group component and the limited capability for work and work-related activity element of universal credit.

All in all, the Government will spend an extra £4.2 billion in 2018-19 on uprating benefits and pension rates. With that spending, we are upholding our commitment to the country's pensioners by maintaining the triple lock on their state pension, helping the poorest pensioners who count on pension credit, and providing support to disabled people and carers. I commend the orders to the House.

6.7 pm

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I will focus initially on the draft Social Security Benefits Up-rating Order and then move on to the draft Guaranteed Minimum Pensions Increase Order.

The uprating order provides for the annual uprating of social security entitlements excluded from the Government's freeze to levels of social security enacted in the Welfare Reform and Work Act 2016. As we have heard, that includes attendance allowance, carer's allowance,

disability living allowance, personal independence payment, industrial injuries disablement benefit, bereavement benefits, incapacity benefit and severe disablement allowance. This year, the Secretary of State proposes to uprate those limited social security entitlements by inflation under the consumer prices index measure, which currently stands at 3%, together with the new state pension in accordance with the triple lock, and pension credit.

We will not delay the measures to increase the new state pension and the adequacy of the social security provision provided by the uprating of payments in the order. However, although I welcome the upratings contained in the order, this needs to be seen in the context of the support that is not being provided or has not been uprated, as well as the Government's wider approach to social security. The uprating order does not include child benefit, jobseeker's allowance, employment and support allowance, income support, housing benefit, local housing allowance rates, child tax credit, working tax credit and the majority of comparable elements of universal credit.

The Government's decision to limit the cap on uprating to 1% between 2013 and 2015 and the subsequent freeze on the vast majority of social security payments has seen low-income households suffer a significant deterioration in the adequacy of social security support. The freeze to payments and support is having an extremely detrimental impact upon millions of people on low incomes across the UK. Over the last year, inflation has more than doubled, hitting a five-year high of 3.1% in December 2017. It currently stands at 3%.

The payments subject to uprating were uprated by just 1% last year, with the vast majority of social security payments remaining frozen. To put that into context, research by the Joseph Rowntree Foundation shows that the price of essentials has risen three times faster than wages over the past 10 years. Food prices have increased by 4.1%, transport by 4.5% and clothing and footwear by 3%. People are suffering a continued increase in the cost of living, and that is being exacerbated by wage stagnation and the rise in insecure work caused by the Government's inadequate economic policies. Last year, in-work families on the national living wage saw minimum costs rise faster than their net income because in-work payments were frozen and any rises in pay were clawed back by tax credit reductions. While millions of families are seeing their incomes fall in real terms, the wealth of the richest few continues to soar, with FTSE 250 bosses seeing their pay rise by 11% in the last two years alone.

Despite promises to tackle these burning injustices, the income gap between the richest and poorest in our society has almost doubled. Britain's top bosses are paid, on average, 165 times more than a nurse, 140 times more than a teacher and 312 times more than a careworker. Research from the Resolution Foundation shows that the poorest families will see their incomes drop by an average of 2% by 2021, while the richest fifth of households will see their wealth increase by 5%. It is clear that the Government's cuts to social security support are pushing more and more people into poverty. The Joseph Rowntree Foundation has called on the Government to end the freeze to social security payments, as has the Child Poverty Action Group, which states that

"the failure to uprate benefits in line with inflation is the single biggest driver behind child poverty".

Following the 2015 summer Budget, the Government's flagship universal credit programme saw cuts to the work allowance. That was on top of the scrapping of severe disability premiums, the imposition of the minimum income floor for the self-employed and the limiting of child tax credit support to the first two children. As a result of those cuts and the freeze, not only is universal credit failing to make work pay, but instead of reducing poverty it is actually exacerbating it.

Kate Green: My hon. Friend may also be aware of the difficulties people are having claiming the childcare element of universal credit—the bureaucratic burdens which are compounding the freezes and cuts she is talking about and which mean that families cannot get the childcare support they used to be able to fund relatively easily under the tax credit system.

Debbie Abrahams: My hon. Friend makes an excellent point. There are many different aspects to the Government's still inadequate response on how they will fix universal credit. She has highlighted one, and we heard earlier in oral questions about the debacle of free school meals and how more children will be deprived of free school meals.

What is the Minister's assessment of the impact of the social security uprating cap on poverty levels? Does he accept the Child Poverty Action Group's analysis that 1 million more children will be pushed into poverty as a direct result of the cuts to universal credit? Does he accept the Equality and Human Rights Commission's report on the cumulative impact on disabled people, which estimates that a disabled adult will have lost on average £2,500 a year since 2010?

Despite announcing a small amount of additional investment in the autumn Budget to prop up universal credit, in reality, the Chancellor has only reintroduced £1 for every £10 cut by his predecessor. Why are the Government choosing not to uprate social security payments in a way that reflects the economic reality for those in most need? I remind hon. Members that the Child Poverty Action Group estimates that cuts to universal credit will force 1 million additional children into poverty by 2020. The social security system should prevent people from getting into debt and poverty, not make things worse.

By continuing the freeze on social security payments not included in this order, the Government are subjecting 10.5 million households to an average cut of £450 a year up to 2020. The order was a chance for the Government to recognise the desperate reality for many of the poorest and most vulnerable people in our society, but they have failed to do so. As charities across the sector have been asking, will the Minister ensure the end of the freeze on other social security payments in next month's Budget statement?

The order allows for discretionary upratings to be made by the Minister where he deems it necessary and appropriate. I want to be clear that we welcome the Minister's decision to include a 3% uprating to the work allowance element of universal credit in the list of discretionary upratings in these measures, but the reality of people's lives demands more. This again raises questions about the consistency of the Government's argument to uprate some social security payments and not others. If he believes that the work allowance element of universal credit should

[Debbie Abrahams]

be uprated, as the Opposition do, will he explain why tax credits are not also being uprated by the same amount? Why the disparity?

The Government cut the work allowance element of universal credit in 2015, yet subsequently have recognised the need to uprate it through the discretionary element in the order—although not to a level that reflects the reality of the rising costs of living and previous cuts. Is that an admission that they were wrong to cut work allowances in 2015?

Moving on to the pensions element of this uprating, I welcome the uprating of the state pension via the triple lock. I am glad to see that has survived, given the Government's indifference to it last year, but I want to put on the record concerns about the public's levels of understanding of the new single-tier pension and the paucity of information the Government have made available. As we know, there are both winners and losers as a result of the Government's changes and most new pensioners will not receive the full single-tier pension. Before its introduction, it was estimated that only around 22% of women and half of men reaching state pension age would be entitled to the full single-tier pension. Will the Minister update the House on that?

In addition to the numerous social security payments subject to the Government's benefits freeze and not uprated in this order, there are some very significant further omissions. Although the state pension is being uprated, people who have frozen pensions are excluded from the uprating and will not see an increase in their state pension in line with inflation. Pensioners living abroad face very different circumstances depending on whether their country of residence has a reciprocal agreement with the UK for the uprating of state pensions. Pensioners in countries without this arrangement see their pensions frozen at their initial retirement level, which means that the value of their pension falls in real terms every single year.

More than half a million people currently have their pensions frozen, mostly in Commonwealth countries such as India, Australia, Canada, parts of the Caribbean and New Zealand, and in countries with strong family and historical links to the UK such as Pakistan and parts of Africa. The Opposition believe that their pensions should be protected in the same way that the pensions of other UK citizens living abroad are in the future, yet the Government are choosing to withhold the pension uprating in this order from 550,000 recipients living outside the UK. This is a chance for the Government to make an historic change to our pension system and support our policy to end future arbitrary discrimination against some British pensioners living overseas by uprating in line with inflation from this point. Will the Minister look again at that issue and take action to address that inequality?

Not only have the Government failed to support pensioners living abroad; they have failed to address the current injustice faced by many millions of women born in the 1950s. It is important that the Government not only recognise the real injustice that women born in the 1950s have been dealt as a result of Government changes to pensions policy, but take action to remedy this injustice.

Mr Jim Cunningham (Coventry South) (Lab): I agree totally with my hon. Friend. Millions of people living in this country have suffered discrimination because of the

Government's policies, particularly the women born in the early 1950s. The Government could do something about it and I can say this to them: as long as they refuse to do something about it, we will keep raising it.

Debbie Abrahams: My hon. Friend speaks strongly on behalf of his constituents and women born in the 1950s, given what they are going through, and long may he continue to do so.

There can be no doubt that women have borne the brunt of the Government's cuts over the past seven years, but that applies particularly to women born in the 1950s, who have been dealt a real injustice through the accelerated increase in their state pension age. The Government have no excuse not to bring forward retirement for women born in the 1950s and early drawdown of their pension, as it is entirely cost-neutral. Alongside our proposals for the extension of pension credit, these additional measures would mean that people affected by the Government's chaotic mismanagement of state pension equalisation would have the option to retire earlier, and would allow for much-needed financial support. The Government are in a position to implement proposals for early drawdown immediately, but they refuse to do so. I should be grateful if the Minister could explain exactly why that is.

Let me make it clear that the proposals are a "starter". They do not in any way preclude further action, or even compensation, for this group of women. Will the Minister commit himself to reviewing the Government's approach to pensions provision for women born in the 1950s, and will he release the original legal opinion contained in the "pink files"?

In the context that I have set out, a 3% uprating of some social security entitlements is unlikely to do much for those who are "just about managing". As a matter of principle, the uprating should apply to all entitlements, not just the ones that the Government have cherry-picked. In the meantime, although we regret the limit on the groups who will benefit from the uprating, we must support the order, because otherwise those identified will lose out.

Let me now turn to the draft Guaranteed Minimum Pensions Increase Order 2018. We support the uprating of the guaranteed minimum pension in line with inflation, but we believe that some of the issues that were raised last year about the new state pension arrangements that came into effect in April 2016 remain unresolved.

The old state pension had two main components: a basic state pension; and a state earnings-related pension. People who made national insurance contributions at the full rate built up a basic state pension, but an option created in 1978 enabled people to contract out into another pension scheme, either voluntarily or via their employer on their behalf, on the basis that the other scheme met certain criteria. Between 1978 and 1997, schemes that took on such new members were required to provide a "guaranteed minimum pension". The guaranteed minimum pension system was discontinued by the then Government in 1997.

In 2016, the Government's introduction of the new state pension ended contracting out by replacing the additional state pension with a single tier. Working-age people now have their existing state pension entitlement adjusted for previous periods of contracting out and

transferred to the new state pension scheme. For people who have guaranteed minimum pensions rights under an old pension scheme but who reached retirement age after April 2016, the Government no longer take account of inflation increases in guaranteed minimum pensions when uprating people's new state pensions. The changes mean that any guaranteed minimum pensions accrued between 1978 and 1988 will not be uprated, and the scheme provider will uprate guaranteed minimum pensions built up between 1988 and 1997 only to a maximum of 3% each year.

When the National Audit Office investigated the impact of the changes, it concluded that there would be some winners and some losers under the new arrangements, depending on the time for which people were contracted into a scheme. Those whose state pensions have been pushed back because of the rise in state pension age will lose out on guaranteed minimum pensions inflation-linked increases that would have been received under the old rules. However, those who lose under the new rules may be able to build up additional entitlement to the state pension. The issue here is a lack of clear information, as is too often the case with the Government.

The NAO report stated:

"Some people are likely to lose out and they have not been able to find the information they need."

Why did the Government fail to provide information that would enable people to make informed decisions? The NAO also said that it was

"concerned that the Department has limited information about who is affected by the impact of pension reforms on Guaranteed Minimum Pensions."

Will the Minister provide a much-needed update on the number of people who have been affected since the relevant legislation came into effect? What support is available to help people to understand the changes?

I hope that the Minister will address all the issues that I have raised in respect of both orders.

6.24 pm

Neil Gray (Airdrie and Shotts) (SNP): It is a pleasure to be able to set out the Scottish National party's position.

You will not be surprised, Madam Deputy Speaker, if I am rather critical this evening, because I have been speaking about the matters covered by the social security order since my election nearly three years ago. Like the annual review of social security payments, the order covers everything from pensions to maternity allowances, but for many people, there is no annual review, because a number of social security benefits are automatically frozen, regardless of the impact on people who need that support to get by, regardless of the rise in household costs, and regardless of widespread opposition to the continuation of the freeze. Jobseeker's allowance, child and working tax credit, local housing allowance, income support, child benefit, and the work-related activity group element of employment and support allowance have all been frozen. That means that people who are desperately seeking work, families with children, parents who are working hard but receiving poverty pay, and sick or disabled people will see their support frozen, although their household costs have risen significantly in the past year.

In December, the consumer prices index hit 3%, which means that families in and out of work who need the support of the social security system to get by will need

to find extra money just to stand still. The Resolution Foundation has calculated that working families with two children will lose £315 a year as a result of the benefit freeze, and the Institute for Fiscal Studies has said that as a result of higher CPI rates, benefit entitlements will be reduced by an average of £450 per year by 2019-20. We know that this is the worst decade for wage growth in 210 years, and that as a result people who are in work but also in receipt of social security support have had their chances cut off at both ends. As costs rise, they cannot rely on work or social security to help them to keep up.

Mr Jim Cunningham: Another issue—I am sure that the hon. Gentleman will come to it—is that of the third child and the so-called rape clause. Nothing has been done about that.

Neil Gray: I entirely concur with the hon. Gentleman. He is right to draw attention to one of the Government's most iniquitous and disgraceful policies. As he has said, no action has been forthcoming to address it.

The End Child Poverty coalition has said that it is because of the four-year benefit freeze that more than 50% of children in the UK's poorest areas are growing up in poverty. Earlier today, at Question Time, the Minister defended the freeze, saying that overturning it would require primary legislation. I say, "Bring us that legislation and let us vote on it." The evidence clearly shows the damage that is being done, and I would challenge any Government Back Bencher to vote for its continuation in the face of such evidence. It is time to end the freeze and lift children out of poverty.

Apart from anything else, the Government do not need to continue this, even by their own reasoning. Figures obtained by the SNP from the House of Commons Library show that while the four-year benefit freeze introduced by the Tory Government in April 2016 was intended to result in £3.5 billion of cuts by 2019-20, that figure could now be £5.2 billion owing to rising inflation. The decision not to uprate the bereavement support payment in line with inflation is completely unacceptable while the cost of funerals continues to rise at an incredible rate. What is worst is that the DWP's own statistics show that 75% of recipients of the new combined payment who have children will be worse off, and that the figure rises to 88% for those who are bereaved with children and in work. The resignation of the entire board of the Social Mobility Commission in December should have been seen as the climax of the Government-driven poverty crisis, but today we see it being driven on.

There are some welcome elements in the order. I am glad that Ministers have used their discretion to uprate statutory sick pay, statutory maternity and paternity pay, adoption pay and statutory shared parental pay, all of which will rise by 3%. They may have done so in the light of a report from the European Committee of Social Rights. I quizzed Ministers about that report earlier, but they appeared to know little about what I was talking about. It states that social security provisions for the self-employed, the sick and the unemployed in the UK are "manifestly inadequate". The UK is now "not in conformity" with a number of legal obligations in the European social charter, which is a legally binding economic and social counterpart of the European convention on human rights.

Stephen Kerr (Stirling) (Con): The hon. Gentleman is making an impassioned speech and I respect his position on these matters, but it is worth asking this question: since 2016, the Scottish Government have had powers to top up reserved benefits—indeed, they have a wide range of powers in relation to welfare matters—so what do the SNP Government in Scotland intend to do in relation to those benefits?

Neil Gray: The hon. Gentleman will be aware that the new Scottish social security agency Bill is going through the Scottish Parliament so that we can bring in measures that allow us to make changes to how things are done down here. He will also be aware that we have put in place hundreds of millions of pounds of mitigation spending over the past few years, including to ensure that none of his constituents have to be impacted by the iniquitous bedroom tax.

Stephen Kerr *rose*—

Neil Gray: I think we have heard enough, and I am sure that if the hon. Gentleman wishes to, he can make a speech later.

The order will not do much to make up for the lack of conformity that the European Committee of Social Rights has highlighted, and that Ministers seem so clueless about. Its latest report follows the High Court ruling on the UK Government's changes to personal independence payments, which said that the system "blatantly discriminates" against people with mental health problems, and a report from the UN saying that Tory benefit cuts "violate human rights". This Government have another new Secretary of State for Work and Pensions, who has thankfully accepted the High Court ruling on PIP. Perhaps it is time for her to take a fresh look at all the other areas of international criticism as well.

On pensions, Ministers will not be surprised at my disappointment that another year has gone by without any action on frozen pensions or to sort out the state pension inequalities faced by women. Accompanying the order are regulations—they are brought forward annually under the negative procedure—ensuring that the state pension uprating will not apply to people entitled to the pension living in certain countries around the world. My right hon. Friend the Member for Ross, Skye and Lochaber (Ian Blackford) and my hon. Friend the Member for Paisley and Renfrewshire South (Mhairi Black) have been pressing the Government on this matter since their election in 2015. It is an injustice that some people, who have earned the right to their pension like everyone else, have their payments frozen at the rate they first received for the rest of their life abroad. It is just not right that the pensions of those who live in some countries continue to rise while those of others are frozen. Some 550,000 British pensioners are affected, who represent 4% of all recipients of the state pension and half of all those drawing their pensions abroad.

Mr Jim Cunningham: I agree with the hon. Gentleman about overseas pensions. I am sure he recalls—I think this was last year or the year before—that a number of representatives from different countries came to lobby us about this situation, which has been ongoing for a number of years. I am sure that we have all received many emails on the subject.

Neil Gray: We have indeed, and I am sure I have been copied into the same emails that the hon. Gentleman has received. It is wrong that people still face this glaring injustice, and the new DWP team must look at it again to ensure that there is action upon it.

The DWP must also finally act to rectify another pension injustice: that suffered by women born in the 1950s. The WASPI campaign has been the clearest, most persistent and compelling of the dozens we have seen before us in the last two and a half years. It is a scandal that the UK Government continue to refuse to address this issue, which is not going away.

I turn to the draft Guaranteed Minimum Pensions Increase Order 2018. Under the old state pension system, which was made up of the basic state pension and the state earnings-related pension scheme, people built up their basic element through national insurance contributions, but built up SERPS depending on their circumstances. Some people—doing so themselves, or because their employer did it—were contracted out of SERPS. Contracting out occurred because it allowed both parties—the individual and the employer—to pay reduced national insurance contributions. However, to ensure some standard was maintained, the employer had to guarantee that their company pension would match at least the SERPS the employee would have received if they had not been contracted out. That is the guaranteed minimum pension, or GMP.

The system ran for a number of years between the 1970s and 1990s, but was discontinued by the Labour Government, and now the new state pension works in a completely different way. Complicated rules apply to uprating, depending on when the pension was built up. We know that people will be impacted in different ways, but people who were extensively contracted out may just receive the basic state pension, and for some this might come as a shock.

Clearly this is an extremely complex matter and we know that people are struggling to understand their circumstances. Our main concern regarding the order is that the UK Government ensure that people are adequately informed of the impact of the new state pension on their own pension pots.

Not all those who were contracted out were made fully aware of the impact on their eventual pension pot. While it is good that a minimum guarantee is linked to CPI, there are adverse impacts for some people. We understand that the Government's changes to the state pension mean that any GMPs that people have accrued between 1978 and 1988 will not be uprated, and that a maximum of 3% each year will be uprated for GMPs built up between 1988 and 1997. This applies to those who have retired after 6 April 2016. Whether or not people benefit depends on their circumstances, and some people will get less money than they expected. People who were contracted out were not necessarily aware of what that meant at the time, or did not necessarily understand its implications, and they certainly could not have anticipated that their retirement income would be impacted by such future changes as the Government have made to the state pension. For those without further savings to fall back on, like many of the WASPI women, this can mean a loss in income. The UK Government should have better communicated the impact of these changes for those who were contracted out.

All in all, what this points to is the urgent need to establish an independent pensions commission. The Government continue to ignore the needs of pensioners, as well as the looming pensions and savings crisis we may well encounter in the future. The Government need to ensure that people's retirement savings are on a sustainable footing so that future generations can plan for their future. 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 looked at as we move to a period in which defined benefit schemes are becoming a thing of the past and the new state pension begins to take effect. The need for that independent commission is greater than ever.

6.36 pm

Kate Green (Stretford and Urmston) (Lab): While I too am pleased that a number of benefits have been uprated in the Social Security Benefits Up-rating Order 2018, overall I am disappointed in it for the reasons outlined by my hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams) and the hon. Member for Airdrie and Shotts (Neil Gray). In too many cases, in failing to offer any uprating at all of certain benefits it serves to embed meanness in our social security system, particularly against the backdrop of rising prices that we have heard about.

We see a number of specific instances in this order where the Government simply say the benefit rate "remains unchanged"—or, in other words, is frozen—despite the rise in prices. We see that, for example, for income support, for jobseeker's allowance and—I was shocked to see—for the bereavement support grant. We also know from my hon. Friend the Member for Oldham East and Saddleworth that the consequence of the freeze and other cuts will be a very significant rise in the number of children growing up in poverty.

The consequence will be huge hardship for families. We have already seen food bank use rise tenfold over the last decade, and it will increase further. The Institute for Fiscal Studies has reported that the lowest income households are already struggling with personal debt and paying the bills; their situation will simply worsen as a result of these frozen benefits.

I have to say that the decision to impose this freeze for a period of four years is, frankly, wicked. In a civilised society, our social security system is here to meet need, and there is no way the Government can assure this House that it will do so if prices continue to rise over that period while benefits remain frozen.

Contrary to what the Government appear to believe, meanness—a lack of generosity in the system—does not improve its legitimacy. Conversely, one thing that does improve the legitimacy of the system is recognising contribution, so it is depressing that the order misses the opportunity to improve a number of the contributory benefits that it covers. We are in the ridiculous situation where some contributory benefits are being reduced pound for pound from the equivalent means-tested benefit. While this is not a new problem, it is exacerbated by the introduction of universal credit. For example, income-based jobseeker's allowance in universal credit is not taxable, but contributory-based JSA is deducted from universal credit pound for pound, and it is then taxed into the bargain, leaving the claimant worse off

than a claimant who has not contributed. We see a similar situation with widowed parents allowance, which is based on the deceased partner's contribution record. Because universal credit brings together a number of benefits in one single payment, deductions of contributory benefits can be taken not just from the equivalent income-based component of universal credit but from other help in universal credit such as payments towards housing costs or towards the cost of raising children.

As I say, this problem is not new, but in some respects it is being made worse, and I hope that the House will uniformly agree that to penalise people who have made a contribution in this way is not actually moral. Disregarding at least a proportion of contributory benefit for the purpose of calculating means-tested entitlement would be a powerful recognition that people should be rewarded, not penalised, for making a contribution. That is important for building confidence in the social security system. It is also a matter of simple justice. I find these orders disappointing at best, and in some respects downright cruel, perverse and unethical. I urge the Minister to make good on these defects, and to do so as a matter of urgency.

