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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Tuesday 10 February 2015

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

DEPUTY PRIME MINISTER

The Deputy Prime Minister was asked—

Cornwall Local Enterprise Partnership

1. **Sarah Newton** (Truro and Falmouth) (Con): What discussions he has had with Cornwall local enterprise partnership on devolving powers and responsibilities from Whitehall. [907512]

The Deputy Prime Minister (Mr Nick Clegg): The Government have already devolved powers and responsibilities to the Cornwall and Isles of Scilly local enterprise partnership through the growth deal, which was agreed last summer and extended just two weeks ago. It will mean that around £60 million is invested in Cornwall and Isles of Scilly, including in a range of infrastructure investments in the area. In Truro, that will mean money for seven new low-floor buses to provide additional capacity for the city's successful park and ride scheme.

Sarah Newton: I thank the right hon. Gentleman for his answer, but when will the European regional development funds for Cornwall be available to spend, and will the LEP make the decisions on how that vital money for the future of Cornwall is spent?

The Deputy Prime Minister: I strongly agree with my hon. Friend that it is essential that we get clarity as soon as possible on the use of the European structural investment funds through the so-called operational programmes. She may be aware that there has been lots of to-ing and fro-ing between the Government and the European Commission to ensure that the operational programmes are agreed as soon as possible. We are looking at everything to mitigate the impact of any delay. For example, we are looking at extending the deadline for spending on the 2007 to 2013 ERDF programme for some projects from the end of June to the end of September this year. Of course, at every step of the way, the local enterprise partnerships are rightly involved in how that money is subsequently spent.

Andrew George (St Ives) (LD): Further to that exchange, I would be grateful if the Deputy Prime Minister ensured that he impresses on the Communities and Local

Government Secretary the importance of Cornwall achieving intermediate body status, because only by doing so can we proceed with making decisions.

The Deputy Prime Minister: As much as my hon. Friend points the finger of blame, it is pointed not so much at Departments in Whitehall but at the European Commission, which appears to struggle with the idea that there can be lots of different intermediate bodies within the United Kingdom. As he knows, London already has intermediate status. We have found it very difficult to persuade the European Commission to grant similar or analogous powers to other parts of the UK. We want to ensure that, while we make that case—everyone in the Government is making that case—we do not lose the use of the money. That is the balance we are trying to strike.

Electoral Register

2. **Kevin Brennan** (Cardiff West) (Lab): What recent assessment he has made of the effect of his policies on the completeness of the electoral register. [907513]

The Minister for the Constitution (Mr Sam Gyimah): I am pleased to report that the implementation of individual electoral registration is proceeding smoothly. [Laughter.] We have safeguarded the register by automatically transferring nine out of 10 existing electors on to the new system, and by ensuring that no one registered to vote at the last canvass will lose their vote in May. More than 5 million people have registered to vote since May; there have been more than 1 million applications since December; 35,000 people per day are registering on the Government's new online system; and 166,000 people registered to vote on national voter registration day. In addition, the Government have invested £14 million in the completeness and accuracy of the register, working with local authorities and national bodies.

Kevin Brennan: I missed the beginning of the Minister's answer because of the hilarity it caused in the House. I understand that 1 million people have been lost from the register in the past 12 months. I asked him about the completeness of the register and the impact of his policies on that. Despite his very long previous answer, can he add anything that is pertinent to the question I asked?

Mr Gyimah: Absolutely. The hon. Gentleman revels in his 2011 nomination for the *Total Politics* Labour point-scorer of the year. In fact, he has plastered the information all over his website. To answer his question specifically, since December, 1.3 million have been added to the register. Each day and each month, more people are being added to the register, so it is about time the Labour party stopped creating fear and uncertainty where there is none.

15. [907526] **Bob Blackman** (Harrow East) (Con): What measures is my hon. Friend taking to ensure that people who live overseas and wish to register to vote are able to do so? Equally, has he taken account of the fact that people who have lived overseas for longer than 15 years should also have the opportunity to vote in this country?