6.41 pm

Stephen Lloyd (Eastbourne) (LD): It is a privilege to respond to the social security benefits uprating order on behalf of the Liberal Democrats. As the Minister knows, the Government have been obliged by law since 1992 to increase the value of certain disability benefits in line with inflation, and I am pleased to see that attendance allowance, carer's allowance, disability living allowance and the personal independence payment will be going up by 3%. My colleague from the Scottish National party, the hon. Member for Airdrie and Shotts (Neil Gray), also noted that the Government have recognised that they made a tremendous mistake over PIP for people with mental health issues, and I am glad that it is being increased by 3%. However, over the next few months while this absolute shambles is sorted out, I doubt that the many people on PIP who have mental health issues will appreciate that increase as much as they might have done if the Government had not been so foolhardy in the first place.

I value the fact that pension credit is going up by 2.2% and that the widows pension in industrial death benefit is increasing by 3%. To be fair, I also appreciate the fact that the Government have used their discretion to increase working-age benefits for disabled people in line with inflation, particularly around the support group component. As the Minister will be aware, people who are on support group employment and support allowance often have a profundity of disability which means that they cannot work, irrespective of the support they get. I welcome the fact that the Government have increased that by 3%.

It is always good to see the state pension triple lock. The last time I was here, we were in coalition, and I am delighted to see the Government continuing to implement Lib Dem policy by introducing an increase of 3% this year. However, I also want to flag up my disappointment, as other colleagues have done, that the Government have not used this opportunity to give some succour to the many women born in the 1950s and who are part of the Women Against State Pension Inequality campaign. This would have been a good opportunity to send a

[Stephen Lloyd]

message that the Government are listening and are prepared to come up with something to salve the frustration and anger of many millions of women across the country. As I have said before in the House, I believe that all the parties are culpable in this regard. The Conservatives originally brought in the changes through the Pensions Act 1995 without telling anyone. Labour did nothing for the 13 years it was in government, and then we had the coalition. As we are all culpable, I hope that we can work together to come up with the kind of transition payment that I profoundly believe the WASPI women deserve. I am disappointed that the Minister has not mentioned this today.

I shall move on to the elements that I am unhappy with. In accordance with the Welfare Reform and Work Act 2016, working-age benefits will be frozen until April 2020. I will not go through the whole list of benefits, but the consequences of this freeze will be absolutely deplorable. I shall give the House an example. The Child Poverty Action Group and the Resolution Foundation have identified that, from this year onwards and for the next four years, single parents stand to lose an average of £2,380 per annum. That is an enormous amount of money for anyone to lose from their annual budget. I am on a very good salary here—we all are—and I would notice if that amount were suddenly taken out of my salary. For single parents to have to suffer that over the next four years is absolutely wrong. I am very disappointed that the Government are continuing with the freeze despite all the evidence from robust, independent and reputable organisations such as the Joseph Rowntree Foundation and the Resolution Foundation. As the hon. Member for Stretford and Urmston (Kate Green) so eloquently said, the impact of the benefits freeze is simply cruel.

Mr Jim Cunningham: One of the consequences of this is that people have not been assisted with burials, because nobody ever looks at burial charges, and I wonder whether the hon. Gentleman has noticed that the number of pauper burials is starting to increase in this country. Surely that is quite an indictment.

Stephen Lloyd: The hon. Gentleman might know that an additional aspect of the benefits freeze is that the bereavement support payment is frozen. That is just unacceptable, and I will also keep banging on about the cuts affecting single parents.

Kate Green: The hon. Gentleman is absolutely right to highlight how particularly unfair these freezes are to single parents. It is obviously extremely difficult for them, as the sole carer of their children, to increase their family income by increasing their working hours. Does he therefore agree that special attention should be paid to their needs in the benefit system?

Stephen Lloyd: I heartily agree with the hon. Lady. There are more than 2 million single parent families, which must involve many millions of children, and the effect on them will be devastating if the Government do not address this matter very quickly. If they leave it for another four years, I can barely comprehend the damage that it will do to many of those children.

I am also disappointed about the employment and support allowance work-related activity group benefit—the WRAG—which is for disabled people whom the DWP

recognises as having the capacity to work but who need a certain amount of support in order to get back into work as a consequence of their disability. This is an area that I have been supporting for many years before I came into politics, because I totally share the view of many others in the Chamber that work is the best way out of poverty and the best way to boost self-respect. However, after the coalition—the Liberals would never have allowed this—the Government cut the WRAG payment by 30%. I see that that has not changed. In fact, the Government are looking at removing it completely.

I ask hon. Members to imagine that they have a disability, that they have been unemployed for six or seven years, and that they want to get back into work. They will be supported by their local Jobcentre Plus and by the DWP, but because they have been away from work for a long time, they might lack confidence. They will therefore be gently directed, guided, assisted and mentored into work. I now ask them to imagine what would happen if the DWP then said, “Oh, by the way, we are going to reduce your income by 30%.” What would that do to their self-confidence, and to their determination to stay in the work-related activity group? I can tell them that because human nature is what it is, more and more disabled people will try to move into the support group as a result of this cut, and that will cost the state more. This shows the Government’s complete lack of understanding of disability and of human nature. Bad move!

Turning to the work allowance, one of the first things that George Osborne, now editor of the *Evening Standard*, did after the Liberals were defenestrated in 2015 was to slash £3 billion per annum from the work allowance. When I was on the Work and Pensions Committee, along with the hon. Member for Stretford and Urmston, I was so supportive of universal credit because, despite all its clunky bits, the work allowance meant that work really did pay. By removing £3 billion per annum since then, which will continue for the next four years, work no longer pays, which is completely counterproductive. The Government have kept all the worst elements of universal credit and have dumped the best element: the work allowance.

I pointed out in DWP questions earlier that universal credit is not working for the self-employed due to the minimum income floor. People who are self-employed may earn x amount of money one month and y the next—it could be less or more—but the way that universal credit is designed can mean that, at the end of 12 months, someone who is self-employed and earned £15,000 will have received less in benefits than someone who is employed and earns £15,000 or £20,000. The Conservative party, which always trumpets itself as the aspirational party, is specifically working against the self-employed, which is absolutely daft. As we know, the Government have abolished housing benefit for 18 to 21-year-olds, and housing benefit payments in the private rented sector have been frozen since 2016.

Alison Thewliss (Glasgow Central) (SNP): Does the hon. Gentleman agree that the cancelling of benefits for under-21s leads to a perverse incentive? If young people are in supported accommodation, it does not actually make any sense for them to leave and go back into ordinary rental housing, because they cannot afford it.

Stephen Lloyd: I thank the hon. Lady, who makes such a good point. Again, it is a false economy, because the situation just leads to more dysfunction and challenging

circumstances for families. It will prevent younger people becoming independent, and it will cost the state more money.

In drawing my remarks to a close, I want to return to the issue of single parents once again. I urge the Minister to take responsibility for his Government and to listen to these figures. There are more than 2 million single parents in this country, who will have x million children, and they stand to lose nearly £2,500 a year in benefits under the benefit freeze. Those people do not have a lot of money; they are just trying to bring up their children. The situation is unacceptable. I urge the Minister not to ignore that important issue when he responds and to say something that we can perhaps take back to those many hundreds of thousands of single parents.

6.53 pm

David Linden (Glasgow East) (SNP): I am grateful for the opportunity to contribute to this relatively short but necessary debate. I was encouraged to see the words “social security” appear on the Order Paper for this debate today and to see them on the annunciator. Over the years, we have sadly moved away from talking about social security to talking about welfare and, latterly, to benefits. Tempting though it is, I will resist lambasting Members, particularly those on the Government Benches, for their use of words like “scroungers” or “skivers” and the divide-and-conquer mentality that we see from the Conservative party—[*Interruption.*] I see that I have woken them up. The title of today’s debate—[*Interruption.*] The hon. Member for Stirling (Stephen Kerr) is chuntering from a sedentary position. Does he want to intervene? No, perhaps not. The title of today’s debate is a good reminder to us—

Mark Pritchard (The Wrekin) (Con): Will the hon. Gentleman give way?

David Linden: I am more than happy to.

Mark Pritchard: I am happy to intervene on the hon. Gentleman. Will he give the precise constituency of the Member who used the words that he suggests were used?

David Linden: It was the former Chancellor, so I think that it is Tatton. He now edits the *Evening Standard*, but it was not so long ago that Conservative Members were charging away behind him and saying how wonderful he was. [*Interruption.*] I will make some progress with my speech while Conservative Members chunter away.

I rise to express my profound disappointment at the UK Government’s continued obsession with the punitive benefit freeze. As a constituency MP, I am acutely aware that a clear majority of the people I speak to in my surgeries on a Friday do not choose to be on benefits. Circumstances largely dictate that. Broadly speaking, people end up receiving state support because they are disabled, sick or out of work. Contrary to what some right-wing newspapers print, being on benefits does not constitute a life of luxury. If people outside this House or Conservative Members genuinely believe that, they ought to go and study the Trussell Trust’s annual statistics, which show that the top three reasons people use foodbanks are changes or delays in benefits, low income at work and insecure employment. The charge for all three falls squarely at the door of this Tory Government.

Stephen Kerr: Will the hon. Gentleman give way?

David Linden: I am more than happy to give way.

Stephen Kerr: I am grateful to the hon. Gentleman. He says with great assurance that everything lies at the door of this Government. However, the Scottish Government have had powers to adjust, top up or change things or to introduce new benefits since 2016. In fact, the Scottish Government have done none of those things. The only thing that they have done is make some changes to how universal credit can be changed. The Scottish National party has the power at its disposal in the Scottish Government to change the benefits package in Scotland, so why is it not doing it?

David Linden: I am grateful to the hon. Gentleman for his speech. He will perhaps want to have a glass of water after that. Scottish Conservative Members often come to the Chamber and act as Rottweilers and have a go at the Scottish Government. After a certain amount of time, Conservative Members will realise that they have been sent here from their constituencies to hold the United Kingdom Government to account. Until that happens, I am more than happy to debate with the hon. Gentleman about the powers that the Scottish Government have taken on.

Stephen Kerr *rose*—

David Linden: No, the hon. Gentleman can sit down for a wee minute. His remarks are disappointing, because we broadly see a good cross-party consensus in the Scottish Parliament, including from the Conservative party, about moving forward. The hon. Gentleman’s rather pathetic intervention is perhaps a bit of an insult to his colleagues in the Scottish Conservative and rape clause party.

As I have said, I am acutely aware as a constituency MP that people do not choose to be on benefits. We want a Government who are willing to stand up and build a country that works for everyone, but that cannot just exist on the side of buses. During the general election campaign, the Conservatives were talking about building a country that works for everyone, but if they are serious about that, it has to work for everyone. The people whom Conservative Members denigrate and have a go at might not vote for them, but the reality is that the Government need to give them more support.

I am conscious of the time, and I want to give the Minister the opportunity to respond to the debate, but I first want to place on the record my concern about the lack of support for the WASPI women. One of the first things that I did as an MP was to bring together many of the women in my constituency who have been unfairly affected by this Government’s attack on women born in the 1950s. In my remaining time, however, I want to issue a plea to the Government to halt the roll-out of universal credit in Glasgow, end the benefits freeze and scrap the medieval, barbaric two-child policy.

Before I entered this House, I worked for my hon. Friend the Member for Glasgow Central (Alison Thewliss)—I am glad to see her here—and she has doggedly pursued the Government over their barbaric rape clause and medieval two-child policy.

Alison Thewliss: My hon. Friend mentions the rape clause. Conservative Members asked him earlier about MPs who had said things that we would not accept were right, but the hon. Member for Mansfield (Ben Bradley) said that people should have vasectomies rather than children, because vasectomies are free. Does my hon. Friend agree that that sort of attitude—thinking that poor people are having hundreds of children just to scrounge off the state—is completely unacceptable?

David Linden: I am grateful to my hon. Friend. That takes me quite nicely on to my next point, and the hon. Member for Stirling takes a keen interest in such matters, so I am sure that he will be concerned about this. Government policy is meant to go through a family test, so for the hon. Member for Mansfield (Ben Bradley) to start suggesting that poor people should have vasectomies is deeply worrying and provides a real insight into the mindset of a Tory MP.

Stephen Kerr: I have a simple question: does the hon. Gentleman accept that the Scottish Government now have power over things such as tax credits? The Scottish Government have not done anything with those powers since 2016. SNP MPs stand up here and give these virtue-signalling speeches about concern and compassion, but if they think that something needs to be fixed, the Scottish Government have the power to fix it.

David Linden: I am entertained by the fact that the hon. Gentleman has not sought to catch your eye to make a speech, Madam Deputy Speaker, but has instead decided to try to use my speech as an opportunity once again to attack the Scottish Government. *[Interruption.]* The hon. Gentleman is not even listening, so I do not know whether I should continue to address the point, but Scottish Conservatives come to this House and use the opportunity to rail against the Scottish Government as much as possible, yet he has absolutely no clue that tax credits are not being devolved to the Scottish Government. If he had spent any time reading the order in the back of this debate, he would know that that is the case.

Despite widespread condemnation from every corner of the globe, including from the United Nations, Ministers have pursued a two-child policy that would frankly make China blush. The Institute for Fiscal Studies has said that the two-child cap, which is tantamount to social engineering, will mean that some 600,000 three-child families will lose £2,500 a year on average—that is families in Stirling losing £2,500 a year because of this Government's policy. That is not £2,500 a year on catalogues, gambling or lavish nights out; it is £2,500 a year that should go towards hot, nutritious meals for low-income families with children in my constituency of Glasgow East.

The reality is that, under this uncaring Tory Government, we are watching child poverty go through the roof, while living standards go through the floor. The other debate that I plan to take part in this week is on free school meals, and 21st-century Britain has now arrived at a point where, due to the sheer levels of poverty in our communities, the only place that some children can get a hot, decent meal is at school. Only last week, MPs on both sides of the Chamber voted to spend billions of pounds on tarding up this royal palace so we can enjoy yet more luxury, yet tonight we are being asked by the

Minister to support an order that will continue the benefit freeze for some of the most vulnerable people in our constituencies.

Bill Grant (Ayr, Carrick and Cumnock) (Con): Will the hon. Gentleman give way?

David Linden: No, I will not give way at this point.

Continuing the benefit freeze is fundamentally wrong, and it is time to call it out. It is time for an end to the punitive benefit freeze.

7.1 pm

Patricia Gibson (North Ayrshire and Arran) (SNP): I rise to focus on the pensions aspect of this debate. We would all agree it is the duty of the United Kingdom Government to make sure that pensioners fully understand the impact that pension changes will have on their retirement planning. This is, of course, an extremely complex matter, and we know that many people struggle to understand the impact that changes to their pensions will have on their pension pots. The movement from a basic state pension and a state earnings-related pension scheme—commonly known as SERPS—to a one-off calculation is far from straightforward, and it will have an impact on people's ability to understand their pension pots. Indeed, some people who have been extensively contracted out will get just the basic state pension figure.

We have heard tonight from my hon. Friend the Member for Airdrie and Shotts (Neil Gray) that it is good that there will be a minimum guarantee linked to the consumer prices index, but there will also be some adverse impacts. We know, for example, that those who were contracted out were not necessarily aware and did not necessarily understand what it meant, and certainly could not and would not have anticipated that their future retirement income would be negatively affected by the Government's changes to the state pension. Those without savings to fall back on, such as the WASPI women, are hit very hard. They face a significant loss of income and real hardship.

Many of us are tired of saying it, but I hope that the Minister is not tired of hearing it—he is hearing it, but he and his Government do not seem to be listening. The UK Government should have better communicated the impact of these changes on those who were contracted out. It is absolutely imperative that the UK Government make sure they adequately inform people of the impact of the new state pension on their pension pots, as they have a duty to do.

That is worth saying because, apart from Government Members, just about everyone agrees that the UK Government have completely failed in this duty with regard to WASPI women. Changes under the Pensions Act 1995 began to be made in 2010, but women were written to only from 2009. Many were simply not told, so they were completely unaware of the changes being made to their pensions. That is an appalling abdication of responsibility, and it shows complete disregard for the impact of such changes on the lives of those affected.

Many WASPI women were simply unaware of the changes, but the Government have not been listening. It is worth remembering that DWP research carried out in 2004 found that less than half the women surveyed were aware of the impact the changes would have on their state pension age, with awareness particularly low among those who would arguably be worst affected—women who were economically inactive.

In addition, the Pensions Commission said in 2005 that

“a policy of significant notice of any increase (e.g. at least 15 years) should be possible”.

In 2008, the Pensions Advisory Service also reported low levels of knowledge about the state pension and said that that “must be addressed” by the Government. The warning signs were all there, despite how much the UK Government insist that they did enough to inform women of changes to their pension age.

This whole episode has undermined the social contract that the state pension represents. If Members do not believe that, perhaps it is worth spending five minutes with a WASPI woman. With the impact of contracting out, it is extremely important that the Government tell the House what provisions are in place now, and have previously been in place, to ensure that people are fully informed of the impact on their pension pots. If some people are unable to make ends meet due to lower pension payments because of contracting out, the Government need to explain what support and advice will be made available to them.

The fact is that pensions are far too important to be kicked about by Governments of different political persuasions. Once again, as we have heard from my hon. Friend the Member for Airdrie and Shotts, we in the SNP are asking for an independent pensions commission, and we will continue to do so. Only then can we properly address the needs of pensioners and prepare for the looming pensions and savings crisis that many fear will come to pass. I draw the Minister’s attention to the spike in pensioner poverty, which shows that many of those in the over-60 age bracket are being failed by the Government.

Stephen Lloyd: Does the hon. Lady agree that perhaps one way forward is for the parliamentary ombudsman to look at what was clearly poor-quality communication, from the 1995 Act onwards, and to make a ruling on whether the communication was good enough? We would then find out for sure what I think is true, which is that there was poor communication. We rely on the parliamentary ombudsman to give us that steer.

Patricia Gibson: I thank the hon. Gentleman for his insight. That idea is worth pursuing, but, rather sadly, I fear that the WASPI women now feel that the only option left to them is a legal challenge in the courts. If that is where the matter finds itself, that in itself is an indictment of a Government who have let these women down. Either way, the WASPI women are not going to go away, and perhaps through the parliamentary ombudsman and perhaps through the courts, this matter is far from over.

The Joseph Rowntree Foundation has said that 300,000 more pensioners have been driven into poverty over the past four years, which is the first sustained increase in pensioner poverty for more than 20 years. That, on its own, should give us pause for thought. *[Interruption.]* The Minister shakes his head, but he should take it up with the Joseph Rowntree Foundation, which is a very credible organisation.

There has been a sustained attack on pensioners, and we saw that in the Government’s election campaign with the attack on the triple lock and the threat of a dementia tax. Thankfully those threats have receded,

because they cost the Government their majority, but the matter requires the Government’s full attention. The Government should reflect on the electoral consequences, as well as the moral consequences, of these attacks.

According to the European Commission’s 2015 research, the UK has a wider than average gender pensions gap. We are trailing behind the rest of Europe on how we treat our pensioners, which is a matter the Government should take seriously. After the WASPI fiasco, confidence in pensions has been undermined at a time when we are trying to encourage younger generations to plan for their future. Those two situations do not sit side by side very comfortably.

An independent pensions commission would ensure that employees’ savings are protected and that a more progressive approach to fairer savings is considered, as we move towards a period when the new state pensions take effect. An independent pensions commission is needed more than ever. It is time for the Government to consider it seriously in the long-term interest of pension security, and I urge the Minister to do so.

7.9 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): I, too, commend my hon. Friend the Member for Airdrie and Shotts (Neil Gray) for covering the issues so completely. He welcomed the changes that are there to be welcomed, while making the criticisms that are due. My hon. Friend the Member for Glasgow East (David Linden) succinctly covered many of the points I would normally make in a speech such as this and, as we have just heard, my hon. Friend the Member for North Ayrshire and Arran (Patricia Gibson) covered the pensions issues, particularly the treatment of the WASPI women, a subject dear to my heart. Given that that territory has been covered so completely, I wish to concentrate on one aspect that we face from this measure: the fact that most working-age benefits will now be frozen in cash terms from 2015-16 to 2019-20 inclusive.

That continued freeze on social security, in the light of the consumer prices index of 3%—

Stephen Kerr *rose*—

Drew Hendry: I will make some progress. That situation means punishing costs for families, which are trapping thousands of them, including the children, in poverty. All they have to look forward to is the noose getting tighter every year. The fall in the pound has led to food prices rising at their fastest rate in four years, with an increase of 4%. Meat prices have risen by nearly 4% and vegetables have gone up in price by nearly 6%. Even taking refuge in a cup of tea is more unaffordable, as coffee, tea and cocoa prices soar—they are more than 8% higher. In these debates, we are talking about the effect on families at their kitchen tables—about them eating and about them making choices. When we are going through the technical nature of these debates, we would do well to reflect on that.

Michelle Donelan (Chippenham) (Con): The hon. Gentleman used the words “all they have to look forward to” and then went on to talk about benefits. Are benefits not supposed to be temporary and about getting people into work? Are these people not looking forward to getting into work, which is what this Government are getting them into and investing in?

Drew Hendry: This is clearly part of the problem: the understanding of people's real lives. We are not just talking about people who are out of work; we are talking about a range of people, including those suffering in-work poverty. This all comes at—

Stephen Kerr *rose*—

Drew Hendry: I am going to make progress, but I will cover the hon. Gentleman's points, as he has asked his question twice.

All the time, as a result of this Government, vital support remains frozen, and one in four children are growing up in poverty as a result. We already know, thanks to research from the Child Poverty Action Group, that children from well-off families outperform their low-income counterparts at age three to five, and by age five there are gaps of 10 months in problem solving development and 13 months in vocabulary. Three-year-olds in households with incomes below £10,000 are two and a half times more likely to suffer chronic illness than children in households with incomes above £52,000. There are also strong links between the experience of child poverty and poor mental health. One study shows that children living in low-income households are nearly three times as likely to suffer mental health problems as those in better-off households. So why do this Government not accept the damage that is being done?

In Scotland, tackling child poverty is at the heart of decision making. I will give way to the hon. Gentleman at this point.

Stephen Kerr: I am grateful to the hon. Gentleman for giving way unbidden. Let me ask him the same question. I do not dispute the sincerity or passion that SNP Members have on this issue, but since 2016 the Scottish Government have had powers to top up reserved benefits. So if SNP Members feel as passionately as they seem to, what are the SNP Government in Scotland going to do in practical terms—

Stewart Malcolm McDonald (Glasgow South) (SNP): It is happening now—

David Linden: On a point of order, Madam Deputy Speaker.