Mr Gyimah: My hon. Friend asks a very good question. With the introduction of online voting, people who live overseas can register to vote more easily. We have made it easier for them as they do not now need another British citizen to attest to their citizenship before they register to vote. There is no consensus within the Government to change the 15-year rule at the moment, but, as he well knows, the Conservative party's manifesto pledge is that, when elected after 7 May, we will get rid of it.

14. [907525] **Debbie Abrahams** (Oldham East and Saddleworth) (Lab): In 2010, the Deputy Prime Minister talked about the need for the biggest shake up of democracy since the Great Reform Act 1832. As my hon. Friend the Member for Cardiff West (Kevin Brennan) said, is not the reality that, instead of extending the franchise, millions of voters are being lost from the electoral register, including 4,000 from my own constituency. Will the Minister agree to delay IER implementation? If not, why not?

Mr Gyimah: The hon. Lady talks about the register. Let me make it clear: Electoral Commission data show that 3 million people were missing from the register in 2000. By 2011, 7.5 million people were missing from the register. The deterioration of the register happened when the Labour party was in government. IER is part of the solution to get the register right. Under the old system, people moved house but the register did not. With online registration, we are making it simpler and easier for people to get on the register. That is how we will ensure that more people get on the register.

Sir Oliver Heald (North East Hertfordshire) (Con): Will the Minister join me in welcoming the initiative, by Facebook and the Electoral Commission, to contact 35 million users of Facebook and encourage them to register online? Does he agree that this sort of innovative approach will lead to better use of online registration?

Mr Gyimah: My hon. and learned Friend is absolutely right. The way forward for the completeness and accuracy of the register is not to go back to the old system of block registration—I know the Labour party likes its block votes—but to use initiatives, such as using Facebook, to market to the vast majority of the British public who should be on the register but are not.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): I join the Minister in welcoming the huge success of national voter registration day. Will he join me in praising the brilliant work of Bite the Ballot, which organised national voter registration day last week? If we are to maximise the number of young people on the register, will he think again about extending the Northern Ireland schools initiative so that it applies in the rest of the United Kingdom?

Mr Gyimah: The Northern Ireland schools initiative was introduced after the introduction of IER, when Northern Ireland did not have the annual canvass, and voter registration rates plummeted to about 11%. In contrast, in the rest of the UK we moved to IER, but nine out of 10 electors are on the register. Specifically on schools, we are funding national organisations with experience of working with schools and getting attainments

on to the register. I know the Labour party would like us to introduce some kind of duty on schools, but that would increase the burden on schools. We can do this through national organisations and electoral registration officers, who know their local area. In some local areas, the issue will be to do with the elderly population; in others, it will be to do with young people. There is no need for a legislative sledgehammer. We should leave it to EROs, who have a duty to maximise their local registers.

Stephen Twigg: The Minister says it would be a burden on schools, but I spoke to the Association of School and College Leaders, which represents school head teachers. It says that to have such a scheme would be "easily organised" and deliver real benefits. The Northern Ireland electoral registration officer says that the schools initiative has been "very successful in improving the rate of registration amongst young people".

The Minister talks about nine in 10 being carried across. That is right, but the one in 10 are disproportionately students and young people. Why is he so afraid of getting more young people registered to vote in this country?

Mr Gyimah: If it is so easily organised, as the organisations the hon. Gentleman spoke to have said, then we do not need legislation. As I said, every local area would have differing circumstances as far as the register is concerned. What we do not want is EROs spending their time having to go to schools because of legislation, when to maximise the register in their areas they should be going to care homes and talking to elderly people.

Sadiq Khan (Tooting) (Lab): What are you scared of?

Mr Gyimah: The shadow Justice Secretary asks me what I am scared of. What we know is that the Labour party is not against IER. Labour Members are pretending in this House that they are interested in students and young people when they are not. It is all about the block vote—that is what they want.