Madam Deputy Speaker (Mrs Eleanor Laing): Order. Before I take the point of order, let me say that we cannot have interventions from a sedentary position upon someone who is intervening. We also cannot have such long interventions. This debate does not have much longer to go.

David Linden: On a point of order, Madam Deputy Speaker. Over the course of this debate, the hon. Member for Stirling (Stephen Kerr) has intervened on several occasions on me and my hon. Friends. Had he indicated to you that he was seeking to catch your eye to speak in the substantive debate, or is it the case that no Back Benchers—

Madam Deputy Speaker: Order. That is not a point of order. Any Member of this House may try to intervene on any other Member, and it is up to the Member who has the Floor whether they take the intervention or not. We will not waste time on points of order at this point.

Drew Hendry: Thank you, Madam Deputy Speaker. We have now heard in painstaking detail the grandiloquence of the hon. Member for Stirling on this point, where he has spectacularly failed, not once or twice, but thrice, to make the point—

Stephen Kerr: Answer the question.

Drew Hendry: Let me answer the hon. Gentleman's question directly. In Scotland, tackling child poverty is at the heart of decision making. Scotland is now the only UK nation to have child poverty targets set out in law—the Tories scrapped such targets for the whole of the UK and we now know why. In Scotland, we have initiatives to see fairness delivered: the Poverty and Inequality Commission; a new £50 million fund to tackle child poverty; our use of the limited social security powers to support young families at key stages of—

Bill Grant *rose*—

Drew Hendry: I am going to make some progress, as this question needs answering. We are using the limited social security powers to support young families at key stages of children's lives with the best start grant. We are providing free childcare—up to 45%. We are providing free school meals for primary 1 to 3 and expanding all early years. We are mitigating the Tory bedroom tax and maintaining council tax benefit. And we have the Scottish welfare fund.

Patricia Gibson: Will my hon. Friend confirm something that may be of interest to Conservative Members? Is he telling me that the Scottish Government have put in all these measures to tackle child poverty in the face of a £2.6 billion cut over 10 years?

Drew Hendry: My hon. Friend makes that point extraordinarily well; this comes against a background of having to backfill to deal with the poverty and misery caused by UK Tory policies. Lessons could be learned, but will they be? They should be, in order to provide justice, fairness and dignity. In order to achieve that—

Stephen Kerr: Will the hon. Gentleman give way?

Drew Hendry: No. In order to achieve that aim, the lessons must be seen to be learned. It is shameful that we have to fight policies such as the cap and freeze, given that children in Scotland and across the nations of the UK are condemned to poverty by them. The UK Government should wake up to the harm they are doing and end this policy and the dogmatic approach through austerity that is driving it.

7.18 pm

Kit Malthouse: This has been a lively debate—certainly more lively than it has been in the past. Doubtless many of the arguments made—not least as much of the debate was about what is not in the order rather than what is in it—were exactly the same as those made last year. Therefore, I do not propose to detain the House for too long. A number of Members raised a series of detailed points, which I will try to address in writing, if I may, should I fail to address them in my speech.

The hon. Member for Oldham East and Saddleworth (Debbie Abrahams) raised a couple of issues I want to address. First, she asked when the Government will produce a cumulative impact assessment of all welfare reforms. The Treasury published a cumulative distributional analysis alongside the Budget, in November last year, showing the impacts on household income of tax, welfare and expenditure, so I would point her to that. She also asked about the new state pension communications, as did a number of other hon. Members. She will be pleased to know that, following the National Audit Office report last year, from which she quoted, the Department for Work and Pensions launched an online “Check your State Pension” service.

Debbie Abrahams *rose*—

Kit Malthouse: I will carry on. The service has had 7 million views since February 2016. Notwithstanding that, there is obviously more work to do on communications.

The hon. Member for Airdrie and Shotts (Neil Gray) asked why bereavement support payments have not been uprated. A bereavement support payment is not a cost-of-living benefit and is paid in addition to means-tested benefits to protect the least well off, so it is not necessary to uprate it in line with the cost of living. Unlike bereavement allowance and widowed parent’s allowance, bereavement support payment is paid in addition to other benefits to which the recipient is entitled, helping those on the lowest incomes the most. The hon. Gentleman will know that the up-front payment for those with children has been increased from £2,000 to £3,500.

Neil Gray: Will the Minister give way?

Kit Malthouse: I will not; I do not really have time and the hon. Gentleman and his friends had plenty to say during the debate.

A wider point was raised by several Members that for me distils the difference between the Government and Opposition on this issue. There seems to be on the Opposition Benches a kind of Stockholm syndrome attachment to the old benefits system, despite the fact

that it is obviously a fraud perpetrated on the poor, more often than not designed to keep them poor rather than to give them the tools and ladders to climb so that they can take control of their own lives and financial control of those of their families into the future. I understand and would never seek to doubt Opposition Members’ motivation to do the best by their constituents and the rest of the country, but for some reason they seem to think that that motivation applies only to them, rather than to Government Members as well. I reassure the House that the motivation of every Conservative Member of Parliament is the betterment and welfare of our fellow citizens, which is what the order is designed for. With that, it gives me great pleasure to commend the orders to the House.

Question put and agreed to.

Resolved,

That the draft Social Security Benefits Up-rating Order 2018, which was laid before this House on 15 January, be approved.

PENSIONS

Resolved,

That the draft Guaranteed Minimum Pensions Increase Order 2018, which was laid before this House on 15 January, be approved.—
(*Kit Malthouse.*)

SMART METERS BILL (PROGRAMME) (NO. 2)

Ordered,

That the Order of 24 October 2017 (Smart Meters Bill (Programme)) be varied as follows:

(1) Paragraphs (4) and (5) of the Order shall be omitted.

(2) Proceedings on Consideration and any proceedings in legislative grand committee shall (so far as not previously concluded) be brought to a conclusion two hours after the commencement of proceedings on the Motion for this Order.

(3) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion three hours after the commencement of proceedings on the Motion for this Order.—
(*Richard Harrington.*)

Smart Meters Bill

Consideration of Bill, as amended in the Public Bill Committee

New Clause 1

OWNERSHIP RESTRICTIONS TO SUCCESSOR LICENSEES

“(1) The Secretary of State may impose conditions on to the future DCC successor licensee as appropriate.

(2) Conditions in subsection (1) may include restrictions to British owned companies subject to the expiry of any contrary obligations under EU or retained EU law, as defined in the EU (Withdrawal) Act 2018.”—(Dr Whitehead.)

This new clause would allow the Secretary of State to restrict future DCC successor licensees to British owned companies.

Brought up, and read the First time.

7.23 pm

Dr Alan Whitehead (Southampton, Test) (Lab): I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Mrs Eleanor Laing): With this it will be convenient to discuss the following:

New clause 2—Review: Use of powers to support technical development—

“(1) Within 12 months of this Act coming into force, the Secretary of State shall commission a review which shall consider how the extended use of powers provided for in section 1 will support the technical development of smart meters, with reference to—

- (a) alternative solutions for Home Area Network connections where premises are not able to access the HAN using existing connection arrangements,
- (b) hard to reach premises.

(2) The Secretary shall lay the report of the review in subsection (1) before each House of Parliament.”

This new clause would require the Secretary of State to review how the extension of powers will support technical development of smart meters.

New clause 3—Review: Use of powers to support rollout of smart meters—

“(1) Within 12 months of this Act coming into force, the Secretary of State shall commission a review which shall consider how the extended use of powers provided for in section 1 will support the rollout of smart meters, with reference to—

- (a) providing for efficient removal and disposal of old meters,
- (b) reviewing the exemptions for smaller suppliers from a legally binding requirement to roll out smart meters.

(2) The Secretary of State shall lay the report of the review in subsection (1) before each House of Parliament.”

This new clause would require the Secretary of State to review how the extension of powers supports the rollout of smart meters.

New clause 4—Review of smart meter rollout targets—

“(1) Within 3 months of this Act coming into force, the Secretary of State must prepare and publish a report and a cost benefit analysis relating to the Smart Meter Implementation programme and lay a copy of the report before Parliament.

(2) The report under subsection (1) shall consider—

- (a) progress towards the 2020 completion target;
- (b) smart meter installation cost;
- (c) the number of meters operating in dummy mode;
- (d) the overall cost to date of the DCC;
- (e) the projected cost of the DCC; and
- (f) such other matters as the Secretary of State considers appropriate.”

This new clause would require the Secretary of State to publish details about the cost and progress of the smart meter rollout with reference to the 2020 deadline.

New clause 5—Requirement on suppliers to provide information on cost of smart meter programme to consumers—

“(1) The Energy Act 2008 is amended as follows.

(2) At the end of section 88(3) (power to amend licence conditions etc: smart meters), insert—

“(m) provision requiring the holder of a supply licence to include information with consumer bills on the cost to consumers of the Smart Meter Implementation Programme.”

This new clause would allow the Secretary of State by order to amend licence conditions so that energy suppliers are required to include the cost to the customer of the Smart Meter Programme in all customer energy bills for the period covered by the energy bill.

New clause 6—Smart Meter Implementation Programme: review of cost to consumers—

“(1) Within 3 months of this Act coming into force, the Secretary of State shall commission an independent review of the cost to the consumer of the Smart Meter Implementation Programme.

(2) The review under subsection (1) shall include—

- (a) a breakdown of the costs to consumers of component parts of the Smart Meters Implementation Programme including the cost of the DCC;
- (b) the potential benefits to consumers of information on the cost of the Smart Meter Implementation Programme being included on energy bills and statements;
- (c) a longitudinal estimate of the cost to consumers to date and the projected future cost of the Programme; and
- (d) such other matters as the Secretary of State considers appropriate.

(3) The Secretary of State must lay a report of this review before both Houses of Parliament as soon as practicable after its completion.”

This new clause would require the Secretary of State to commission an independent review of the cost to the consumer of the Smart Meter Implementation Programme that must consider the potential benefits to consumers of including a summary of the cost on their energy bills and statements.

Amendment 2, in clause 1, page 1, line 12, at end insert—

“(c) in section 56FA(3) after “including” insert “the supply of such meters to energy companies and”

This amendment would allow the Secretary of State by order to add “the supplying of smart meters to energy companies” to the list of licensable activities.

Amendment 3, page 1, line 19, at end insert—

“(c) in section 41HA(3) after “including” insert “the supply of such meters to energy companies and”

This amendment would allow the Secretary of State by order to add “the supplying of smart meters to energy companies” to the list of licensable activities.

Amendment 1, in clause 6, page 6, line 27, at end insert—

“(15) Prior to making modifications under this section the Secretary of State shall commission an independent evaluation on the potential impact the modifications available to the Secretary of State to secure funding of smcl administration could have on consumer energy prices and shall lay the report of the evaluation before each House of Parliament.”

This amendment would require that, before considering modifications to ensure funding of smcl administration, the Secretary of State must seek independent evaluation of the impact such modifications would have on consumer energy prices.

Dr Whitehead: As all the new clauses and amendments are grouped together, I intend to address them in turn. I promise that I will not say anything after this speech, but will instead make all my points in one go.

When the Bill went into Committee, it did two things. However, as the Minister himself agrees, an opportunity was taken in Committee to add to it what is effectively another small Bill, so it now does three things. First, it extends to 2023 the period during which the Secretary of State has powers over the roll-out to organise and command licensable activities. It does so in part because the end date for such control was set out in previous legislation as 2018. It is now apparent that the roll-out will go on until at least 2020 and, depending on progress, perhaps even later. It is therefore not only prudent to change the date but important, because as things stand the power over the roll-out will be lost halfway through its implementation.

Secondly, the Bill provides for the circumstances under which the functioning of the Data Communications Company, which has been set up to manage and co-ordinate all the communications necessary to make smart meters work—the data they are collecting and sending; and the communications within and around the home, and on a wider network—can be maintained in the event that that company goes into administration. That is important because the functioning of the DCC is central to the whole operation of the roll-out and what happens afterwards, and a hiatus in that function while any administration was being processed would be disastrous—so much so that we might question, as we did in Committee, why such a provision was not in the original legislation that set up the procedures for smart meter roll-out, and why it has taken several years of the DCC's operation, albeit not live, to get around to implementing such a crucial measure.

Thirdly, the Bill now provides for arrangements to bring about the half-hourly settlement of domestic bills, which was hitherto not possible, but has been facilitated by the smart meter roll-out. We welcome this potentially enormous benefit of smart meters, in that it eliminates estimated bills and allows for accurate billing on the basis of what has been supplied each half hour, thereby allowing households to pitch their use at times of best value. The provisions inserted by the Government allow such a system to be organised and regulated.

Altogether, we have a set of proposals relating to the existing smart meter roll-out, which has been under way since 2016, that are uncontentious in the main and, indeed, strengthen the fabric of the roll-out. The Opposition support the objectives of the smart meter roll-out and believe that smart meters will lead to considerable benefits, not only for billing and the use of energy by householders, but for the future operation of the whole system. We share the aim of ensuring that as many as possible of Britain's 30 million households have a smart meter installed by the end of the roll-out target date, albeit on the clear understanding that this is a voluntary programme and that no one will have a smart meter forced on them if they do not want one to be installed.

Why, then, have we tabled the new clauses and amendments? I assure the House that it is not because we want to derail the roll-out process or to place obstacles in its path. Some real questions are emerging from the

roll-out process, and our prime aim is to ensure that those questions are addressed, and that the roll-out takes account of them and their potential solutions.

I have identified six major questions that have appeared as the roll-out has progressed. First, what is the actual progress of the smart meter roll-out, and is it realistically on target to ensure that everyone who wants a smart meter can have one installed by the end of 2020?

Secondly, bearing in mind that the huge cost of installing smart meters now falls on the consumer, what assurances can we have that the cost-benefit ratio of the whole programme remains positive? How can the costs of the programme be properly managed so that it remains positive for consumers in the end?

Thirdly, why have millions of first generation SMETS—smart metering equipment technical specifications—meters been installed to date and virtually no SMETS 2 meters? SMETS 1 meters were supposed to be a small proving mode and SMETS 2 meters were supposed to be the backbone of the roll-out, originally from 2014 onwards.

Fourthly, why has the DCC taken so long to get up and running, and how much of an impediment to the full roll-out of smart meters will that prove to be? If the DCC does go into administration, for whatever reason, what guarantees are there that it will be subsequently owned by a body that has the security and integrity of the programme at its heart?

Fifthly, will everyone be covered by the communications network that is being put in place? Will people who live in blocks of flats, for example, have home-area networks that are fully able to reach them? Will those who live in remote areas enjoy the wide-area coverage that will enable their meters to work reliably?

Finally, what will happen to all the old meters, and indeed to a considerable number of SMETS 1 meters that will be replaced by SMETS 2 meters? Will they be recycled or reused in a suitable way?

Dr David Drew (Stroud) (Lab/Co-op): I refer to my declaration in the Register of Members' Financial Interests.

Does my hon. Friend accept that another problem—I have just had a response to a written question on this issue—is that when some people, particularly in rural areas, have a smart meter installed, their boilers are condemned because they are not compatible? There is no scheme or funding to help those people to put heating back into their houses. Does he agree that that is a significant problem?

Dr Whitehead: I agree that when that occurs, it is a problem, but I am not sure that it is just related to smart meters, so a combination of issues needs to be addressed. We need to ensure that such occurrences happen as little as possible and can be overcome.

Our new clauses and amendments seek to address the six questions that I have identified in the context of the Bill. By doing so, they would considerably strengthen the Bill. After all, as I am sure that all hon. Members will agree, it is important in such a large project that requires public confidence that questions are properly anticipated and addressed, and that assurances are given, otherwise we will have a roll-out that eventually rolls out to not many people, and that fails to achieve the aggregate coverage that will enable the sort of benefits that we would want from the roll-out as a whole.

7.30 pm

Stephen Kerr (Stirling) (Con): The hon. Gentleman raises an important point about public confidence. Is there not a danger that when people with SMETS 1 meters switch energy supplier and lose their smart meter's smartness, they will lose their confidence in the whole programme?

Dr Whitehead: Like me, the hon. Gentleman sat through many of the evidence sessions during the Committee stage, so he will know that an advanced programme is in place to ensure that SMETS 1 meters are compatible and interoperable, and indeed can work online, to ensure that that problem does not occur. That is a recent development. I agree that if it turns out that many SMETS 1 meters become completely dumb, that might be a problem for the overall roll-out. Perhaps the Minister will have something to say about that later, because it is important that we get this right.

Jim Shannon (Strangford) (DUP): Following on from the previous intervention, does the hon. Gentleman believe that consumers' concerns about their ability to switch energy suppliers smoothly to keep costs down, and about keeping the system going and keeping providers "on their toes", are adequately addressed in the Bill, because some people say that they are not?

Dr Whitehead: I will come on to talk about how far more SMETS 1 meters have been installed than was ever intended, which was due to various reasons. The hon. Gentleman is certainly right that if a substantial number of installations eventually give rise to non-smooth transfers when people want to switch, that will be deleterious to the roll-out as a whole. Indeed, that is something that needs to be very carefully and urgently addressed so that we ensure that such switchovers can be as smooth as possible.

When we think about the roll-out, we do not need to look very far into the timescale to conclude that, whatever might be said about the numbers already installed, it is not going well. We are more than halfway through the period originally specified for the mass installation of smart meters, but we are far below halfway towards the target of installing smart meters in 30 million homes. In fact, the latest quarterly installation figures show that only 8.6 million domestic and non-domestic meters have been installed to date. That issue has been exacerbated by the transition from SMETS 1 to SMETS 2 meters. SMETS 1 meters were supposed to be essentially proving meters that would have very little role to play in the overall process. However, the DCC—the body required to set up and implement all the communications systems to allow meters to talk to the system—is now two and a half years behind in going live, and is still not really functioning as intended. Millions of SMETS 1 meters have therefore been installed to make up the gap before SMETS 2 meters can come on stream, and we are still in a precarious position with regard to the new meters, because end-to-end testing of them is still not really available. A programme that should by now have seen the installation of a few SMETS 1 meters and millions of SMETS 2 meters now has the opposite position. To be precise, when I asked the head of the DCC how many SMETS 2 meters had been installed, the figure he gave was 250.

Steve McCabe (Birmingham, Selly Oak) (Lab): As I recall, that figure of 250 was given to the Committee by the DCC's chief executive. My hon. Friend will be aware that the Department initially announced last week that it did not know the figure, but then admitted that it was 80, and that most of those meters actually belonged to company officers, not members of the public. Does that not suggest that this programme is woefully off track compared with what was planned?

Dr Whitehead: My hon. Friend gives a very important qualification to that figure of 250. I must admit that when I heard that figure from the head of the DCC, it struck me as being pretty shocking in its own right. It is interesting, to say the least, to hear that the 250 figure is on the optimistic side, and that the number that are actually on the wall and working—in the homes of friends and family, as my hon. Friend says—is only about a third of that figure.

The slippage is reflected in the latest cost-benefit analysis, which is from last year. It shows the cost-benefit gap narrowing, at least in part because of the SMETS 1 and 2 hiatus. The analysis indicated a high spike in proposed installations at the end of 2019, with some 15 million meters needing to be installed at that point. That is a substantial shift in the predicted curve of installations, and an enormous increase in the rate of installations since the time of the 2014 cost-benefit analysis. Sticking by the timetable under these circumstances becomes fairly heroic. Perhaps it can be done, but it is clearly a daunting task.

That is the context in which the change in the date for Government oversight is important—the process of changing the date by which licensable activities will have ceased from 2018 to 2023. Whether or not it was a wholly wise idea, the 2004 and 2008 Energy Acts and subsequent regulations specified a date for licensable activities to end, which means that as things stand at the moment, the Government will have no control over what goes on after 2018. Everybody knows that we will still be at a relatively early stage of the roll-out in 2018, so it is impossible to conceive that it would be wise to continue with the original timetable. We therefore support the idea of specifying a more satisfactory date in the statute book.

The Bill specifies a date of 2023, but that does not appear to coincide with the Government's publicly stated ambition for the end of the roll-out. I say that with caution, because while their statements about the roll-out have changed over time, they have always revolved around the idea of ending it in 2020, and there has been a lot of talk from the Government about the installation of 53 million smart meters by then. Indeed, the frequently asked questions page of the Smart Energy GB website states:

"By the end of 2020, around 53 million smart meters will be fitted in over 30 million premises (households and businesses) across Wales, Scotland and England."

That is also the basis on which Ofgem is working in terms of its licence enforcement. However, the Government have changed their position, as they now saying that, by the end of 2020, 53 million customers

"will have been offered a smart meter".

That is a very different proposition. We could interpret that as 53 million people being offered a smart meter by 2020, but only 10 million having them installed,

although I assume that that is not what the Government mean. The statement might be meaningless or meaningful, depending on what happens before the end of 2020 and a variety of issues that will appear along the road. I hope that the Minister will be able to clarify those matters today. We surely cannot mean that the whole obligation for the roll-out would be discharged by doors being knocked on and someone saying something. If the smart meter installation programme is pursued on the basis of just making a desultory offer, the result will be way below the critical mass necessary for the overall aggregate data to work properly and lead to decent decisions. At that point, £11 billion or some such amount would have been wasted on nothing much.

The smart meter installation programme is voluntary. But, at the same time, we need a proportion—not 100%, but getting close to it—of smart meters installed in order to make the programme work by having worthwhile aggregated data. Some people have said that we need 70% of smart meters installed and others have said 80%; we need something to make the overall aggregated data significant. We clearly need to put a lot of effort into ensuring that the benefits of the programme are explained to the public.

The evidence suggests that the public overwhelmingly like smart meters when they are introduced and they want to have them in their homes. We therefore need to make a lot of effort over the given period to ensure that the two ends—the voluntary nature of the programme and the need for substantial roll-out—can be reconciled. What do we need to do that has perhaps not yet been done to ensure that the roll-out programme gets its output properly organised and smart meters installed? That is the purpose of new clause 4, which would require the Secretary of State to publish a report to keep us firmly on track. But, of course, much of the progress towards the target at the end of 2020 now depends on how SMETS 2 meters can be rolled out and how the DCC performs.

It was always necessary for the DCC to start its roll-out to enable smart meters that have been installed and those that will be installed to connect with it, and therefore to go live at the earliest possible date. However, the DCC systematically failed to go live when it should have done. It repeatedly announced delays and eventually went live in autumn last year under circumstances in which eyebrows were raised substantially by most of the industry. That was because it went live just before the point at which it would have faced penalties for not going live. It also only went live in part of the country and did not go live with some of its peripheral activities. Indeed, it is still having problems as far as its liveness is concerned. However, the DCC is not a stand-alone company. It was set up in order to run all these things and was then successfully auctioned out to a company that could drive it. And that successful bidder was Capita plc. As far as running the system is concerned, the DCC is effectively a subsidiary of Capita plc. The rest of the smart meter programme now crucially depends on this company. If we look at the timeline of what was supposed to have happened, we see that it presents a really sorry picture.

According to the joint industry level 1 plan, the start of the mass installation of SMETS 2 meters was supposed to be in October 2014, and the DCC was supposed to go live in December 2015. The then Secretary of State

approved the DCC re-plan to go live on 1 April 2016, but received a contingency request from the DCC to delay going live until July 2016, and even then to split into core functionality and remaining functionality, which was not supposed to go live on the new date. A further contingency request was made by the DCC for a delay until August 2016, and there were even further contingency requests for delays. The DCC finally went live, in the way I have described, in October 2016. But it was actually only live for central and south England in November 2016 and went live for the north of the country later that month. The remaining functionality eventually went live, but not until 20 July 2017.

I looked at the plans that were put forward when the DCC went live, and they were accompanied by pages and pages of so-called workarounds—that is, things that did not really work. That is still a problem today. A lot of the industry is saying that the DCC is not really live to the extent that it had anticipated, which remains a considerable problem for the end-to-end testing of SMETS 2 meters. That is why, among other reasons, there are currently only 250 or 80 on the wall, depending on whose figures are right.

Stephen Kerr: Is it the hon. Gentleman's understanding that the DCC is operating—not fully live—for only 80 SMETS 2 meter customers? The SMETS 1 meters do not connect to the DCC.

Dr Whitehead: That is the unfortunate truth, yes. The total number of SMETS 2 meters to which the DCC is connected is 80—or 250, for those who are a little more optimistic. That means that there is rather a long way to go to connect up the rest of the SMETS 2 meters, assuming that they can be end-to-end tested in order to get the right circumstances in the different parts of the country to allow the testing to take place.

7.45 pm

The Bill itself restricts legislation to the circumstances in which the DCC is rescued if it goes into administration. These are reasonable provisions, but they do not really address the current situation with the DCC and the sorry picture that it currently presents to us. The assumption behind the provisions is that the DCC might fail to carry out its functions because contributing bodies—that is, companies engaged in smart meter roll-out—might default on their obligations. But there are now surely two other scenarios in which the clauses in the Bill might need to be actioned: one if the company running the DCC decides to reorganise itself and walks away from the contract; and another if the company itself is unable to trade. Those scenarios are both unlikely, but they do need consideration.

I must say, for the record, that the Government might well have intervened regarding the contract on the DCC. My ideal way of running the DCC would be for it to be a public body, not responsible to a company. The formation of the DCC—maybe at a future date, should the circumstances be different—as a not-for-profit public interest body concerned with the proper administration of the whole smart meter arrangement, in the public interest and for the public good, would be the best way to organise things. That is not the position now, however, and it may not be for some time.

Amendment 1 would address some of those issues, as do new clause 5 and new clause 6, in the name of my hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe). New clause 1 would deal with how one might align the public interest and public good with circumstances in which a successor company might be called on in the event of administration procedures. On this occasion, it would give the power to the Secretary of State, as it would give the Secretary of State discretion to look at the circumstances of a tender or a post-administration arrangement—presumably also by tender—in circumstances in which, for example, a non-GB company were to become the successor or putative successor company running the DCC.

Without entering into any great conspiracy theories, we have to have some regard for the ownership and running of an organisation that holds a huge amount of information about what we do, who we are and how we work. That is vital information concerning not just our activities but our aggregate activities. Ensuring that the company running the DCC is working appropriately in the national interest with that information and with that crucial role seems quite an important issue to consider. It would be prudent for the Secretary of State to have that power available to him or her so that we can put our affairs in order concerning what continues to be an unlikely, but not completely impossible, sequence of events. We ought to have it on our minds, however, in case these events occur. In that way, we can rescue not only the position of the administrator, but what the company subsequently does in the national interest as far as keeping control of all this data and running a smart meter programme are concerned.

It will also be important to know what the possible effect on bills will be in the event that the company went into administration. There might be circumstances in which the DCC goes into administration, is rescued in the manner suggested in the Bill, is put forward on a different basis and ends up being a net cost-benefit problem to the public. But apparently we do not know the likely cost in such circumstances or what the benefit might be, and we do not have any mechanism for appraising that against what else is in the cost-benefit analysis. Amendment 1 gives the Secretary of State a tool to do just that.

The DCC will also be crucial to the ability of the system properly to reach to everyone who wants a smart meter installed. The Minister himself accepts that it is by no means clear how we are going to be able to solve some of the problems of the home area network and the wide area network, known respectively as the HAN and the WAN. The home area network deals with the communications between the meter, the house and the immediate external data receiver. The wide area network relates to the extent to which data receivers can operate in certain areas where population is sparse or where there are geographical difficulties in getting coverage and so on. In those circumstances, the Government reported in the documents that went before the Delegated Powers and Regulatory Reform Committee:

“Smart meters make use of a home area network to link the smart meter to consumer devices such as the in-house display or smart appliances. The technical solutions already being delivered currently apply to approximately 96.5% of premises. In some premises such as apartments in high-rise buildings where there is a long distance between the smart meter and the premises, these solutions are not viable.”

That means, basically, that a number of properties in cities and urban areas will not be able to receive home area networks in the way that we want them to. Also, a number of homes that are not in urban areas but in rural areas will not get any signal at all. We need to make sure that they can receive, on a wide area network basis, the signals that they need to make their smart meters work. The Department considers that

“99% of premises in Great Britain are capable of being connected to the DCC through the wide area network.”

The alternative HAN forum is hard at work on trying to work out how to get smart meter signals into flats. I do not know whether there is an alternative WAN forum working out how to carry out wide area network reorganisation. The Department states:

“A different solution may be necessary to provide coverage to smart meters in the remaining hard to reach premises which the wide area network does not cover. It might be considered appropriate to create a licensable activity”

the same as for the home area network

“that relates to arranging the establishment of communications to these properties.”

The Department has in mind two licensable activities that may arise when those solutions are under way. As regards the wide area network, I understand that technical solutions such as patching—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I hesitate to interrupt the hon. Gentleman, and I appreciate that he is dealing with some complex issues that require explanation, but it may have escaped his notice that he has been at the Dispatch Box for almost half an hour. He might not be aware, but I am, that there are other people who wish to take part in this debate, so he might like to consider bringing his remarks on this particular part of the Bill to a conclusion quite soon.

Dr Whitehead: Thank you, Madam Deputy Speaker. I accept that we are dealing with difficult and rather technical issues, and so I thought it was necessary to try to set out for the benefit of the House how these matters might work, but I will of course be very mindful of your guidance to try to make sure, within the restraints of not getting too over-simplified, that I do indeed bring my remarks to a close.

New clause 2, in essence, asks the Minister to consider a specific review to get these arrangements properly under way.

My final question concerns the meters that have been removed as a result of smart meter installation or will be removed because they are SMETS 1 meters replaced by fully interoperable SMETS 2 meters. This problem is not just theoretical; it is happening now. It has several aspects. What about malfunctioning and existing smart meters that are no longer installed and are now redundant? What about the huge number of existing meters that will be removed and need to be disposed of as smart meters are installed? Those meters are not owned by installers but by meter asset providers that finance and ultimately own the meters that are put in. It has been a long-standing arrangement in the industry that meters are not owned by the suppliers but merely read by the suppliers. That means that when a programme is pursued of removing old meters, whether dumb meters or previous generation smart meters, there is a problem in identifying whose meters they are.

The difficulty that we are facing right now—it is not a problem for the future—is that we might see meter mountains arising in this country because the people who are removing the meters do not know who their owners are or who is going to take them away and recycle and dispose of them. I do not want to see, as a result of this roll-out programme, meter mountains, or alps, appearing across the country. We need to be clear about what method of disposal is going to be the most appropriate and workable. If we are not careful, the issue will overwhelm the roll-out, or at least have a significant negative effect on its overall atmosphere. In Committee, the Minister, encouragingly, agreed to set up a roundtable to consider this issue further. New clause 3 now addresses the issue, and I hope that it will be a way of taking it forward.

I have dealt with a number of important questions that have arisen as the smart meter roll-out has progressed. I hope that the roll-out can proceed to a successful and timely conclusion, because that will be important for the future of our energy systems as well as for the future sustainability of people's electricity and gas supplies, and their ownership of what their bills will look like in future. However, we should not shirk from addressing the real problems that stand in the way of realising that. It is not sufficient to state that all is for the best in the best of possible worlds, and proceed on that assumption. I know that the Minister is working hard to get this right, as are his team in BEIS. The addition of these amendments would give them greater authority and support in making the roll-out work.

Stephen Kerr: I compliment the Minister and the Opposition Front Benchers for the way in which I have witnessed, as a relatively new Member of Parliament, how a public Bill is progressed through the legislative process. I have learned from observing the Bill Committee that for legislation to have durability and solidity, it is vital that there is strong collaboration between those on both sides of the House. It is in all our interests to make sure that legislation is well constructed and well meaning.

I support the Bill on the basis of a considered view that the roll-out of smart meters is a vital national infrastructure project that will bring benefits to consumers and businesses and to the whole country. I am not entirely convinced that we have done a good enough job so far in selling the proposition to the whole country, and I have concerns about our readiness to meet the Government's objective. In fact, in the evidence that we heard in Committee, very few of the people we spoke to seem to believe that at the current rate of progress it is possible to complete the roll-out of smart meters by the perceived target of 2020. I want to come back to the target in relation to new clause 4.

None of this sort of work is ever going to be easy, as was highlighted in the evidence that we heard in Committee, but the trick is not to make it harder for ourselves than it would be otherwise. How do we get the job done—the deployment of these smart meters into nearly 60 million premises—in the most cost-effective way? There are still questions that should be asked and considered. We should not lose sight of the total cost of the programme—northwards of at least £10 billion. I think that £1.3 billion has been spent, or is earmarked to be spent, on the DCC alone. We are talking about 50 million-plus—nearly 60 million—separate installations of smart meters.

I have a lot of sympathy for the amendments tabled by the Opposition, because they do tackle issues that are pertinent and relevant to the purposes of the Bill. However, I will not support them if they are pressed to a vote, because I very much hope that the Minister will be able to provide such reassurance that the issues raised will be covered off in some other way than by making changes to the Bill, so there will be no purpose in calling a vote. I am very confident that that will be the case, because that has been the spirit of the process so far.

8 pm

Smart meters facilitate a smart grid. A smart grid facilitates smart homes, smart businesses and smart communities. There are all kinds of benefits available to consumers from smart meters and the creation of a smart grid, and powerful environmental and conservation arguments stand up in favour of the smart grid. The internet of things will facilitate smart appliances connected to a smart grid, and everything hinges on the flow of data. We are back then to the smart meter.

The most obvious and immediate advantage, which the hon. Member for Southampton, Test (Dr Whitehead) referred to, is the end of estimated bills for those who have smart meters, with accurate meter readings that reflect real-time energy usage. I hope that that will mean there is more accuracy in the adjustments that should be made to monthly direct debits. While I appreciate the importance of spreading the cost of a year's supply of energy across 12 monthly payments, there should be scope for greater accuracy, with more valid and true information available. The total cost of energy used will, I hope, then be more closely monitored, which should allow direct debits to reflect the true cost of the energy used in a person's home.

Steve McCabe: Both the Government's and Ofgem's justification for the smart meter programme is that it is meant to save customers money. If we reach the stage where it is actually costing customers rather than saving them money, will the hon. Gentleman regard that as a failure of the programme?

Stephen Kerr: The hon. Gentleman makes a valid point. The purpose of the Bill, in facilitating the roll-out of smart meters, is to create a more energy-efficient economy, which should be reflected in cost savings for families, individuals and businesses. If that was not to be realised through the smart grid, that would be very disappointing.

There is so much in the future in terms of the changes we are seeing in the economy. I think of ultra-low emission vehicles, where there will be a necessity for smart meters and the smart grid for us to cope with the increased load on the grid. In response to the hon. Gentleman, I hope that somewhere in the not-too-distant future is the promise of an energy market that is more competitive and more responsive to its customers' energy requirements.

Mass usage of ultra-low emission electric vehicles is inevitable. We will get to a tipping point with those vehicles, on account of the cost per unit, improvements in battery technology and the visible availability of the necessary infrastructure for charging at home and recharging away from home. All those things will create new demands on the grid, and all the flexibilities we will need to meet those demands depend on the smart grid and smart meters.

[Stephen Kerr]

Things such as new tariffs, variable tariffs and smart devices that can interact on the basis of the smart grid will all be a feature of the future.

However, there are things referenced in the new clauses and amendments that concern me. We heard evidence in the Public Bill Committee from Dr Richard Fitton of the University of Salford, who is responsible for a task group for the International Energy Agency on the use of smart meter data for determining the energy efficiency of properties. He made the point that for consumers to be fully engaged with smart meters, they need to be able to log on to the smart meter and connect it to smart devices in and around the home. He described the frustration that he and his team of experts have had in being able to make that connection happen. He said:

“a magic black box called the consumer access device...streams real-time data to things such as smart appliances and smart heating systems for homes.”—[*Official Report, Smart Meters Public Bill Committee*, 21 November 2017; c. 48, Q94.]

He went on to say that neither he nor any of his colleagues had ever been successful at connecting SMETS 2 meters to those devices. That is a concern, but it is not directly related to the amendments, so I will return to them.

There is evidence about the impact of smart meters on consumer behaviour. The literature produced by the Department talks about how these meters will facilitate switching. In fact, all the evidence that the Business, Energy and Industrial Strategy Committee and the Public Bill Committee received suggests that smart meters probably will not have a direct impact on the rate of switching in the energy market. It should change consumers' behaviour by piquing natural curiosity. When we first get a smart meter and have an in-home display, we can see how the energy usage in our home is affected by using different appliances around the house. That is very interesting and makes us aware of which appliances are the most energy-greedy, which could lead to a change of behaviour.

I would like to make some other points on energy awareness and my concerns that relate to new clause 4, with which I am broadly sympathetic but will not vote for. Even though I have sat through the Public Bill Committee and all the Bill's stages, I am still not clear exactly what the Government's objective ultimately is. They say they will make an offer of a smart meter to every consumer by 2020. That seems a rather fuzzy objective. How do we define what it means to make an offer? We could say that by sending out an email, letter or brochure to every household, every energy retailer has fulfilled its obligation to make the offer. I do not think that is really what the Government intend. Given the importance of smart meter installation to the creation of a smart grid, I would think the Government's objective is in fact to get smart meters into a very high percentage of the total number of properties by 2020, but that is unstated, as far as I am aware. I would be delighted to be put right by the Minister on that.

I am aware, as a listener of commercial radio and television and a reader of the press, that there is currently a high-intensity programme going on to raise awareness among consumers about the availability of smart meters upon request. However, I question whether the case for the importance of smart meters has been well made.

Despite the fact that this subject could sound quite boring, it is actually very interesting, because this infrastructure is the basis for the fourth industrial revolution that will be seen in the homes of our countrymen and women. Given the current level of roll-out and the state of readiness of installation teams, it is highly likely that the Government can achieve their objective of offering smart meters to everyone, but it is highly unlikely that we will achieve anything like 100% installation of smart meters in all possible premises.

So far, somewhere between 8 million and 10 million SMETS 1 meters have been installed. I mention that estimated range because I am not sure what the recent figure is, and the update we received did not have a specific number. I think that it has been proved beyond any doubt that, as things stand, SMETS 1 meters are not interoperable. In other words, they do not communicate with any other supplier than the one that installed them; nor are they capable of sending data to the DCC at present. That is my understanding.

In the Public Bill Committee, we heard evidence about whether SMETS 1 meters could be made interoperable. The burden of evidence seems to be that without some sort of adjustment or update, SMETS 1 meters are not interoperable. That is my experience, which I have related before in a variety of settings, as someone who installed a smart meter and then tried to switch.

I have questions about SMETS 1 meters. How easy will it be to upgrade them at the appropriate time, so that we have the functionality of the new SMETS 2 meters? If they can be upgraded to the same functionality and interoperability, do we need to have SMETS 2 meters? How will SMETS 1 meters be upgraded and when?

There are many interesting points that have been covered by the hon. Member for Southampton, Test and that I have tried to make in relation to the Bill. There are questions that, if answered by the Minister, will facilitate this programme, which I completely acknowledge is of vital strategic importance to the future economy that the Government are trying to build.

Mr Deputy Speaker (Sir Lindsay Hoyle): I call Steve McCabe.

Steve McCabe *rose*—

Mr Deputy Speaker: Order. I am sorry. I had not realised that the SNP spokesperson wanted to come in. It has been so long, we got lost somewhere along the way.

Patricia Gibson (North Ayrshire and Arran) (SNP): Thank you, Mr Deputy Speaker. You and I am sure the House will be relieved to hear that I am going to keep my remarks on Report very brief, because there will be another opportunity to speak and we are all keen, interested and excited to get to Third Reading.

I want to make one or two comments about new clauses 2 and 3, which are very important. I genuinely feel that the deadline to complete the roll-out by 2020 is simply not realistic. Beyond that, I am genuinely concerned that aggressive tactics have been deployed, and the fact that the energy companies face heavy fines if they do not meet this 2020 deadline only makes this more concerning.

As I have said to the Minister, I feel there is a genuine conflict between best practice in rolling out smart meters to consumers and the potential penalties imposed on companies that do not meet the targets for the roll-out.

I am very concerned about the deadline of 2020 because the data show that, as of June 2017, only about 7.7 million smart meters had been installed out of a target of about 60 million premises. We know that the first generation of smart meters revealed some issues, and it is not yet clear whether there will be similar issues with the deployment of the second generation. In Scotland, many flats and tenements have banks of meters installed in communal areas, and there does not seem to be a solution for the installation of smart meters in those cases.

New clause 4 would require the Secretary of State to publish details about the cost and progress of the smart meter roll-out with reference to the 2020 deadline, which is very important. It is worth remembering that the cost of smart meters is £11 billion and rising, and that cost is borne by every single household. Not every single household is necessarily told that when they are contacted, but it is important to put it on the record.

Smart Energy GB has referred to a Government cost-benefit analysis. Everyone in the House agrees that there are cost benefits, but the figure of £11 billion is one to watch closely. The UK Government must be transparent and publish the cost and progress of the roll-out, given that the 2020 deadline seems unrealistic to many people, myself included. It seems clear to me that the deadline ought to be reviewed, so that the roll-out is completed efficiently and shields consumers from unfair tariff rises. I urge the Minister to take on board these comments. I will say no more about the other new clauses—time is short, and I will let other Members speak—but I look forward to Third Reading.

Maggie Throup (Erewash) (Con): I want to specifically oppose new clause 5. Although I have some sympathy with its intentions, I am concerned that, by including the cost of the smart meter implementation programme in billing, there is a danger of misleading consumers about the cost-benefits of the roll-out, as well as of detracting from the overwhelmingly positive impact that the programme will have on consumers' ability both to monitor their energy use and to manage the cost of their bills in the long term. The programme is clearly in the best interests of the consumer, yielding £1.50 of savings for every £1 invested. Furthermore, I am satisfied that the cost of the overall project is already available to consumers, and has been scrutinised both by Parliament and in the detailed impact assessment carried out by the Department.

I firmly believe that what consumers such as those in my constituency really care about is the savings that can be achieved by having a smart meter installed. By having near real-time information about energy consumption displayed in the home, consumers will for the first time be able to manage their usage properly. If done correctly, that will result in a pounds, shillings and pence saving on their energy bills. I apologise for using pounds, shillings and pence, but it has a big impact. On reflection, the new clause does little to improve the quality of the Bill and I am unable to support it.

In summary, it is clear that smart metering is central to the wider energy revolution currently taking place in Britain, and I commend the Government for the action they have already taken to ensure that we have a cleaner, cheaper and more secure energy future. I am pleased to support the Bill tonight in its unamended form, and I congratulate the Minister and his team on piloting it to this stage.

Steve McCabe: As they say, Mr Deputy Speaker, I will try that again.

Amendments 2 and 3 would give the Secretary of State the power to license and regulate meter asset providers—or MAPs, as they are more commonly known. They are independent companies that secure funding and provide asset management and meter disposal on behalf of the energy companies. They are the middlemen who have come to play a very dominant role in the development of the Government's smart meter strategy. We might think of them as being to smart meters what football agents are to the world of football.

8.15 pm

MAPs have established their place in the energy sector by securing the initial funding for smart meters, so that energy suppliers can arrange to have smart meters installed without absorbing the initial costs. The MAPs provide the capital and then rent their meters to the suppliers, which pass the meters on to their customers. I argue that this needs some regulation and oversight because MAPs have emerged as one of the factors leading to the rising costs of the smart meter programme. The rental costs charged by MAPs are increasing and these costs are being passed directly to the customer. The costs are known as deemed rentals.

Where a supplier acquires a new customer and does not have a contract with the MAP that owns the new customer's smart meter, the supplier has a choice either to pay the MAP a substantially higher rental cost, or to turn the existing meter to dumb mode and, usually, replace it with an identical meter from a different provider. As hon. Members can see, that leads to rising prices, but no customer benefit. Ofgem claims that it sees smart meters as an important step in protecting consumers, but it has done nothing to protect them or suppliers from the rise of the middleman market.

The continuing uncertainty over SMETS 2—we have already heard about that—and the DCC has led to a situation where it is rarely in the interests of the supplier to take on the high cost of the deemed rental on a SMETS 1 meter. They are constantly told that SMETS 2 is just around the corner. Equally, MAPs are going to charge as much as they can get for their SMETS 1 meters because they do not know how long the SMETS 1 market will last. The unresolved interoperability problems and delays with the DCC are creating a market where the customer is the clear loser. It is absurd that we should end up in a situation where it makes more sense to switch an existing meter to dumb mode and then install an identical one because of the MAP charges.

In the Public Bill Committee, the Minister acknowledged this issue, but he said he regarded it as a technical failure, rather than a market failure. The smart meter industry is of course a technology trade and, consequently, a technical failure must also lead to a market failure. The Minister assured the Committee that the technical

interoperability issues would be resolved in the timeframe outlined by his Department. That means that the interoperability problem of SMETS 1 meters should have been resolved by now. Will he tell the House today whether his confidence has been justified—has it been resolved?

The longer the uncertainty over the roll-out continues, the longer this farce will persist. The constant wavering over the date by which SMETS 1 meters will no longer count towards the 2020 target is part of the problem. As we have heard, the Government have repeatedly revised the date, most recently from July to September this year. Will the Minister say whether this is the last change, or can we expect another postponement?

The Minister will know that the problem of high deemed rentals will not go away, even if he resolves the SMETS 1 interoperability issue, and that many smaller suppliers have already been in touch with the Department for Business, Energy and Industrial Strategy about this, because they fear a similar problem if we ever reach a mass roll-out of SMETS 2.