Electoral Turnout

3. **Nick Smith** (Blaenau Gwent) (Lab): What steps he is taking to address low levels of electoral turnout. [907514]

The Minister for the Constitution (Mr Sam Gyimah): The low levels of electoral turnout are an important and long-standing issue. Turnout was 78% in 1992, it declined steadily to 61% in 2005, and it rose to 65% in 2010. The Government's responsibility is to ensure that everybody eligible to vote is on the register—because if someone is not on the register, they cannot vote—which is why we are committed to maximising the register. However, it is the responsibility of politicians to set out an attractive offer that makes people want to vote, so the job of increasing turnout is a job not for the Government but for all of us in the House.

Nick Smith: Does the Minister believe that holding elections on Thursdays best maximises voter turnout?

Mr Gyimah: I have seen several proposals—some argue that moving elections to weekends would somehow increase turnout, others argue for compulsory voting—but the answer is not to introduce new processes and systems, but for us politicians to engage and excite the electorate. The huge turnout for the Scottish referendum had nothing to do with the day on which it was held—in fact, I think it was held on a Thursday.

Mr David Nuttall (Bury North) (Con): I am pleased to hear my hon. Friend restate that it is the job of politicians and those who stand for election to enthruse voters and persuade them to vote. Does he agree that we should never blame voters if they choose to exercise their right to stay at home and abstain?

Mr Gyimah: We want everyone in the country to have a say in who governs them, and we would encourage all people to vote, but it is the job of politicians to do so, not the Government.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): On electoral turnout, does the Minister think he can learn from the Scottish referendum and that the non-delivery of the vow will increase turnout, as Scots vote for a strong SNP voice to counter the failure of the three parties, the three amigos, at Westminster?

Mr Gyimah: I know that the hon. Gentleman would like to rewrite history, but there was a decisive result in the Scottish referendum, and the vow has been delivered completely and faithfully.

Medway: Growth Deal

4. Rehman Chishti (Gillingham and Rainham) (Con): What assessment he has made of progress on implementing Medway's growth deal. [907515]

The Minister for Universities, Science and Cities (Greg Clark): The South East local enterprise partnership has a large portfolio of projects ready to start in April, including 22 in the Thames Gateway, 12 of which will have a direct impact in Medway. For example, a new Kent and Medway growth hub will deliver improved advice services to local businesses.

Rehman Chishti: I thank the Minister for his answer and the Government for the £33.4 million given to Medway, which will create more jobs and businesses and get Medway moving with better transport infrastructure. I know that local authorities have received a letter, but when will the formal agreements be signed with them?

Greg Clark: The money will be available from April, and my colleagues and I are going around signing the agreements, but no LEPs should wait to have the signature on the dotted line: they can plan with confidence in the projects that have been funded.

Several hon. Members *rose*—

Mr Speaker: Order. I realise that hon. Members from Lincolnshire and Huddersfield feel that Medway could benefit from their wisdom, but on this occasion I am afraid we are going to move on, because there are many more questions.

Voter Registration

5. Mrs Mary Glendon (North Tyneside) (Lab): In how many local authority areas people in more than 90% of households are registered to vote. [907516]

The Minister for the Constitution (Mr Sam Gyimah): I am sorry to disappoint the hon. Lady, but data are not available on the number of local authority areas in which people in more than 90% of households are registered to vote. As she is aware, each register is held locally. Aggregated electoral statistics are available from the Office for National Statistics, but these are not broken down by household. However, the ONS will publish its data at the end of February, by which time the Electoral Commission will also publish its assessment of the December register.

Mrs Glendon: Ahead of that information being published, will the Minister explain to the House why his Department's advice to local authorities made such a massive mess of capturing information on voters approaching the age of 18? The evidence suggests a catastrophic collapse in the number of attainers on the register. What will he do about that?

Mr Gyimah: I do not agree that a catastrophic mess was made of the system. If the hon. Lady looks at the forms issued by the Electoral Commission to local authorities to get households to input all the names, she will see that it was clearly stated that people under the age of 18 should appear. This was user tested as well. In addition to the write out, electoral registration officers can knock on doors to make sure that people's names are on the register. We have given EROs everything they need and everything they have asked for to get on the register everyone eligible to vote.