I understand that, in origin, the issue is certainly a technical rather than a market problem, because unlike mobile phones, which are data-level interoperable, SMETS 2 meters are required to be device-level interoperable. The concern is that SMETS 2 meters might not technically merge at the device level alongside other SMETS 2 meters—for example, there might be no device-level interoperability for electricity and gas meters. That defeats the purpose. The excessively high deemed rentals need to be brought under control. Regulation is essential to protect consumers. The amendments would empower the Government and Ofgem to do just that. If the Minister will not accept them, I hope that the other place will take a serious look at them.

Let me quickly touch on new clause 4, which relates to the legal obligation on energy suppliers to take all reasonable steps to meet the 2020 target of every household being offered a smart meter. New clause 4 simply outlines some reasonable steps for the Government to take to ensure a timely, cost-effective and successful completion of the roll-out—one that protects consumers and ensures that the benefits are fully realised. As we have heard, only about 15% of the 53 million meters that could be installed by 2020 have been installed to date. I am advised by an industry insider that, even if the programme were to achieve unparalleled success from hereon in, the best that could be hoped for by 2020 is 65% to 70% coverage.

The costs have been increasing spectacularly and the roll-out now represents a net cost to consumers, rather than a benefit. We do not know how many smart meters are currently operating in dumb mode. The last figure that the Government provided was 460,000 meters, but some suggest that it may be as high as 20% of all installs—three times what the Government suggested. The costs faced by the DCC—as we have heard, it is basically owned by Capita, whose economic health the Government should now be at least concerned about—have increased by 56% since 2014. There do not appear to be any proper cost controls, so as the cost rises, so do customers' bills.

The Minister will remember that he promised to

“deliver further information via the annual update of the smart meter implementation programme”.—[*Official Report, Smart Meters Public Bill Committee*, 28 November 2017; c. 167.]

I do not recall him explaining why publication of annual reports ceased. No doubt it was just a coincidence that it happened when we began to see persistent delays and missed targets. As the failures associated with the programme grow, I believe it is vital that we have an unequivocal commitment to a regular progress report, so that Parliament and the wider world can properly assess the roll-out and cost of the programme. As we have heard, new clause 4 would require the Secretary of State to publish an updated cost-benefit analysis. The last one is two years old. At that time, the net benefits had been revised down by £500 million. Surely the customer and Parliament need to know if we are on course for any net benefits at all.

The Minister will remember that, as we heard earlier, we were led to believe in Committee that 250 SMETS 2 meters had been connected to the DCC network, which at the time everyone agreed was a rather low number. Last week, after first denying in response to a freedom of information request that the Government knew the figure, his Department claimed that it was 80, not 250, and that most of those meters are staff test meters. Does the Minister regard that as the kind of new evidence that he thinks might lead him to think again about a cost-benefit analysis of the programme?

Let me touch finally on new clauses 5 and 6. According to the explanatory notes accompanying the Bill, the purpose of extending the powers is so that the Secretary of State can ensure that the benefits of the roll-out are fully realised and customers properly protected. One way to protect consumers, especially from rising costs, is to tell everyone the truth about what things are really costing. That is what new clauses 5 and 6 are designed to achieve. They would give the Secretary of State the power to amend the supplier licence, so that suppliers included the cost of the smart meter programme in all customer bills. New clause 6 would require the Secretary of State to commission an independent review of the costs to the consumer. Utilita Energy, which supplies part of the prepay meter stock, has claimed that the roll-out cost per household has risen from £5 to £13 over 12 months. As the Minister will know, Centrica says that the cost to its customers is up to about £40 per year for the average household. Almost all the large suppliers now say that the rising costs of the smart meter programme are one of the main reasons for the rise in customer bills.

Of course, were Capita and the DCC to find themselves in financial trouble—something that was ruled out in Committee—that would have serious implications for who would pick up the tab. If the costs of the roll-out continue to increase and visible benefits decrease, this could obviously become a very expensive IT white elephant. I believe that the Government's position is that they will intervene if they believe the costs to the customer are rising beyond what is reasonably acceptable. Can the Minister say whether he thinks £13 or £40 per year is acceptable, or how much higher the cost has to go before it is not acceptable? Who pays at that point? Will it be the taxpayers? Of course it will, but they are also the customers.

There is still time for Ministers to show that they have not got their heads in the sand on this programme. There is still time for the Bill to be improved and for concern about rising costs and the impact on consumers to be taken seriously. I hope that the Minister will indicate tonight that he is prepared to accept some changes.

I regret that we are not pushing harder for them as an Opposition, but I hope that the other place will look seriously at the risks of a technology white elephant, outrageous rises in energy bills and the risk of a failed smart meter programme brought about because some people just will not listen to common sense.

Michelle Donelan (Chippenham) (Con): I would like to speak briefly on new clauses 2 and 3, which deal in essence with the accessibility of smart meters and their environmental impact.

Accessibility is crucial. Smart meters do make a difference by putting consumers in control of their energy use and thus their energy bills. That gives people the ability to budget better and can help to prevent debt, hence the importance of accessibility for all, which new clause 2 seeks to achieve. I have small rural villages and some very remote properties in my constituency, so I understand the need to prioritise access. Everyone should be able to benefit from smart meters, and it is important to note that those homes often double as offices.

New clause 2 seeks a review to see how we can support the technical development of smart meters to facilitate both greater accessibility for hard-to-reach premises and alternative arrangements for providing a home area network where the standard equipment does not work. My concern about the new clause is that a review would not necessarily affect existing policy, but it would require a great deal of time, resources and management, and might duplicate existing work. We can support and encourage the industry to make advances without calling for a review. While I agree with the aim of the new clause, I do not agree with the means, and I do not think that it would improve the accessibility of smart meters.

In fact, work is already being done with the industry-led alternative HAN forum to monitor activity through wider programme governance, with milestone publications available from quarter 1 of 2019. In addition, work is being done to facilitate supplier innovations to maximise benefits for consumers in no-WAN instances, which are currently less than 1%.

Let me turn briefly to new clause 3, which is designed to make smart meters more environmentally friendly. It must be stressed that the use of smart meters will, by reducing energy consumption, help not just consumers but the environment. The new clause would specifically provide for the efficient removal and disposal of old meters.

Again, while I agree with the principle of the new clause and I do want to ensure that smart meters are as environmentally friendly as possible, the issue is covered by existing waste legislation. In addition, a commitment was made in Committee to a roundtable on recycling issues such as these. That will include representatives from across suppliers, helping to reinforce obligations and highlight best practice in relation to meter recycling and disposal.

The second aspect of the new clause is a call for a review of exemptions for small suppliers from a legally binding requirement to roll out smart meters. Such a provision was tabled and dropped in Committee. However, small suppliers are not exempt from their obligations from 2020, so I am a tad confused by this proposal.

In conclusion, although I have focused on only two new clauses, I shall not support any of the proposals tabled today. I believe that the Bill that sits before us, following its consideration in Committee, is robust and fit for purpose.

8.30 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Richard Harrington): May I say what a pleasure it is to see you in the Chair, Mr Deputy Speaker, even though it obviously means a higher level of behaviour from all of us, as well as our obeying your edicts on timekeeping and so on? I thank all Members who have contributed to the debate, particularly the shadow Minister, the hon. Member for Southampton, Test (Dr Whitehead); the hon. Member for Birmingham, Selly Oak (Steve McCabe); the hon. Member for North Ayrshire and Arran (Patricia Gibson)—I always forget the second bit—and my hon. Friends the Members for Stirling (Stephen Kerr) and for Chippenham (Michelle Donelan).

We have covered a number of areas in our debate, which has built on the consideration given to the Bill on Second Reading and in Committee. The main point about the Bill and the roll-out of smart meters—I am not making light of any of the comments made by Opposition Members, or indeed Conservative Members—is that the prize is a great one: everyone, in their own household, controlling a smart grid that will give them independence, flexibility and consumer choice. In the long run, I hope that that will lead to very significant savings for them. I felt that I should put that into perspective.

Steve McCabe: I recognise that that is the Minister's genuine view, but how much should consumers pay for the privilege, and at what point will he feel that they are not getting the benefits they have been promised?

Richard Harrington: As the hon. Gentleman said, I am convinced that consumers will get the benefit from smart meters. In this day and age, it is absurd that people—I include myself—have to read their meters on their hands and knees, with a torch and a duster to remove the cobwebs and everything else. I think that the hon. Gentleman would agree that that is an intolerable situation and that smart meters are the cure.

Let me respond to the shadow Minister's comments about progress to date. There are now over 8.6 million smart and advanced meters operating across homes and small businesses across Great Britain. Nearly 400,000 smart meters—obviously they affect a lot more people, because of the number of people per household—are installed every month as suppliers ramp up their delivery, and that figure is increasing significantly every quarter. The Government are committed to ensuring that all homes and small businesses are offered smart meters by the end of 2020.

Let me turn to new clause 1. Future smart meter communication licensees will need to demonstrate that they are a "fit and proper person" to carry out relevant functions. That will include factors such as the ownership of the proposed licensee, but it is not appropriate to judge suitability solely on that basis, nor to exclude non-GB companies by default. Doing so would risk failing to deliver value for money for consumers, which

[Richard Harrington]

could undermine the effectiveness of the smart meter system. I also emphasise that the Government take the national security implications of foreign control and ownership seriously. We have powers under the Enterprise Act 2002 to intervene in mergers and takeovers that give rise to public interest concerns, including about national security.

New clause 2 is about the technical development of smart meters. Overall, we expect that more than 99.25% of premises will be covered by the national communications network. In homes, the standard wireless network will serve the majority of premises successfully. We want 100% of energy consumers to be able to benefit from smart meters, but it is true—this was raised by the Opposition—that the physical characteristics or location of a consumer's home can affect connectivity. Challenges for systems include a diverse range of building types, including those in which meters can be a long way from the living space. We are working with the industry to identify innovative solutions and extend regulatory powers, because it is very important to have that flexibility.

Dr Drew: Will the Minister give way?

Richard Harrington: I will, but I will make some progress first.

New clause 3 concerns the efficient removal and disposal of old meters. My officials have discussed this in detail with those from the Department for Environment, Food and Rural Affairs, as this falls within their remit. This point was brought up very eloquently by the hon. Member for Birmingham, Selly Oak. I am satisfied that energy suppliers, installation contractors and meter asset providers are already subject to appropriate regulation for the proper removal, recycling and disposal of redundant meters. However, as I said in Committee, we plan shortly to host a roundtable so that interested Members can hear from representatives from across the meter disposal chain. It is my intention that that will allow us collectively to agree some action. I look forward to the hon. Gentleman and other interested Members being there, because the whole supply chain has to understand fully its responsibilities.

I will briefly focus on concerns raised about the programme costs and benefits.

Dr Drew: Will the Minister give way?

Richard Harrington: Yes, I apologise.

Dr Drew: I thank the Minister for giving way. What I am concerned about, as always, is the urban-rural divide. We know that many rural areas are still suffering from a lack of access to broadband. Will he assure us that the rural delivery of this project is a priority, given that a lot of people in rural areas suffer because they are off the gas grid anyway?

Richard Harrington: I totally give that undertaking to the hon. Gentleman, and I apologise for saying that I would take his intervention and then forgetting to do so. I hope he will forgive me.

I said during previous debates that we would update our analysis if there were new and substantive evidence or changes in policy design. As a result of the representations that have been made in Committee and

today, I am prepared to go further by committing to publishing an update of the programme cost-benefit analysis in 2019. As hon. Members know, 2018 marks a significant programme transition, with the shift from first to second-generation smart meters, so I think that 2019 really is the time to assess this.

As for new clauses 5 and 6, I do not believe that it is sensible to establish powers that enable the Government to require the provision of information on the costs of the programme in consumers' energy bills, because I do not understand what benefit such a move would have for consumers. However, it is important that consumers understand the information that smart meters and in-house displays give them, because in that way, they understand the cost of their energy usage in pounds and pence—or as my hon. Friend the Member for Erewash (Maggie Throup) would say, pounds, shillings and pence, and probably farthings. She is a lady after my own heart. That will empower them either to change how they use energy, or to get a better tariff.

The hon. Member for Birmingham, Selly Oak has raised concerns, as he did in Committee, about the MAPs—not pictures of the world, but meter asset providers—because he believes that the provider market is not working to deliver the programme objectives. I remain of the view, however, as I have clearly stated to him before—we will have to agree to disagree, I think—that the market is operating competitively and that there is no need for regulatory intervention. There are currently two typical rental arrangements available: churn contracts and deemed contracts, which he mentioned. Churn contracts are often similar to the original rental agreements, including with the presence of an early-repayment charge in the event that a supplier chooses to remove the meter from the wall early. Deemed contracts do not include that charge, but carry the added risk for a MAP that they can involve higher rental charges. The important point is that the DCC has published its detailed plan for the enrolment of SMETS meters from late 2018, and as progress is made, I fully expect energy suppliers' confidence in choosing churn contracts over deemed rentals to increase. Initial indications support that expectation.

I turn briefly to the amendment on the draft licence modifications envisaged under a power in the Bill to allow the costs of smart meter communication administration to be recouped from the industry, in so far as there is a shortfall. The potential scale of the costs will depend on a number of factors, including the timing and reason for the DCC licensee entering special administration, and costs arising from any legal and technical expertise appointed by the administrator in support of the execution of its duties. As I committed to doing in Committee, we have formally agreed to consult on these licence modifications. We will consider and set out an assessment of the estimated potential costs that need to be recouped from the industry.

I would like to reflect on the points made about the DCC's parent company, Capita, and to emphasise that Smart DCC Ltd is required to operate at arm's length from Capita. Provisions in the licence prevent Capita from taking working capital out of Smart DCC Ltd. Furthermore, the DCC's financial arrangements are constructed so as to make the risk of insolvency low. Putting in place a special administration regime is entirely precautionary and, I believe, the prudent thing to do.

The smart metering programme will secure an overall net benefit to the nation of £5.7 billion. The Bill is important to ensuring that this vital platform for our smart energy future is rolled out effectively, allowing the Government to respond to developments as the roll-out continues. I hope that these arguments will persuade Opposition Members not to press their new clauses and amendments.

Dr Whitehead: I am disappointed that the Minister did not give us a better explanation and understanding of what “offer” means as far as smart meter roll-out is concerned. Indeed, that question was raised from the Conservative Benches. It might be that the Secretary of State can better illuminate us on Third Reading. Strictly speaking, however, that does not relate to the new clauses and amendments, on which we have had a good debate. If necessary, there will be further such debate in another place. This evening, however, it would not be wise to divide the House, so I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

Third Reading

8.43 pm

The Secretary of State for Business, Energy and Industrial Strategy (Greg Clark): I beg to move, That the Bill be now read a Third time.

The roll-out of smart meters, on which the Bill is focused, forms an important foundation for the smart systems and flexibility plan, which was published last year, and which sets out a number of actions to deliver a smarter, more flexible energy system that supports innovation in smart products and services. It is part of our industrial strategy ambition to make Britain one of the best places for energy innovation and clean growth, to the benefit of consumers, workers, investors and the environment. More broadly, the roll-out is an important part of our reforms of the energy market, driving engagement and competition. Smart meters will offer consumers much more knowledge about their energy use, which they can use to get the best deals possible. It complements the measures in our forthcoming retail energy Bill, which will protect consumers and ensure that the market is working for loyal customers.

Before I say more about the Bill, let me take a moment to express my gratitude to Members for the way in which they have engaged with the Bill. I thank all Members on both sides of the House who have contributed to its development, especially those who participated in the Committee and Report stages. I thank my hon. Friend the Under-Secretary of State for Business, Energy and Industrial Strategy, the Clerks and the House authorities, the experts who gave oral evidence to the Committee, the organisations that took time to provide expert written evidence, and my officials, who have worked very hard and will continue to do so as the Bill proceeds.

I also thank both Opposition spokesmen. As ever, the hon. Member for Southampton, Test (Dr Whitehead) brought to bear his long-standing interest in and deep knowledge of these matters. Members have offered challenges and insight throughout the Bill’s passage, and their contributions—in response to many of which my hon. Friend has been able to make commitments—will aid this important programme.

Debates on a number of amendments have resulted in commitments to publishing more substantive annual reports on the progress of the smart meter roll-out, undertaking a public consultation on the expected cost impact on consumers before laying the licence modifications enabling the special administration regime cost recovery mechanism to take effect, and working with the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Suffolk Coastal (Dr Coffey), to promote best practice in the recycling and reuse of old meters.

The extended regulatory powers proposed in the Bill will enable the Government to continue to oversee and facilitate the smart meter roll-out. It will enable them to maintain appropriate consumer safeguards, and, in particular, to act on the findings of monitoring and a post-roll-out review. It will protect smart meter services for both consumers and businesses by providing the enabling framework for a special administration regime for the national data and communications provider. Having been amended in Committee, it will also support the efficient and effective delivery of half-hourly settlement by the energy regulator Ofgem.

As the House knows, half-hourly settlement is another important stepping stone to that smarter, more flexible energy system. It will help to deliver benefits both to consumers and to the energy system as a whole by incentivising energy suppliers to develop and offer time-of-use tariffs. That will empower consumers by enabling them to use energy when it is cheapest, and reward them for being flexible about when they use energy. It will also help to make the energy system more resilient as we move towards an increasingly low-carbon generation mix.

The Bill will ultimately ensure that this country is more efficient, resilient, empowered and smart in its consumption of energy. I commend it to the House.

8.47 pm

Rebecca Long Bailey (Salford and Eccles) (Lab): My comments will be brief.

The Opposition do not oppose the Bill, and will support its Third Reading. However, there are still a number of outstanding issues, two of which have come to the fore since the Committee stage. First, there is the alarming fact that Capita, which wholly owns the Data Communications Company, has issued a profit warning, and company shares, as of last Thursday, have fallen to a 20-year low. All the communications and infrastructure for the operation of smart meters have been outsourced to Capita, and, in turn, Capita has engaged partners in the DCC to operate aspects of its overall function. As a result of the Bill, a special administration regime will hopefully mitigate the impact on smart metering should Capita’s fortunes worsen, but I reiterate the Opposition’s concern that if the DCC goes into administration, consumers will pay the price through this administration regime. Why should they pay the price for yet another failed outsourcing? I wonder what the Secretary of State’s rationale was for forcing them to pay for such failure.

In the case of the DCC, there will be some protection should Capita fail, but what about the detail, and what about contingency plans in relation to Capita’s other ventures? Indeed, what immediate measures are the Government putting in place for any potential collapse

[Rebecca Long Bailey]

of Capita? Capita is a major outsourcing firm which last year alone was awarded 154 Government contracts. My colleague the shadow Cabinet Office Minister, my hon. Friend the Member for Hemsworth (Jon Trickett), last week said

“that the Government’s behaviour in response...has been marked by indifference to corporate mismanagement, incompetence in office and complacency in the face of a crisis.”—[*Official Report*, 1 February 2018; Vol. 635, c. 980.]

We need assurances that any contingency plans will protect services and information, guarantee jobs for current employees, and protect the pensions of those employees and the pensions of the public sector workers that the company is managing. Will the Secretary of State in time provide those much needed assurances?

The second development is that the National Audit Office has announced it will be investigating the economic case for the roll-out of smart meters and looking at whether the Government are on track to achieve their target to roll out meters by 2020. The report is expected in the summer of this year. I would not want to pre-empt the National Audit Office, but it would seem that it is not only Opposition Members who are concerned that the Government are on track to miss their target at consumers’ expense. Indeed, it seems extremely likely they will miss this target, given that 40,000 gas and electricity meters would need to be installed per day even on present projections; that is no mean feat and perhaps why the language has changed to state that consumers will be offered smart meters rather than there will be installation per se. It seems irresponsible of the Government to have rejected Labour’s new clause 4, which would require the Secretary of State to publish a report and a cost-benefit analysis relating to the smart meter implementation programme and lay a copy of the report before Parliament within three months of the Act coming into force.

I referred to the energy price cap on Second Reading and I do so again now as it has been three months since then and still no action has been taken. It is estimated that customers are to pay somewhere between £130 and £200 on their bills to recover the costs of the installation of a smart meter on their property. This is in addition to the price increases inflicted by energy providers. The Government have promised a price cap and we have had sight of legislation to implement it, but we are still a long way off an energy price cap having any real impact on household bills. I would like to take this opportunity to say to the Secretary of State that although the days are starting to get longer and the weather milder—although this week is a slight exception to that—we on this side of the House have not forgotten the Conservatives’ promise of an energy price cap, and specifically to knock at least £100 from 17 million household bills.

I join the Secretary of State in thanking all those who have spoken throughout the passage of this Bill and all Committee members who have worked so diligently. I thank the Front-Bench teams for the good nature of the debates we have had on this issue, and especially my Labour colleague, my hon. Friend the Member for Southampton, Test (Dr Whitehead), an expert who revels in the detail and minutiae of smart meters and has seen not one but two Bills through the House over the last two months—and who could forget his jovial

use of the props Gaz and Leccy on Second Reading? [Interruption.] Google it; it is not to be missed. I also thank the Public Bill Office and the Clerks of the House for all their assistance on this Bill.

8.53 pm

Patricia Gibson: It is important to point out that we in the SNP accept that there are some real advantages to the consumer in switching to a smart meter and to smart meters in general. However, that does not mean that I suggest that the roll-out will be trouble-free and that I have no concerns about it, because that would not be true. Before proceeding, however, I would like to point out that I accept that the Minister has been receptive throughout to my concerns and the concerns of others across this House in Committee and beyond, and I thank him for that. I know he is keen to get this right, as we all are, and I thank him for his listening, consensual and constructive approach.

In the past, I pointed out to the Minister that I had concerns about aggressive selling which I believe is, as I have said, a result of Ofgem having the power to fine energy companies up to 10% of their annual turnover if they fail to meet their licence conditions—or certainly not assisted by that fact. One of the licence conditions is that each energy company should install smart meters in consumer homes by the end of 2020. Failure to do so can result in a massive penalty for the company. That being the case, aggressive selling starts to make more sense, given the pressure that energy companies are under to deliver smart meters to consumer homes within a rather tight deadline. I continue to detect a level of suspicion and scepticism about smart meters among far too many consumers. I hope that the Minister will accept that the licence conditions place pressure on the energy companies to roll out smart meters by 2020, and that that can place pressure on consumers in turn.

I am sure that, like me, the Minister will have been disturbed to learn of recent reports of energy companies employing salespeople to go out and proactively sell smart meters to consumers. If the reports are true, those salespeople can earn commissions of more than £1,000 week, which equates to bonuses of twice what the average worker earns in a year. Will the Minister acknowledge that this can lead to overbearing and aggressive doorstep selling, which can put consumers under pressure? Does he share my concerns about this? If so, what steps can he take to address it?

Cold calling is a discredited way of selling that puts undue pressure on consumers, particularly vulnerable ones. Does the Minister think that this is an acceptable way to proceed, given the rewards that sales reps can earn if they “persuade” enough people to install a smart meter? Is sending target-hungry salespeople to chap on the doors of the elderly and vulnerable the most desirable way we can think of to roll out smart meters? I would be extremely disappointed if the Minister—and indeed Ofgem—thought so. We know that doorstep energy selling was left with a very poor reputation after a series of investigations by Ofgem led to suppliers being fined millions of pounds for misleading customers over how much they could save. This resulted, between 2011 and 2012, in all the big six suppliers scrapping face-to-face sales practices, but smaller energy companies are now once again sending staff out to knock on doors. Is the Minister entirely comfortable with that? What reassurances

can he offer to consumers and vulnerable members of our communities that they have the protection they need from such companies?

The Minister will also be aware of concerns about misleading letters being sent to consumers suggesting that smart meters are compulsory rather than optional. I want to put on record my thanks to the Minister for sending me samples of letters that have gone out to consumers from various energy companies, in order to reassure me. However, very few of those letters point out that smart meters are optional, and that the customer can refuse to have one. All the power companies in the sample of the largest suppliers say absolutely nothing about smart meters being optional. Does the Minister think that that is acceptable? Is he, like me and the trading standards authorities, concerned about this? If so, what action can Ofgem take to address the situation?

What is going on with the “You have been chosen for a free upgrade to a smart meter” letters that some companies are sending to consumers? I wish all consumers were aware that when a business tells them that they have been “specially selected” for something, it usually means that everyone has been “specially selected” for it and that the term is meaningless. Another old favourite involves the words “You are eligible”, which is also misleading, because everyone is eligible. If we all have the option to have a smart meter, why do some companies feel that it is honest and in order to tell us that we have been “specially selected”, or that we are “eligible” for one? Does the Minister have concerns about this way of misleading customers?

Richard Harrington: I thank the hon. Lady for giving way. I was trying to attract her attention while she was mid-speech. The type of sales proposal she has mentioned is totally unacceptable. It is not within the regulations, and if she would like to write to me or see me with specific examples, I will take the matter up with the regulators myself.

Patricia Gibson: I thank the Minister for his response, but the information that I am imparting tonight comes from the sample of letters that the Minister sent to me, so some energy companies are clearly using this sharp practice. I would not say that all of them are, but some are certainly not saying that smart meters are optional, instead using language such as “You are eligible” or “You have been specially selected,” which is unacceptable.

Alison Thewliss (Glasgow Central) (SNP): Does my hon. Friend share my worry that vulnerable citizens may fall foul of such things? For example, my constituent Mr Vezza ended up with no power for three years when his electricity was cut off due to a misunderstanding because he did not want a smart meter installed. He was so fearful about getting in touch with the energy company that he has been living without electricity for three years.

Patricia Gibson: I am sure that the Minister listened carefully to that intervention, because that is an example of the kind of extreme situation that some vulnerable consumers can find themselves in. The Minister will be keen to investigate such things, because it is simply unacceptable that vulnerable consumers can be left in such dire circumstances.

I have real concerns about the mythology being sold to consumers that smart meters are free. That needs to be addressed, because they are not free. We all pay for them through our energy bills. Why has that not been communicated to the consumer? The Minister and I do not see eye to eye on this, but if there is no intention to mislead, why is the consumer not being told that smart meters are not free—in the sense that a normal person would understand the term? Free means that it costs nothing. Smart meters are being paid for by all of us through our bills. As I said on Report, the cost of smart meters is £11 billion and rising. Smart Energy GB has referred to a Government cost-benefit analysis, but I am particularly worried about the figure. I will not be the only person in the House to be closely monitoring it, because I fear that it may rise, and that goes to the heart of consumer confidence. If there is no intention to mislead, what is the harm in energy companies clearly communicating with consumers about the costs that will be incurred when they get a smart meter? I would be interested in the Minister’s reflections on that.

Some of the letters from energy companies that I have seen about deemed appointment are pushy. One particular company sent a letter to consumers stating that smart meters are flawed and will not work if they switch supplier, meaning that consumers should not switch after receiving a smart meter. That is what I call the cart pulling the horse. What does the Minister think of that practice? Ofgem talks about the deemed appointment system being acceptable, but I do not agree. Ofgem states that suppliers must ensure that they are compliant with their wider regulatory and other legal obligations and that suppliers should monitor consumer experiences. I wonder, then, what Ofgem makes of letters telling people that it is not advisable to change supplier once a smart meter has been installed because it will not work.

The Minister is well aware of my concerns and of the fact that many people are extremely suspicious about smart meters, not because they do not want to have greater control over the energy they use, not because they do not want to know which appliances are consuming high levels of power, not because they want to put estimated bills behind them, and not because they do not want to see the energy they are using in real time. People are suspicious because of the hard sell and the misinformation telling them they do not have a choice when they know that they do. Reports of target-driven, sales-hungry cold callers will do nothing to dispel that suspicion; it will only increase it.

I will end where I began. Despite everything that I have said, there are benefits to having a smart meter. However, as I have been saying for a long time, the Government and the energy companies need to ensure that consumers are at the heart of the process. Consumers will get on board by having access to correct and accurate information. Misleading information will only further alienate the consumers who could potentially benefit most from smart meters. That cannot be good. Energy efficiency is extremely important, and never more so than in households that are struggling to make ends meet, in which fuel poverty remains at 78%. Smart meters can help people to take measures that may help them and their household to have greater control over energy consumption. That is why we must get this right, and we must take consumers with us. I fear that we have a long way to go, given some of the concerns I have raised.

[Patricia Gibson]

I urge the Minister to reflect further on the very real concerns I have raised—from my past experience, I know he will—and to do all he can to address them.

Question put and agreed to.

Bill accordingly read the Third time and passed.

Business without Debate

DELEGATED LEGISLATION

Mr Deputy Speaker (Sir Lindsay Hoyle): With the leave of the House, we will take motions 5 to 8 together.

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

WORK AND PENSIONS

That the draft Financial Assistance Scheme (Increased Cap for Long Service) Regulations 2018, which were laid before this House on 18 December 2017, be approved.

HUMAN FERTILISATION AND EMBRYOLOGY

That the draft Human Fertilisation and Embryology (Amendment) Regulations 2018, which were laid before this House on 18 December 2017, be approved.

HUMAN TISSUE

That the draft Human Tissue (Quality and Safety for Human Application) (Amendment) Regulations 2018, which were laid before this House on 18 December 2017, be approved.

ENVIRONMENTAL PROTECTION

That the draft Littering From Vehicles Outside London (Keepers: Civil Penalties) Regulations 2018, which were laid before this House on 21 December 2017, be approved.—(*Rebecca Harris.*)

Question agreed to.

BUSINESS OF THE HOUSE (6 FEBRUARY)

Ordered,

That at the sitting on Tuesday 6 February, the business determined by the Backbench Business Committee may continue until 7.00pm or for one and a half hours after its commencement, whichever is the later, and shall then lapse if not previously disposed of.—(*Rebecca Harris.*)

BUSINESS OF THE HOUSE (7 FEBRUARY)

Ordered,

That at the sitting on Wednesday 7 February, notwithstanding the provisions of Standing Order No. 16 (Proceedings under an Act or on European Union documents), the Speaker shall put the Questions necessary to dispose of proceedings on—

(1) the Motion in the name of Secretary Amber Rudd relating to Police Grant Report not later than three hours after the commencement of proceedings on that Motion, and

(2) the Motions in the name of Secretary Sajid Javid relating to Local Government Finance not later than three hours after the commencement of proceedings on the first such Motion or six hours after the commencement of proceedings relating to Police Grant Report, whichever is the later;

proceedings on those Motions may continue, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—(*Chris Heaton-Harris.*)

HIGH SPEED RAIL (WEST MIDLANDS – CREWE) BILL

Ordered,

That James Duddridge, Sandy Martin, Mrs Sheryll Murray, Bill Wiggin, and Martin Whitfield be members of the High Speed Rail (West Midlands – Crewe) Bill Select Committee.—(*Bill Wiggin, on behalf of the Selection Committee.*)

COMMITTEES

Mr Deputy Speaker (Sir Lindsay Hoyle): With the leave of the House, we will take motions 12 to 17 together.

Ordered,

COMMUNITIES AND LOCAL GOVERNMENT

That Fiona Onasanya be discharged from the Communities and Local Government Committee and Matt Western be added.

HOME AFFAIRS

That Preet Kaur Gill be discharged from the Home Affairs Committee and John Woodcock be added.

JUSTICE

That Laura Pidcock be discharged from the Justice Committee and Ms Marie Rimmer be added.

PUBLIC ACCOUNTS

That Andrew Jones be discharged from the Committee of Public Accounts and Robert Jenrick be added.

TRANSPORT

That Laura Smith be discharged from the Transport Committee and Grahame Morris be added.

WELSH AFFAIRS

That Thelma Walker be discharged from the Welsh Affairs Committee and Susan Elan Jones be added.—(*Bill Wiggin, on behalf of the Selection Committee.*)

Jobcentre Closures

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

9.7 pm

Stewart Malcolm McDonald (Glasgow South) (SNP): I am pleased to have one hour and 23 minutes for this debate, having arrived in the House earlier today to be told by the Whips Office that I would do well to have the debate today, as opposed to early tomorrow morning. I take that as an early Valentine's gift from the Government, and perhaps they will go further by addressing the series of asks that I and other hon. Members have for them.

The Minister will have briefed himself on the folly of the jobcentre closure programme, particularly in the city of Glasgow, where the Government wished to reduce the provision of jobcentres across the city from 16 to eight. Although I am immensely grateful, immensely proud and pleased that the one jobcentre the Government removed from the programme is the Castlemilk jobcentre in my constituency, for which I pay tribute to the trade unions, local campaigners and anybody who signed a petition on the various campaign days we had to save the two jobcentres in my constituency—I pay tribute to everybody who took part in that campaign—the Government, however, continued with the closure of Langside jobcentre, to which I will return later in my remarks.

I will remind the House how this all began. It began with a story in the *Daily Record*, which is how Members of Parliament representing Glasgow constituencies found out that the Government wished to slash the city's jobcentre provision in half. That was followed the next day with a letter from the then Minister—now the Education Secretary—to Members of Parliament representing constituencies in which jobcentres were set to be closed.

It is worth remembering that, where Ministers were keen to send jobcentre users to alternative jobcentres, they relied on Google Maps to tell them which bus services people could use to move around the city to get to those jobcentres, despite the fact that Google Maps tells people to use bus routes that no longer exist and have not done for some time. Even after that was pointed out to senior managers at the Department for Work and Pensions and even after it was raised by myself and a number of colleagues in this Chamber, in Westminster Hall and in written questions—even after all that—still no effective transport study was carried out. I believe that it was my hon. Friend the Member for Glasgow Central (Alison Thewliss) who said that if a school or a nursery were to close, the local authority would be duty-bound to carry out some form of transport analysis to determine how people would use the service they then had to use instead of the original service they relied on. Government by Google cannot be the way this is done.

We pressed Ministers on several occasions to contact directly every person who would be affected by the closures, but they did not do so. Of course, Ministers know all the people who would be affected, because, as you will know in your role as a constituency Member of Parliament, Mr Deputy Speaker, when someone goes to the jobcentre to sign up for whatever support they are seeking, they do not get to leave that jobcentre until they have given the Government every single detail of

their life. So I cannot understand why the Government did not take it upon themselves to contact people directly, instead relying on a couple of posters thrown up in the jobcentre, which many people would pass by.

Alison Thewliss (Glasgow Central) (SNP): My hon. Friend will have had the same experiences I have had. Many people I contacted to let them know that this was happening did not know and had not been told about it. Unless they were going into the jobcentre regularly, they just would not find out, so they would go along when they needed the service only to find that it had gone.

Stewart Malcolm McDonald: My hon. Friend is absolutely correct. As hon. Members can imagine, this was a big election issue in the city of Glasgow in June last year. During the campaign in my constituency, I told people that I was campaigning to save the jobcentre, and I met folk who used the jobcentre and it was the first time they found out about its potential closure; there can be no excuse for that, because there was no reason the Government could not have let those people know—they had every detail necessary.

Jim Shannon (Strangford) (DUP): I thank the hon. Gentleman for bringing this issue before the House. A positive campaign to retain the Ballynahinch social security office in my constituency was successful due to extensive lobbying, cross-party and cross-community support and the realisation that rural communities need a local office to make attendance possible and to encourage people to seek work. May I encourage him to continue to campaign, as there are clearly occasions when right wins and wrong decisions are defeated?

Stewart Malcolm McDonald: It would not be an Adjournment debate without an intervention from the hon. Gentleman, so this one now almost feels complete. I commend him for the work he has done to save a jobcentre in his constituency—of course I understand that the powers over that are devolved to the Northern Ireland Assembly. I welcome his words of encouragement for myself and other colleagues to continue our campaign, but gently point out to him that he has more sway over Ministers here than we do, so any effort he can swing in behind us on this issue will be most welcome.

I wish to discuss another hugely important issue in this whole topic: equality impact assessments. Undoubtedly, Ministers will have carried out such assessments, as they have come to the Chamber and said repeatedly that they abide by all the requirements that they must follow under the Equality Act 2010, and they could come to that conclusion only having carried out an equality impact assessment, so where are they? Why have we never seen them? Why have the trade unions and Members of Parliament never seen them? They are not anywhere in the public domain. When the Minister responds, will he tell us why they have not been published and whether they will be published? If he does not intend to publish them for wider public viewing, will he at least endeavour to share that information with MPs?

Mr Paul Sweeney (Glasgow North East) (Lab/Co-op): We are seeing a scythe tearing through the poorest communities in Glasgow, with the closure of Maryhill and Possilpark, Easterhouse, Parkhead and Bridgeton jobcentres. The idea that a quarter of a million people

[Mr Paul Sweeney]

will be reliant on Springburn and Shettleston to sustain these critical services is absolutely appalling. The equality impact assessments have been identified through freedom of information requests, which have shown that the closure of these jobcentres would disproportionately affect people from ethnic minorities, women and people on low incomes. That is clear already. What is the Minister doing to mitigate that effect? Does the hon. Gentleman agree that it is essential that that justification is presented tonight?

Stewart Malcolm McDonald: The hon. Gentleman is absolutely correct. Indeed, the issues he raises were the very motivations for our demanding that equality impact assessments be carried out before a decision was taken. It was obvious, though, that a decision was taken before the sham consultation that the Government had to be dragged kicking and screaming to hold.

I have asked Ministers about the impact of the closures on disabled people, minority ethnic communities and women. For example, in a recent written question, I asked the Government how many disabled people used Langside jobcentre, which they closed two weeks ago. They told me that they do not hold those figures. If that is true for one jobcentre in my constituency, what is the answer for all the jobcentres across Glasgow? What is the answer for all the jobcentres that they are closing throughout the United Kingdom? This is a ham-fisted decision that has been handled in a ham-fisted way. The Government have relied on Google and do not know how the closures will affect huge numbers of people because they do not hold the data. I suspect that they do hold the data. I have to be honest: when I read that answer, I did not quite believe it. We would like to see the data and I can see no reason why the Government cannot give us the answers.

The other issue is that the Government have not actually thought through what they want jobcentres to do. I would have loved to have had a debate, when the Government announced the closures in December 2016, about how jobcentres can properly serve the people who use them and the communities in which they are based. The problem is that we were not offered that debate. We were offered a straight up choice: closure or non-closure. Rather than have a discussion about how jobcentres can, for example, better work with citizens advice bureaux and other employment agencies, perhaps under the auspices of local or devolved Government, all we were offered was a straight up closure programme. The Government did not even want to consult the very people who would be affected.

Neil Gray (Airdrie and Shotts) (SNP): I pay tribute to my hon. Friend for securing this debate and for the tenacity that he and my other colleagues from Glasgow have shown in their campaign against the closures. Does he share my concern that, in such debates or when we talk about social security issues at Question Time, Ministers increasingly turn around and direct claimants to seek advice from jobcentres—the very same jobcentres that the Government are closing?

Stewart Malcolm McDonald: My hon. Friend is absolutely right. Consistency never was the Conservative party's strongest suit, but there is a glaring hypocrisy in

the fact that the Government are signposting people to jobcentres as they slash services up and down the United Kingdom.

Douglas Ross (Moray) (Con): The hon. Gentleman has just spoken about consistency. Does he agree that, when the Government announced these closures, they said that the changes would offer a more efficient service and deliver good value for the taxpayer? If we are being consistent, does he agree that that is the exact same argument that the SNP Scottish Government and the Scottish Police Authority are using for their plans to close 58 police stations across Scotland?

Stewart Malcolm McDonald: Funnily enough, no, I do not. On consistency—I am not sure whether there are any jobcentres closing in the hon. Gentleman's constituency, but I know that none is closing in the Minister's constituency—where the closures are going to happen, we need evidence of whether they will truly deliver better value for money and a better service, both of which we would all be in favour of. We need to see the evidence that will lead us to that conclusion, including the quality impact assessments and the number of disabled people using each and every service. This service is not comparable with police stations, which are not there to serve the public in the same way. I am happy to have a debate any time on police stations in Scotland, Mr Deputy Speaker, but I am sure that you would not want me to deviate too far from the jobcentre closure title that we see on the annunciator.

Let me draw my remarks to a close. The Government managed an incredible achievement when they announced the closure plans. They managed to unite—not just in Glasgow, but right across Scotland—the Scottish National party, the Scottish Labour party, the Church of Scotland, the Catholic Church in Scotland, all the trade unions and people of other parties and of no party against this very plan. We could see that it was ill-thought out, that decisions had been taken not because of the evidence that was before the Government but in spite of the evidence, and they went to great pains not to share much of that or include people in the decisions that were being made about them. I do not know how well versed the Minister is in Scottish politics, but to cause that level of unity is some feat.

When the Minister gets to his feet, I want him to tell us a bit more about the thinking behind this plan. I want to hear about the evidence and the equality impact assessments. I want to hear how the Government intend to review each closure over the next 12 months, as they start to happen right now, to make sure that people are well served and, as the hon. Member for Moray (Douglas Ross) points out, that value for money is served. There must be value for money not just for the taxpayer, but for the people using the service. In some cases, people are doing round trips of up to 8 miles just to get to their local jobcentre. What about value for money for them and the impact that it has on them? When they go to claim their benefits, more and more of that money is used just to get to the jobcentre, when they used to be able to use a local service.

Will the Minister guarantee that when people are late for appointments, as a result of the closures, they will not be sanctioned? I am sure that he agrees that that would be completely wrong, though, like other Members,

I have my doubts about that. I want to hear what the Minister intends to do to measure the impact particularly on disabled people as the closure programme gets into full swing. I want to hear about the options for reviewing the system should it be found that the evidence tells us that, in fact, the decision that has been taken has proven to be the wrong one. I understand that this comes on the back of the whole Telereal Trillium contract and the option to get out after 20 years and all the rest of it, but this has to be about more than spreadsheets and contracts. There are some desperately vulnerable people who rely on these services, some desperately vulnerable people who are let down by these decisions and some desperately vulnerable people who need to be better served by this Government.

9.24 pm

David Linden (Glasgow East) (SNP): I commend my hon. Friend the Member for Glasgow South (Stewart Malcolm McDonald) for having the foresight not only to secure an Adjournment debate, but to secure an Adjournment debate that allows us to detain the Minister for a certain amount of time and to rake him over the coals about this deeply flawed decision. If the Minister thinks that he is getting out of here before 10 o'clock tonight, he has another thing coming.

I commend the Minister for his promotion to this post. He will be aware that I, my colleagues on the SNP Benches, the hon. Member for Glasgow North East (Mr Sweeney) and other cross-party politicians from the city of Glasgow have written to him commending him and congratulating him on his new post, and inviting him to Glasgow. Now, I have not checked my mailbag this evening to see whether we have yet had a response to that letter. I am sure that his response will be there when I toddle over to the mail room tonight; he will be telling me that he is coming to visit the city of Glasgow in the next couple of weeks.

The main issue I want to address is the disproportionate impact of jobcentre closures on the east end of Glasgow. My hon. Friend the Member for Glasgow Central (Alison Thewliss) has, in her time in this Parliament, very passionately outlined the case for retaining Bridgeton jobcentre, the doors of which closed on Friday last week. My own constituency of Glasgow East will see the closure of Easterhouse and Parkhead jobcentres over the next two weeks, with everybody being relocated to Shettleston. I will come back to that point in a moment.

Since being elected to this House in June last year, I have been clear that Ministers sit in their ivory towers in Whitehall, making decisions by spreadsheet and Google Maps. They decide what they are going to do in communities in Glasgow and in Scotland without having the foggiest idea about those communities. A visit to the Easterhouse Housing and Regeneration Alliance in December reaffirmed that for me. The Minister will have heard me mention the alliance in questions this afternoon. It is a coalition of independent housing associations that has been operating for as long as I have been alive. These associations know their tenants and their local communities. Every single director, staff member and board member of the alliance was absolutely clear that these closures will be deeply damaging for some of the most vulnerable people in the city of Glasgow.

If the Minister will not listen to the Easterhouse Housing and Regeneration Alliance, he could listen to the citizens advice bureaux in our city. There are fantastic citizens advice bureaux: in Easterhouse, led by Joan McClure; in Bridgeton, in the constituency of my hon. Friend the Member for Glasgow Central, led by Frank Mosson; and in Parkhead. I am sure that it is only a coincidence that the only jobcentre that the Government plan to keep open in the east end of Glasgow is not located next to a citizens advice bureau. When people are sanctioned or treated unfairly at the jobcentre in the east end of Glasgow, they can currently go to their citizens advice bureau to receive support. It is deeply damaging that we are going to remove that support.

After I was elected and met the right hon. Member for East Hampshire (Damian Hinds), who is now the Education Secretary, I was struck that there is this idea that this campaign is party political or that it is a campaign against the Tories. If the Minister wants to believe that, that is absolutely fine. He can take it from me that, as an SNP politician, I do not have a huge amount of love for the Tories. But if he will not listen to me, will he at least listen to the three Tory councillors in the east end of Glasgow—Councillors Thomas Kerr, Phillip Charles and Robert Connelly, who is the councillor for Calton—who have all added their voice to the campaign to save our local jobcentres? If the Minister leaves this debate tonight thinking that this is some sort of Labour and SNP campaign against the Tories, he is deeply mistaken. This is a campaign to protect our jobcentres and some of the most vulnerable people in our city.