Mr Andrew Robathan (South Leicestershire) (Con): I am sure my hon. Friend would agree that registering involves faith in the political system. I am sure he agrees with me and the Deputy Prime Minister who said on 6 September 2010:

“Fewer, more equally sized and more up-to-date constituencies will help to bolster the legitimacy of parliamentary elections.”— [Official Report, 6 September 2010; Vol. 515, c. 40.]

Does the Minister agree that a failure of the Liberal Democrats, and particularly of the Deputy Prime Minister, to vote for his own Bill in 2013—he voted against bolstering the legitimacy of the parliamentary elections—has led to this diminution of faith in politicians, showing opportunism and political advantage at its worst?

Mr Gyimah: I thank my right hon. Friend for his question. Of course we regret going into another election with some constituencies such as Arfon having 38,000 electors and others such as the Isle of Wight having 110,000. Those are not equally sized boundaries, but, as they say, we are where we are.

Voter Participation: Young People

6. Barbara Keeley (Worsley and Eccles South) (Lab): What the Government's policy is on increasing participation among young voters. [907517]

The Minister for the Constitution (Mr Sam Gyimah): For getting young people on the register, I believe online registration makes it quicker, simpler and more convenient. It takes roughly three minutes and it will help get young people on the register. Indeed, more than 1 million applications from young people have been through the online process. We are funding a number of youth organisations who have a share of £2.5 million to promote voter registration among young people. These include the British Youth Council, UK Youth and the NUS. Finally, data sharing goes on at universities where academic registrars have to give data on enrolment to EROs, which is helping to boost registration rates at universities, as we have seen at Sheffield university.

Mr Speaker: That was too long.

Barbara Keeley: Let me return to the value of enforcing the schools initiative from Northern Ireland, to which the Opposition are committed. As we have heard, it has been instrumental in bringing a 50% increase in the total population of young people on the register, which is really important. Why are Ministers, including the Deputy Prime Minister, who appears not to be answering questions today as he should be, not bothered about this? Why do they mention care homes, but do not want young people to get registered and get into the habit of voting?

Mr Gyimah: If we did not want young people to get on the register, we would not be funding the very organisations that have the experience and expertise for getting young people to vote. That is the first point. The second is that the Northern Ireland system was paper-based, but we have an online system spanning 363 local authorities. This is a much superior system for getting young people to register from their laptops, smartphones or tablets and computers.

Topical Questions

T1. [907537] **Andrew Gwynne** (Denton and Reddish) (Lab): If he will make a statement on his departmental responsibilities.

The Deputy Prime Minister (Mr Nick Clegg) *rose—*

Hon. Members: Hooray.

The Deputy Prime Minister: I am grateful for such applause as I rise to my feet. As Deputy Prime Minister, I support the Prime Minister on a full range of Government policy initiatives. Within government, I take special responsibility for this Government's programme of political and constitutional reform.

Andrew Gwynne: The Deputy Prime Minister talks a lot about cleaning up political donations, yet his Liberal Democrats were perfectly willing to take a donation of £34,000 from the managing director of Autofil Yarns, a company that is removing 160 British jobs to Bulgaria to protect its profits. Does the Deputy Prime Minister regret that? Is he going to repay it, or is this just another yarn that is being spun by the Liberal Democrats?

The Deputy Prime Minister: The puns come thick and fast. Perhaps the hon. Gentleman will explain why his party blocked party political funding reform recently,

and whether his question was written by one of his trade union paymasters. Being lectured by the Labour party on how parties are funded really takes the biscuit.

T3. [907539] **Bob Blackman** (Harrow East) (Con): Will my right hon. Friend tell us what proposals are being made to devolve stamp duty to local authorities, and will he tell us about the other fiscal measures which, I understand, are being announced elsewhere today?

The Deputy Prime Minister: As my hon. Friend will know, a number of steps have been taken to devolve and decentralise what has traditionally been the very over-centralised way in which we raise and spend money. We are not just devolving unprecedented fiscal powers to the various nations in the United Kingdom, but, for instance, giving greater borrowing powers to local government in England. However, the journey is not yet complete, and, in my view, further steps towards further fiscal devolution and decentralisation should be taken in the years ahead.