I want our jobcentres to be kept open for three reasons: digital exclusion, transport and the deep-rooted issues of the gangland culture and territorialism that, sadly, still exist in our communities. On a cross-party basis, we politicians all have to solve that. Fantastic research has been undertaken by the likes of Citizens Advice and the Church of Scotland about the real problems associated with the total exclusion of people. Something like half of my constituents have never touched a computer. Some people are able to use the internet on their smartphones, but that is not the way to do a 90-minute universal credit application. If the Minister wants to come to Glasgow and find a library that is willing to allow people to sit for 90 minutes to complete a universal credit application, he will be quite shocked to find that that is not actually the case.

Mr Sweeney: I thank my constituency neighbour for giving way. The Public and Commercial Services Union has done an assessment of the rationalisation of jobcentres. Its survey data shows that libraries in Glasgow are so in demand that they place time limits on the use of computers, thus excluding people from being able to do these onerous applications using their facilities. This just places another barrier before people who are already IT illiterate or who do not have the capacity to do this.

David Linden: I thank the hon. Gentleman for that very powerful intervention. That is reaffirmed by the fact that I do a surgery in Baillieston library and Parkhead library, and as soon as I arrive at 10 o'clock there is already a queue of people waiting to use the computers. What the Government will do by removing the computer access at jobcentres will be deeply damaging.

[David Linden]

The Minister will be aware, no doubt, of his predecessor answering a slew of written questions from me about the number of wi-fi connections and computer log-ons at Easterhouse jobcentre—the very jobcentre he wants to close.

Stewart Malcolm McDonald: My researcher counted my hon. Friend's written questions and there were over 100. He mentions the invitation to the Minister to come to Glasgow. So far, no Minister has bothered to come to any of the jobcentres they want to close or to meet any of the people affected. Could I add to what my hon. Friend has said and implore the Minister to find time in his diary soon to come to Glasgow for such a meeting?

David Linden: I am very grateful to my hon. Friend, who refers to the number of written questions that I have tabled. I am rivalled only by the hon. Member for Strangford (Jim Shannon) in my love for written questions.

My hon. Friend makes a powerful point about the fact that Ministers from the Department for Work and Pensions have not bothered to visit the city of Glasgow. In fact, one of the other written questions that I asked of the UK Government was, when was the last time that a Minister visited the city of Glasgow. I was rather shocked when in response to one of those written questions I was informed that a Minister had indeed visited a jobcentre—in Midlothian. I do not know what the geographical knowledge of Her Majesty's Government is like, but can I impart a bit of wisdom to them? Midlothian is not exactly Easterhouse. It is not Castlemilk; it is not even Moray. If the Minister is serious about being someone who is focused on the entire United Kingdom, then he ought to come to visit the city.

Hugh Gaffney (Coatbridge, Chryston and Bellshill) (Lab): If the Minister does come to Glasgow, I would like to invite him to walk from one jobcentre that is closed to the next and see what these people are facing. It will take him over an hour. It takes half an hour on the bus, on average, to get to the jobcentres that are closing down. He will be more than welcome to come to Glasgow and do the walk.

David Linden: I thank the hon. Gentleman for his intervention. Even as an Albion Rovers fan, he is very quick off the mark, because he has worked out my very next point, which is on transport. He shares a constituency boundary with me. One part of that boundary is around Gartloch and Gartcosh. I do not know whether the Minister would be able to point to where Gartloch is on a map, but the reality is that, if someone has to walk from Gartloch to Shettleston on a cold January or February day, it is going to take them a rather long time.

The third issue that I want to touch on is the gangland culture and territorialism that exists in Glasgow. I am glad to say that, since the time I was growing up—nothing to do with me, I must add—a lot of that has been tackled, and we do not have quite the same problems that we did. I give the Minister the example the community of Wellhouse, which is separated from Easthall by a road. They are two communities in the Greater Easterhouse Partnership area. They are very, very small communities

but they have their own community centre and housing association. That is because at one point young guys could not walk across that road without the fear of getting involved in all sorts of incidents.

If the Minister will not listen to me on the concerns about territorialism and the gangland culture, then he should listen to Commander Stevie Haslett, who heads up Glasgow East police. I was quite surprised to find out that the Department had not bothered to consult him about this either. The Minister will be aware, of course, because I am sure that he has done his homework, that Shettleston jobcentre was piloted as being one of the under-25 jobcentres that everybody in the whole of the east end of Glasgow would come to. This was a number of years ago. There was all sorts of trouble because people from different communities were coming together and clashing. That put the security staff and the jobcentre staff at immense risk as well.

My final point is about the jobcentre that the Government want to merge absolutely everything into—Shettleston, which would be some sort of UK super-jobcentre following the merger of Bridgeton, Easterhouse and Parkhead. I was quite surprised when I found out only a couple of weeks ago about the number of car parking spaces at Shettleston jobcentre. This is particularly about the issue of all the new staff who will be transitioned to that jobcentre. I say to the Minister that, if I find out in the next couple of weeks that Shettleston Road has been turned into a car park, I am going to be very unhappy.

The Evening Times, a local newspaper in Glasgow, has been resolutely united in campaigning to save our jobcentres. If the Minister will not listen to me as an SNP politician, and if he will not even listen to the Tory councillors in Glasgow, he should listen to the newspaper that is for Glasgow.

9.34 pm

Alison Thewliss (Glasgow Central) (SNP): I do not want to detain the House too long, but I want to pick up on a couple of points.

My local jobcentre in Bridgeton closed on Friday. That jobcentre was well used and, as my hon. Friend the Member for Glasgow East (David Linden) pointed out, it was round the corner from the Bridgeton citizens advice bureau. I spoke to the manager of Bridgeton citizens advice bureau, Frank Mosson, a week last Friday, after my surgery had finished. It was after 2 o'clock on Friday afternoon, and that was the first opportunity he had that day, since arriving at about half-past 8 in the morning, to go and get some lunch, but the soup had finished in the shop and there was nothing left for lunch. He had been sitting there all day working through case after case—complex cases—caused by the UK Government.

People rely on the citizens advice bureau in Bridgeton and other ones around the city to get the advice that they very much need and depend on. The jobcentre is being moved away from that local hub and the local support network. The credit union, the library and the housing association are nearby. All those things are right where people need them, but it is being moved out of the community and people are being sent nearly 3 miles away, on two bus journeys, or a 50-minute walk on a good day, if they are healthy and it is not tipping down outside.

Jim Shannon: The hon. Lady is making a valid and salient point. When we fought the case for the Ballynahinch social security office, one factor we used was that people in Ballynahinch would have to travel out of the area, so people on benefits who already had minimal money coming into the house would have to find anything from £5 to £10 just to go and sign on. That is wrong.

Alison Thewliss: Absolutely. We are fighting the fight in Glasgow about bus fare rises in the city as well, which is making it more challenging for people to get about.

While spending time outside the front of the Bridgeton jobcentre, I spoke to a woman who was on her way in. She was in bits. She was crying and upset. She had come from her house, which was just along the street, and she was in fear of what she would find when she went into the jobcentre, because they were hassling her and sending her letters. She had already been through a lot. She had lost her daughter. She is a WASPI woman, so she should not even have had to look for work in the first place, but this Government are sending this poor woman who had worked her whole life out to work. She was in bits, so we comforted her as best we could. She went through that experience and was understandably even more upset by the time she left. It would have been very hard for her not only to leave the house and go to the jobcentre that was just around the corner, but to get herself up, get on the bus and find her way all the way up to Shettleston and then make the journey back again. That is a challenging journey.

It is also a challenging journey for people who have caring responsibilities, for people who have kids to drop off at nursery and pick up from nursery, or drop off at school and pick up from school, and for people who are tending to elderly relatives who are poorly, which is a very common occurrence for my constituents. The burden of that falls upon women, which has not been picked up in the Government's lack of an equality impact assessment.

All those things mount up on the pressures of life that my constituents are feeling every single day. This Government are not trying to get them into work. This Government are making it harder for them to even get out of the house in the morning. They are making it really challenging for people to cope. I am fearful that people will just fall out of the system; they will think it is too hard, fall back on their friends and fall into debt, drink, drugs, gambling and all the other social ills that we need to see removed from our people in Glasgow, so that they can progress in their lives. This Government are making it harder for them to cope.

The impact on jobcentre staff has not been mentioned. One of the first things I heard as a candidate in Glasgow was a story from a trade union rep about a jobcentre employee who had been attacked by someone with a clawhammer. That is awful. No one should face that at work, and I condemn the situation that led someone to do that, but that is the situation, and those staff need to be protected. When I walked into that jobcentre, the first person who came to see me was the security guard and the second person was the manager, saying "What are you doing here?" There is a security guard on that door for a very good reason, which sadly is to protect the staff.

The Government are talking about outreach, flexible working and going out into communities, but they have not said what the impact will be on staff, how staff will

be protected out and about in the community and how individual constituents who are also in very distressing situations will be protected, with their dignity intact, if they are told they are being sanctioned in the corner of the local community centre. How do we ensure that staff and our constituents are protected in those situations?

Hugh Gaffney: One of the elements we have forgotten about is the staff. In Coatbridge, 300 jobs were moved. It was speeded up and the jobs were moved more quickly. We intervened and asked why those people were being moved out. Jobcentre staff have a 1% pay rise. For some of these staff, it will cost up to £1,800 extra a year in travel costs, so they are being asked to take a pay cut to follow their job. I hope the Minister keeps that in mind.

Alison Thewliss: The hon. Gentleman is definitely right. He has previously spoken very movingly about the effect on local economies of having jobcentres as anchor tenants in such areas—in shopping centres and on high streets in local communities—and this is about the impact on the local shops, such as the butchers' and everything else. There is an impact that the Government are obviously not taking into account.

I want to finish with a plea to the Minister. I know that it will be difficult for my constituents to make that journey. It will be hard for them to get there, find their way and do so on time. Buses are not very regular, and we cannot rely on them turning up precisely when we need them. On Google Maps, the timetable may say x—if people turn up at exactly that time, they can get here and there—but we know that that is just not how it works.

David Linden: My hon. Friend reminds me of a particular case of a constituent in Carmyle. She recently told me that, for her to get to Shettleston jobcentre from the village of Carmyle, which is fairly isolated from the rest of my constituency, she will be required to leave three hours early. How difficult would that be if her appointment was at 9 o'clock in the morning?

Alison Thewliss: Absolutely. The limitations of public transport make it difficult for people to get where they need to be at a specific time. In the early stages of this change, I want a guarantee from the Minister that not one single one—not one—of my constituents who arrives late, due to the decision of this Government to close their jobcentre, will be sanctioned. I will be keeping a very close eye on this Government and on this Minister to make sure that none of my constituents ends up being sanctioned because of the decisions his Government have made.

9.41 pm

Patrick Grady (Glasgow North) (SNP): I am grateful to you for your indulgence, Mr Speaker. I do not now have the opportunity to welcome Mr Deputy Speaker back to the Chair, but this would have been my first opportunity to do so.

The hon. Member for Moray (Douglas Ross) raised the issue of the funding for Police Scotland. I tried to say to him from a sedentary position that he is very welcome to support our call for the £150 million of VAT that the Scottish police are owed. This also gives me the opportunity to pay tribute to his predecessor, Angus Robertson, who announced at the weekend that

[Patrick Grady]

he is standing down as deputy leader of the SNP. He has gone before his time, but we will no doubt see him again in some shape or form.

Maryhill jobcentre in my constituency has already been closed and, just as we predicted, the impacts are already being felt. We have already heard about a number of constituency cases from various Members. At my surgery on Friday, I spoke to the family of a constituent who is being made to claim employment and support allowance. There is some doubt about whether he is receiving what he should, and I hope that the Minister or one of his counterparts will at some point reply to my letter of 13 December about that. This constituent has autism and found it difficult enough to travel to Maryhill in the first place, but it is now even more complicated to get to the Springburn jobcentre. These are exactly the kind of difficulties and challenges that were predicted, and exactly what is panning out.

As we have heard in other speeches, it is important to say that the closure of an individual jobcentre cannot be seen in isolation from the broader range of reforms and indeed—this is what an awful lot of these Conservatives are like—from the broader erosion of the role of the state. The closures compound the impact of the pernicious welfare cuts and the new regime that has been imposed so cackhandedly—we hear universal credit and other issues raised in this Chamber day in, day out—and the situation is also compounded by issues such as bank closures. The Royal Bank of Scotland, of which we are a considerable shareholder, is disappearing from high streets.

We are always told that a post office or citizens advice bureau can stand in for these services, but they are undergoing their own reform processes. We are slowly seeing an erosion of the presence of the state on the high street and in the hearts of communities. That might suit the Conservative Government, but it does not suit SNP Members. It certainly does not suit our constituents, especially the poorest and most vulnerable who rely on these services. We are told that it is great that all these different services are somehow taking over yet, as my hon. Friends the Members for Glasgow East (David Linden) and for Glasgow South (Stewart Malcolm McDonald) mentioned, all these buildings are owned by Telereal Trillium. Well, that is great, because have we not seen what a great success Carillion, Capita and all the rest of these outsourcing companies have turned out to be?

David Linden: My hon. Friend makes a powerful point about the buildings. Does he not think it ironic that the UK Government have told us that the entire process is about saving money when only last week we approved spending billions on this royal palace we sit in?

Patrick Grady: Precisely; I think that point speaks for itself. Many of us have been for meetings with the Minister or his predecessors in Caxton House, which is owned and operated by Telereal Trillium. Why does the DWP not want to dispose of that asset, turn it into flats that could make a profit for the taxpayer, and ship all its staff and ministerial offices out to Canary Wharf, which would be considerably cheaper?

That question is legitimate, because there has been no guarantee that these closures are the end. If the Minister answers one question from me at the Dispatch Box, it should be this: what guarantee can he give that this is in fact the end, or will other jobcentres in Glasgow be under threat in a future round? Ministers have repeatedly said, “Well, Glasgow has more jobcentres per head of population,” but has anyone stopped to ask why that might be? Is it a legacy of the impact on the economy of the decades of misrule by the Conservatives that has required people to go to jobcentres? Is it to do with the geography and the nature of the city, which are some of the reasons that my hon. Friend the Member for Glasgow East touched on? We are still seeking a whole range of reassurances from the Minister. What it boils down to is looking at the welfare system and the entire reform regime, and starting again from scratch.

9.46 pm

Mr Paul Sweeney (Glasgow North East) (Lab/Co-op): I congratulate the hon. Member for Glasgow South (Stewart Malcolm McDonald) on securing the debate. This is a critical issue for all Members who represent the city of Glasgow and the Greater Glasgow region, and all areas of Scotland that are affected by the jobcentre closure programme.

I represent the constituency of Glasgow North East. It is adjacent to the constituencies of the hon. Members for Glasgow North (Patrick Grady) and for Glasgow East (David Linden), but we are all affected by this jobcentre rationalisation—the closures. Although the jobcentres are not physically located in my constituency, their catchment areas massively overlap it. In the last month, I have already seen the closure of the Maryhill and Possilpark jobcentre, which is to be merged into Springburn. The next tranche of closures will see Parkhead, Bridgeton and Easterhouse jobcentres merged into Shettleston.

That will be a major issue in my constituency, because unemployment there is twice the national average. The argument has been, “Well, there’s over-representation of jobcentres’ footprints in Glasgow,” but that is because historically there has been a higher than average unemployment rate in Glasgow. We also have to look at the historical development of that unemployment rate, which is particularly intractable. It is not the sort of transient unemployment rate that we see with economic cycles; it is a structural rate of unemployment, particularly among those with long-term addiction or IT literacy issues, or people affected by massive exclusion from society. This is just another measure that will push these people to the margins of society.

I have heard the Minister’s DWP colleagues saying that the Department’s objective is to minimise harm and improve general happiness in society. How will this programme deliver that outcome? On any rational assessment, it will serve only to visit further despair, dissatisfaction and problems on the lives of people who are already blighted by a number of structural problems.

Hon. Members have raised this in the House before, but the issue is clear. The geography of Glasgow, particularly in the east and north-east of the city, is very fragmented. Historically, the built environment has been particularly fragmented. Believe it or not, but 80% of the built environment from prior to the second world war

was demolished. We have been subject to huge dislocation, with the development of motorways and the fragmentation of the area, so there is no major town centre that people can visit to access jobcentres. I encourage the Minister to observe the nature of Glasgow's public transport system, as its privatisation and fragmentation makes things even more complex and difficult.

Neil Gray: The hon. Gentleman is making a very good speech in support of the very good speeches that have been made. We have heard about the fear that many people will deny themselves the support to which they are entitled because of the closures. There is evidence from the DWP's own figures on employment and support allowance and jobseeker's allowance that people have fallen off the system but have not yet found work. Does the hon. Gentleman share my concern that that may well end up happening in Glasgow?

Mr Sweeney: I thank the hon. Gentleman for raising that point—I absolutely agree. Plenty of people come to my constituency office with their concerns, but the thing that worries me, as a new Member of Parliament, is the people who do not turn up. What about the people who are not aware of the opportunity they have because of the service provided by a Member of Parliament, never mind a jobcentre? What keeps me awake at night is thinking about the people sitting in a flat somewhere in Possilpark, Milton or Springburn who are sick to the back teeth and worried out of their wits about what they are going to do—how they are going to heat their house or how they are going to feed their family. They are not necessarily made aware of the opportunity that an MP can provide them with.

Hugh Gaffney: On the point about geography, travel and all the rest, jobcentres have closed and there has been a high number of sanctions, but there has been no leeway and no reprieve, and nobody has looked at these cases again. As we heard earlier, people are learning how to dodge the gangland and how to get to the jobcentre—how to walk there and what the shortcuts are. They can walk over an hour to get there; they are getting sanctioned, but they are still learning the new geography.

Mr Sweeney: I thank my hon. Friend for that important contribution, which leads back to the point I was making about the geographical issues that people face, particularly in the north and east of Glasgow. There are structural issues. The hon. Member for Glasgow East made the point that gangland issues are a deterrent for people who want to move around. There are structural issues with public transport, and there is also the general fragmentation of the built environment in that part of the city. None of that has been taken into consideration in the assessment process, and I urge the Minister to apply a reasonable approach to that issue when considering the mitigation of these jobcentre closures.

Douglas Ross: I do not want to dwell too much on the geography aspect, because in a constituency such as Moray, 8 miles would be an incredibly short distance for some of my constituents to travel to go to get to a jobcentre. I would have liked to have intervened a little earlier when the hon. Gentleman was talking about the problems that will be caused. I visited my local jobcentre in Elgin just a couple of weeks ago, and the staff there

go above and beyond to try to accommodate every single person who comes through the door. So, yes, there are issues with getting to and from the proposed jobcentres, given the closures, but I think that all Members can agree that once they get there, people across Glasgow, Scotland and the UK get a great service from jobcentre staff.

Mr Sweeney: I speak for many members of DWP staff in these jobcentres—including members of my own family—and members of the Public and Commercial Services Union, which represents them, and those workers are viscerally against this rationalisation programme. Although they do their best to help people, they are stuck in a Kafkaesque nightmare. Rigid decision-making processes mean that they have to deliver services that they would rather not deliver, but they are forced by policy to do so on pain of disciplinary action. Not only that, but the capacity to help people is severely limited by the huge demand for services in the ever-more depleted number of jobcentres. Staff are physically unable to provide the level of service and interface that they might otherwise offer, such as close coaching in making a universal credit application online. Those things are simply not available.

The alternative is to access Citizens Advice. We have heard about the closure of citizens advice bureaux, and about the dislocation between Citizens Advice and jobcentres. That will only add to the complexity that people face. The Minister has not taken that major issue into consideration.

I think that we are all here in a spirit of making constructive efforts to mitigate the problems faced by our constituents, and I would hope that the Minister approaches the debate in the same spirit. To give a good example of that, I was looking, as a new Member of Parliament, at where to locate my constituency office. I have picked a location on Saracen Street in Possilpark, which is right next to Maryhill Road, where the jobcentre has recently closed, and near to where the citizens advice bureau has recently closed on Saracen Street. I am occupying a building that is only one fifth occupied, but it is currently paid for by Glasgow City Council, Jobs & Business Glasgow and Skills Development Scotland. Why on earth has the Minister not engaged with those agencies to say, "Look, we have a cost-neutral option for providing a jobcentre service in that building"? That could actually be done with the same overhead as would be involved in rationalising provision into a smaller footprint. That is a ready-made opportunity I have observed in the last few months as a Member of Parliament, having looked at these things on the ground.

Why does the Minister not engage with that opportunity, or look at opportunities with housing associations, as the hon. Member for Glasgow East mentioned, or other agencies in Glasgow that could offer the possibility of providing the same service footprint within buildings that are already paid for by the public sector? That would be a cost-neutral option. There are options out there to mitigate this. I urge the Minister to take a fresh approach and look at these ideal opportunities to maintain the footprint of the service across Glasgow. It is out there for the taking, so I urge the Minister to do it.

There is a major issue in Glasgow North East and across the adjacent Glasgow constituencies. We have a structural unemployment issue. Universal credit will hit

[Mr Sweeney]

my constituency later this year, and I can see the demand for jobcentres only increasing. The IT exclusion faced by my constituents is disproportionately higher than in other parts of the UK, with Citizens Advice estimating that 39% of people have never accessed a computer or do not have access to a computer. Library services are increasingly constrained, as is the ability to offer such services to constituents, and the footprint of jobcentres is reducing.

We can see the clear outcome of that situation: pushing people who are already marginalised—the people we need to coach into becoming participants in our society and back into being productive members of it—further to the margins of society. That is simply unacceptable. We are all here in the spirit of trying to engage our citizens, and to make them productive and feel that they are engaged and involved in our society. I am sure that we all agree on that at least, but by penalising them and pushing them further away, how on earth are we going to mitigate the problem?

I urge the Minister to approach this debate in the spirit in which we have engaged with it. We have offered meaningful and proactive options to mitigate the jobcentre rationalisation in Glasgow and the Greater Glasgow region. I hope that he will engage with those points and that we can reach to a successful outcome that will at least make the lives of my constituents, and those of other Members who have contributed to the debate, better in the long run.

9.56 pm

The Minister for Employment (Alok Sharma): I congratulate the hon. Member for Glasgow South (Stewart Malcolm McDonald) on securing this important debate, and I thank all Members for the kindness that they have shown by inviting me to their constituencies. I have never felt quite so loved by Opposition Members as I have this evening.

Stewart Malcolm McDonald: Wait till you come.

Alok Sharma: That is what worries me.

Employment in the United Kingdom is at a record level. In the hon. Gentleman's constituency, the claimant count has dropped by 50% since 2010. That drop has been replicated across Glasgow city, where there has been a fall of 11,000 in the number of claimants since 2010 to just 13,500 today. In Scotland as a whole, unemployment has fallen by 107,000 since 2010, and I know that all hon. Members will welcome those figures.

Neil Gray: The Minister appears to be saying that a reason for closing these jobcentres is that unemployment is down, and therefore the usage of jobcentres may be down. However, the increased conditionality that is attached to universal credit will increase the need for services and the requirement for people to visit jobcentres. Will he not reflect on that and understand why my colleagues are so keen for the centres to be kept open?

Alok Sharma: Because of the timing of the debate, I have plenty of time to respond to a whole range of issues that have been raised, and I will try to do so throughout my speech.

As I was saying, as the unemployment rate has fallen, the use of jobcentres has also dropped. Right now, across the whole country, there is a 30% under-utilisation of the Jobcentre Plus estate. It is therefore absolutely right that we reconfigure the estate after a 20-year period and make jobcentres fit for the 21st century as not just places where people go to “sign on”, but places they regard as somewhere that will genuinely help them on the road to employment.

Hon. Members have made this point, but let me repeat it. In March 2018, the contract covering the majority of the DWP's current estate of more than 900 sites comes to an end. This presents a significant opportunity to re-evaluate what we need from our estate. The estate that we required at the start of the contract 20 years ago is different from what we need now. We want an estate that enables us to create more modern, digitally enabled and engaging environments that fit the ethos of universal credit and reflect the falling claimant count.

Stewart Malcolm McDonald: It is not really modernising it if it is no longer there, so why were we not offered a debate that could have been constructive, reflecting what the hon. Member for Glasgow North East (Mr Sweeney) said about co-locating with other services that are provided, instead of a high-handed closure programme on which the public would not even be consulted?

Alok Sharma: I was coming to co-location. Our proposals seek to reduce the floor space we occupy in Glasgow while retaining sites and locations that are accessible to all residents. Of course, we explored options for co-location in sites that we are retaining, but we were not able to identify suitable locations in Glasgow.

10 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—(Amanda Milling.)

Alok Sharma: In Glasgow, where this is particularly relevant, we started with 16 jobcentres that, on average, were only 40% utilised—small, half-empty offices that made it challenging to create a welcoming and positive environment. Back in 2010, with nearly 25,000 claimants, this may have been suitable, but it clearly no longer is. This dated estate across the country comes at a significant cost. Our changes will lead to savings to the taxpayer in the order of £135 million a year over the next 10 years. This money can be reinvested in delivering services for claimants, which I am sure hon. Members agree is a good thing.

Colleagues have mentioned the consultation and what methods were used. We did contact claimants, and jobcentre staff did speak to claimants throughout the process, informing them of the change and supporting them through it. Additionally, there was a discussion about what method was used to work out travel priorities. We got input from local DWP colleagues, who know the local transport available, so the idea that we did not speak to anyone on the ground is unfair.

Stewart Malcolm McDonald: I do not doubt the Minister spoke to DWP people on the ground; I spoke to them—they told me they googled the transport options.

That is how they worked this stuff out. On co-location, he did not bother to inform Members of Parliament of the decision; we had to read about it in the press. I understand that there was no dialogue with the city council about co-location at the time either, and the Scottish Government were not even consulted—they, too, had to read about it in the press. I am afraid that that does not stack up.

Alok Sharma: I think I have made the point about co-location. We are having an estate that is fit for the 21st century. Where a new jobcentre was over 3 miles and 20 minutes away by public transport, online public consultation was held, as hon. Members will know, and we operated on evidence, and we listened and took action as a result. For example, we are introducing a new employability suite at Atlantic Quay and, as hon. Members know, we decided to retain the jobcentre in Castlemilk because of the feedback we received. I hope that hon. Members will therefore feel that we have listened on that point.

As we deliver these changes, this local approach is continuing with stakeholders and through partnership events, and we are working with claimants to find the best solutions for them. So far, we have moved out of 70 sites across the country with success, and these moves are being well received both by claimants and staff, as well as our partners. There was a discussion about how staff and claimants were reacting to the move. The feedback from claimants on the move from Maryhill to Springburn is that the move has been extremely positive, and they welcome access to more facilities. One claimant said:

“I never expected it to be as good as this”.

Furthermore, 23 claimants have transferred to Partick because it is easier for their own journey.

I agree it is vital that staff are looked after, but staff have told us that they are happier being part of a bigger team and office, that it allows them to provide an evolving and improved service based on customer needs, that the teams have come together seamlessly and that the team culture, which is incredibly important in any organisation, is developing to maximise benefits to claimants. The idea that this is having a detrimental effect on claimants and staff does not hold true.

Hugh Gaffney: I think that this is sarcasm; we call it Glasgow banter. The Minister says the staff are happy, but that is not the feedback that we are getting. I am also concerned about disabled people who have had to travel for an extra half hour to the locations that the Minister is talking about. It costs £4.50 to use the local bus service, and many of those same people are going to food banks.

Alok Sharma: I am sorry that the hon. Gentleman feels that there is sarcasm in what I am saying. That is certainly not my intent, and I do not think it is the intent of the DWP staff who have sent us feedback. I can give the hon. Gentleman a list of the things that staff and claimants have said about the moves involving Broxburn and Anniesland. Perhaps things are not quite as some Members feel that they are.

Mr Sweeney: Will the Minister give way?

Alok Sharma: No. I want to continue.

Claimants moving to Springburn have reported how much better the facilities are, and how welcoming the environment is. Claimants have also said that they have appreciated the individual tailored support. For instance, during the recently completed move of Anniesland to Drumchapel, some claimants who preferred to move to Partick instead were easily accommodated. The impact on staff is also being well managed. The vast majority of staff affected are moving to other locations. A very small number will leave the department, but the vast majority have accepted voluntary redundancy.

David Linden: I do not want to test the Minister's patience, but when I saw that red folder with all the little tabs on it, I rather hoped that he would not just read from a civil service briefing. Members representing constituencies across the city of Glasgow have come here tonight and made very sincere speeches about some of the profound difficulties that are being experienced. The Minister is now the best part of 10 minutes into his speech, and he has not touched on the territorialism, the transport or the digital exclusion. May I ask him, in the time that remains, to address the points that we have raised? It is all well and good for him to reel off place names like Atlantic Quay, but I do not think he would know where Atlantic Quay was in relation to Gartloch. The best thing he could do is agree right now to come to the city of Glasgow and listen and respond to local people—not DWP bigwigs, but local people in citizens advice bureaux and police stations, and those who will be affected.

Alok Sharma: I do not think that the people who are working incredibly hard in these jobcentres would appreciate being referred to as bigwigs. Since becoming the Minister in this particular role, I have been to a number of jobcentres, not in Scotland but in England, and I can tell the House that those people are extremely motivated to help the people whom they are serving and helping to get into work. I agree with my hon. Friend the Member for Moray (Douglas Ross) that we should pay tribute to them rather than suggesting that they are either joking with us or doing something worse.

Let me make clear that in the Glasgow Jobcentre Plus network, no redundancies are expected. The overall rationalisation of the estate is definitely not a staff reduction exercise. Indeed, the number of jobcentre staff will be higher at the end of this process than at the start, with an additional 5,000 work coaches across the country. After the rationalisations there will still be 10 jobcentres in Glasgow, which—as we heard earlier—is more per head of population than in nearly all other cities in the UK. Those 10 jobcentres will be welcoming, positive places, offering training sessions, with employers helping people to get back into work. They will create a sense of partnership between work coaches, claimants and other organisations. For staff, they will offer greater progression and development opportunities. They will enable staff to do the job that they cherish, which is helping people to move into independence and lifelong careers.

A number of other points were raised, and, as I have enough time, I will address them. As part of the consultation, some of which was online, we talked to members of staff and trade unions. A point was raised about equality impacts, and I know the hon. Member for Glasgow South raised this with the former Secretary of State during the July debate. The then Secretary of State said about the equality impact assessment that the

[Alok Sharma]

Government had fulfilled our statutory duties, as we always do. Throughout the redesign of our estate, the Department has been mindful of its duties under section 149 of the Equality Act 2010 and the impact of its plans on its colleagues and customers. Equality analysis carried out in respect of individual sites has not been published; that is not the policy, but the DWP will respond to freedom of information requests for equality analysis reports in the normal course of business.

A point was made about travel costs. The reimbursement of travel costs is available to claimants when they are required to attend the jobcentre for appointments other than mandatory fortnightly signing appointments. Additionally, jobseekers who have been claiming universal credit or jobseeker's allowance for more than 13 weeks can apply for a Jobcentre Plus travel discount card.

The hon. Member for Glasgow East (David Linden) raised a point about having written to me; I have indeed written back to him and I hope he will receive that letter very shortly. A number of colleagues have invited me to visit their constituencies. I committed in DWP orals earlier today to come to Scotland, and said I would have a discussion with the hon. Gentleman about potentially coming to his constituency, but as part of my job I go around the country—across England, Scotland and elsewhere—to make sure I am hearing at first hand the experiences of people working in these centres, the claimants and also employers in those areas.

There was a discussion about sanctions, and I want to make it clear that a decision maker takes all the claimant's individual circumstances into account before making a decision, and there has to be very good evidence. Claimants have the opportunity to come back and set out their case. This discretion is available and I hope it will be used by decision makers in the case of sanctions.

Ian Murray (Edinburgh South) (Lab): Does the Minister have any statistics on users of these jobcentres who have been sanctioned as a result of the amalgamation?

Alok Sharma: I have no figures in front of me now, but I undertake to write to the hon. Gentleman if these figures are available within the system.

The hon. Member for Glasgow East mentioned gangs. That is an important point. As part of our consultation, we engaged with Community Safety Glasgow and the

Glasgow City Council strategic community partnership group, and they were not aware of any gang-related issues pertaining to potential jobcentre closures.

David Linden: As someone involved in the local community, I would have thought that if we want to ask people on the frontline about crime, we might ask the police. Did the Minister speak to local police officers?

Alok Sharma: As the hon. Gentleman knows, I have moved to this post in the last few weeks, but I understand that a dialogue takes place with Police Scotland.

The hon. Gentleman also raised the issue of people who cannot access online services and find it hard to get to a jobcentre. Face-to-face support with work coaches is available at jobcentres and continues to be a core part of the service we deliver. People can also interact face to face, by email or telephone or by post.

I have a point of correction to make. The hon. Member for Glasgow North (Patrick Grady) suggested that Caxton House was owned by Telereal Trillium. It is not; there is an underlying lease.

We have had a wide-ranging debate and I have listened to colleagues, and I completely understand that they put forward the view of their constituents and the people they know locally. I have set out what we have heard through our dialogue with people working in jobcentres and with claimants who have transferred to other jobcentres. I will come to Scotland and I will meet and talk to a range of individuals there.

We have had a long debate, and I should like to conclude by saying that this is obviously a major change for the Department, as well as for our claimants and staff. However, retaining our current estate would miss the opportunity to improve value for taxpayers' money and to create an estate that will meet the needs of DWP claimants now and in the future. These changes are the result of careful analysis and planning. I appreciate hon. Members' concerns about the closures, but the rationale for these changes and the benefits that they will deliver for claimants and our staff are clear.

Question put and agreed to.

10.15 pm

House adjourned.

Written Statements

Monday 5 February 2018

FOREIGN AND COMMONWEALTH OFFICE

Foreign Affairs Council: 22 January 2018

The Minister for Europe and the Americas (Sir Alan Duncan): I attended the Foreign Affairs Council on 22 January. The Council was chaired by the High Representative of the European Union for Foreign Affairs and Security Policy (HRVP), Federica Mogherini. The meeting was held in Brussels.

Foreign Affairs Council

EU Ministers discussed the Cotonou agreement, Libya and the Middle East peace process. In her introductory remarks the HRVP spoke about her recent visit to Cuba, as well as Syria and Iran. Member states raised DRC, Tunisia, the organisation for security and co-operation in Europe and the Council of Europe.

Cotonou agreement

Ministers held an initial exchange about a future agreement between the European Union and the African, Caribbean and Pacific group of countries (ACP); the current Cotonou agreement is due to expire on 29 February 2020. Ministers expressed their broad support for the Commission's approach to move towards an umbrella agreement at ACP level combined with three regional tailored partnerships for Africa, the Caribbean and the Pacific. Ministers underlined the importance of building on the experience gained through co-operation under the existing Cotonou agreement, in particular on political dialogue and on migration. Discussions on the negotiating mandate will continue within relevant Council preparatory bodies, with a view to adopting a decision authorising the opening of negotiations and the negotiating directives within the first semester of 2018.

Libya

Ministers discussed the current situation in Libya. The UN Secretary General's Special Representative, Ghassam Salame (SRSG), who joined by video conference for part of the session, gave an overview of the state of play of the political process, including progress towards the adoption of a new constitution and the forthcoming elections. He received the full support of Ministers in his efforts to bring about unity and reconciliation in the country. Ministers discussed the importance of EU engagement in Libya as a way of supporting the UN in its efforts to bring about political stability, as well as those UN agencies working to address the situation of migrants in Libya. Ministers also highlighted the importance of continuing to work with countries of origin, in particular in the Sahel region.

I intervened to underline the UK's support for the SRSG, including his efforts to tackle modern slavery and people trafficking. I also emphasised the need for proper technical, legal, and political preparations in advance of any elections.

Middle East peace process

Ministers discussed the latest developments in the Middle East peace process and looked at how the EU could help to ensure engagement by all the relevant players in order to advance the peace process.

In the margins of the Council meeting, Ministers held an informal lunch with the President of the Palestinian Authority, Mahmoud Abbas. This was an opportunity for the European Union to reiterate its united and clear messages on the importance of preserving a two-state solution and the status of Jerusalem as the future capital of two states.

Also in the margins, the President of the European Investment Bank (EIB) briefed Ministers on the proposal for an EIB subsidiary to focus on development outside Europe. There will be further discussion among Development Ministers next month.

Ministers agreed a number of measures without discussion:

The Council adopted conclusions on Zimbabwe;

The Council adopted conclusions on sanctions on Venezuela;

The Council adopted conclusions on sanctions on North Korea;

The Council adopted conclusions on the integrated approach to external conflict and crises; The Council adopted EU priorities for co-operation with the Council of Europe;

The Council approved upgraded generic standards of behaviour for common security and defence policy (CSDP) missions and operations;

The Council agreed exercise specifications for the EU crisis management military exercises in 2018 (MILEX 18);

The Council adopted a decision on the promotion of effective arms export controls;

The Council authorised Europol to release to third countries and third parties, the operational action plans which are part of the EU policy cycle for organised and serious international crime (Justice and Home Affairs);

The Council adopted a decision on the position to be taken on behalf of the EU within the EU-Ukraine Association Council and within the trade committee configuration (Trade);

The Council agreed to withdraw its appeals against six judgments by the European Court of Justice related to imports of biodiesel originating from Argentina and Indonesia (Trade);

The Council decided to publish the mandate given to the Commission on 13 November 2017 to modernise the existing association agreement with Chile (Trade);

The Council authorised the EU Railway agency to open negotiations on the participation of Switzerland (Transport);

The Council adopted a decision on an aviation agreement with Morocco (Transport);

The Council decided not to object to Commission regulation on the use of bisphenol A in varnishes and coatings (Health);

The Council appointed members of the Court of Auditors.

[HCWS448]

COMMUNITIES AND LOCAL GOVERNMENT

Upwards Extensions: New Homes

The Secretary of State for Housing, Communities and Local Government (Sajid Javid): The Government are committed to ensuring the planning system supports the delivery of more homes where they are needed. The opportunity for new homes is not always an empty plot, or the redevelopment of a derelict site. As set out in the White Paper, "Fixing our broken housing market", it is important that development uses the space that is available efficiently, and avoids building at low densities especially in areas of high demand such as London. The Government

recognise that one of the ways to achieve this is to build up rather than build out, using the space above existing buildings to create new homes.

Alongside the White Paper, the Government confirmed their intention to bring forward policy changes to support this objective, which this written ministerial statement sets out.

Planning policies and decisions should respond positively to suitable opportunities to use the airspace above existing residential and commercial premises for new homes. They should allow residential and commercial premises to extend upwards, where such extensions would be consistent with the prevailing height and form of neighbouring properties and the overall street scene, are well-designed—including complying with any local design policies and standards—respect the privacy of neighbours and can maintain safe access and egress for occupiers.

Policies and decisions on upwards extensions should take into account national and local policies, as well as relevant legal requirements, including relating to the conservation of heritage assets such as listed buildings and conservation areas. This will ensure councils can continue to protect valued areas of open space and the character of residential neighbourhoods, and stop unwanted garden grabbing.

The Government will be consulting on changes to the national planning policy framework, including changes to incorporate building up to ensure effective use of land for current and future homeowners. Appropriate guidance will be produced in due course.

[HCWS449]

TRANSPORT

Contingent Liability: Notification

The Secretary of State for Transport (Chris Grayling): I have today laid before Parliament a departmental minute describing a Contingent Liability (CL) of £4 million associated with Solum JV.

Solum JV was created in 2008 to help Network Rail (NR) deliver its agreed housing target. Since its formation, the Solum JV has delivered over 200 housing units, has c.200 more under construction—to complete by 2021—and a pipeline of c.1500 further units, subject to planning and other approvals.

This counter-indemnity, for which NR's CL of £4 million will be matched by its JV partner, Kier, will cover further multiple residential developments being built by the JV, initially at Twickenham and Walthamstow Phase 2 stations.

The Treasury has approved the proposal in principle. If, during the period of 14 parliamentary sitting days beginning on the date on which this minute was laid before the House, a Member signifies an objection by giving notice of a parliamentary question or a motion relating to the minute, or by otherwise raising the matter in the House, final approval will be withheld pending an examination of the objection.

[HCWS447]

Petition

Monday 5 February 2018

OBSERVATIONS

HOME DEPARTMENT

Proscription of Hezbollah

The petition of residents of the Hendon constituency,

Declares that demonstrations against the legitimate and democratic state of Israel where offensive and anti-Semitic language is used are not acceptable and that they, the petitioners, condemn such actions; further, that they, the petitioners, note that the police will not take any legal action against perpetrators under the current law; and further, that they, the petitioners, demonstrate their commitment to democracy, tolerance and freedom of speech by seeking the elimination of hatred.

The petitioners therefore request that the House of Commons urges the Government to proscribe the political as well as military arm of the Hezbollah organisation under the Terrorism Act 2000.

And the petitioners remain, etc.—[Presented by Dr Matthew Offord, *Official Report*, 17 January 2018; Vol. 634, c. 1022.]

[P002099]

Observations from the Minister for Security and Economic Crime (Mr Ben Wallace):

Hezbollah's external security organisation (also known as the Military Wing) was proscribed by the UK Government in March 2001 and in 2008 the proscription was extended to Hezbollah military apparatus including

the Jihad Council. While the UK proscribes Hezbollah's military wing, we do not proscribe the group in its entirety.

Hezbollah's military wing is also designated in the UK under the Terrorist Asset-Freezing Act 2010. Therefore, funds or economic resources owned, held or controlled by its military wing in the UK can be frozen. In July 2012 the EU also designated Hizballah's military wing as a terrorist organisation under the EU asset freeze regime.

The current proscription and asset freeze already sends a clear message that we condemn Hezbollah's violence and support for terrorism. Groups are not free to spread hatred, fund terrorist activity or incite violence as they please, irrespective of whether they are included on the list of proscribed organisations or not.

Peaceful protest is a vital part of a democratic society and it is a long-standing tradition in this country that people are free to gather together and to demonstrate their views, however uncomfortable these may be to the majority of us, provided that they do so lawfully. There is, of course, a balance to be struck. Protestors' rights need to be balanced with the rights of others to go about their business without fear of intimidation or serious disruption to the community. Rights to peaceful protest do not extend to violent or threatening behaviour and the police have powers to deal with any such acts. The management of protests is of course a matter for the police. Similarly, the investigation and prosecution of all criminal offences is a matter for the police, together with the Crown Prosecution Service.

The UK Government condemn any language or act which attempts to delegitimise the State of Israel, and also hate crime of any kind, directed against any community, race or religion, which has absolutely no place in our society. Violence against anyone in this country is a crime and will be treated seriously.

The Government acknowledge the petitioners' request to extend the proscription of Hezbollah to cover the group's political wing, however, while the list of proscribed groups is kept under review, the Government do not routinely comment on whether an organisation is or is not under consideration for proscription.

ORAL ANSWERS

Monday 5 February 2018

	<i>Col. No.</i>		<i>Col. No.</i>
WORK AND PENSIONS	1187	WORK AND PENSIONS—continued	
Carillion: Pension Protection	1187	Unemployment Rates: Europe	1194
Consumer Advice and Assistance	1189	Universal Credit	1192
Disability Confident Scheme.....	1201	Universal Credit.....	1199
Mortgage Interest: Effects on Claimants.....	1190	Universal Credit: Child Poverty	1200
Older Workers.....	1198	Universal Credit: Disabled People.....	1195
Supported Housing.....	1191	Universal Credit: Household Debt.....	1197
Topical Questions	1202		

WRITTEN STATEMENTS

Monday 5 February 2018

	<i>Col. No.</i>		<i>Col. No.</i>
COMMUNITIES AND LOCAL GOVERNMENT ..	38WS	TRANSPORT	40WS
Upwards Extensions: New Homes	38WS	Contingent Liability: Notification.....	40WS
FOREIGN AND COMMONWEALTH OFFICE	37WS		
Foreign Affairs Council: 22 January 2018	37WS		

PETITION

Monday 5 February 2018

	<i>Col. No.</i>
HOME DEPARTMENT	9P
Proscription of Hezbollah.....	9P

No proofs can be supplied. Corrections that Members suggest for the Bound Volume should be clearly marked on a copy of the daily Hansard - not telephoned - and *must be received in the Editor's Room, House of Commons,*

**not later than
Monday 12 February 2018**

STRICT ADHERENCE TO THIS ARRANGEMENT GREATLY FACILITATES THE
PROMPT PUBLICATION OF BOUND VOLUMES

Members may obtain excerpts of their speeches from the Official Report (within one month from the date of publication), by applying to the Editor of the Official Report, House of Commons.

CONTENTS

Monday 5 February 2018

Oral Answers to Questions [Col. 1187] [see index inside back page]
Secretary of State for Work and Pensions

Immigration White Paper [Col. 1211]
Answer to urgent question—(Caroline Nokes)

NHS Winter Crisis [Col. 1221]
Answer to urgent question—(Stephen Barclay)

Grenfell Tower [Col. 1230]
Answer to urgent question—(Dominic Raab)

Rail Update [Col. 1238]
Statement—(Chris Grayling)

Social Security [Col. 1257]
Motion—(Kit Malthouse)—agreed

Smart Meters Bill [Col. 1281]
*Programme motion (No. 2)—(Richard Harrington)—agreed to
As amended, considered; read the Third time and passed*

Jobcentre Closures [Col. 1311]
Debate on motion for Adjournment

Written Statements [Col. 37WS]

Petition [Col. 9P]
Observations

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