Sadiq Khan (Tooting) (Lab): We are fast approaching the 800th anniversary of Magna Carta. Over the last five years, the Deputy Prime Minister's Government have extended the use of secret courts, curtailed judicial review, and radically reduced access to justice by making massive cuts in legal aid. Which of those policies of his Government does he consider to be most in keeping with the spirit of Magna Carta?

The Deputy Prime Minister: Does the right hon. Gentleman not remember what his Government did to habeas corpus, and that great tradition? Does he not remember his Government's flawed attempt to impose an identity card database, which we brought to an end? Does he not remember his push to fingerprint innocent children in schools throughout the country, and does he not remember wanting to store the DNA of innocent citizens throughout the country? For heaven's sake, let him remember his own record and that of his own party before he starts trying to cast aspersions on this Government.

Sadiq Khan: The Deputy Prime Minister has had five years' experience of this arrangement. It works like this: we ask the questions, and he tries to answer them. Let me try one more question. It may be the last.

It is, of course, important for our country to use its influence with its allies to improve human rights abroad. As the Deputy Prime Minister will know, the Ministry of Justice wants to enter into a £6 million contractual arrangement with the Saudi Arabian justice system to share "best practice". Many people are rightly concerned about the sentence of 1,000 lashes that was given to Raif Badawi, and the regular use of execution by beheading in Saudi Arabia. What does the Deputy Prime Minister think about the British Government's making money out of the Saudi Arabian justice system, and what is he going to do about it?

The Deputy Prime Minister: The issue is not whether the right hon. Gentleman has the right to ask questions. The issue is his absolute amnesia about what his Government got up to, from invading Iraq illegally to shredding civil liberties on an industrial scale. As for the question that he has asked, the Minister of State, Ministry

of Justice, my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes), says that no contract has been entered into with Saudi Arabia.

Like the right hon. Gentleman and, I suspect, many Members on both sides of the House, I consider some of the practices that we have seen in Saudi Arabia to be absolutely abhorrent, and completely in conflict with our values. What every Government, including his own, have done in such circumstances is make a judgment on whether to cut off relations with other Governments with whom we disagree, or whether to try to influence them and bring them more into line with our values. That is clearly what his Government did, and it is what this coalition Government are trying to do as well.

T4. [907540] **Sir Edward Leigh** (Gainsborough) (Con): I understand that if the United Kingdom votes to leave the European Union in a referendum—the United Kingdom as a whole—the Scottish Parliament will, under the vow, have to pass a legislative consent motion before it can happen. Is that not a recipe for constitutional crisis?

The Deputy Prime Minister: The right hon. Gentleman's views and my views on Britain's continued membership of the European Union may be at a variance, but I am starting to agree with him that stumbling into a referendum on such a momentous matter without really thinking through the implications for the country as a whole would not only result in a constitutional quagmire, but would possibly jeopardise millions of jobs in this country. That is why I would counsel him and his party not to make breezy commitments in the run-up to a general election which could leave this country much poorer.

T2. [907538] **Barbara Keeley** (Worsley and Eccles South) (Lab): We have talked a great deal about students this morning, but the students about whom I am concerned are young adult carers, who often struggle financially because their caring means that they cannot take on paid work. Indeed, a survey by the National Union of Students found that financial difficulties were the main reason why young carers considered abandoning their courses. Enabling carers to fulfil their educational potential is meant to be one of the Government's priorities, so will the Deputy Prime Minister tell us why so little has been done to help young adult carers to fulfil theirs?

The Deputy Prime Minister: I certainly agree that the hon. Lady identifies a problem that is by no measure solved. Carers young and old work under huge pressures. They are unsung heroes and heroines for society. We have taken a number of measures, for instance to try to give greater respite care to carers of all ages, but I accept the hon. Lady's challenge that we need to do more.

T7. [907543] **Andrew Bridgen** (North West Leicestershire) (Con): Given reports over the weekend that Tony Blair will play a prominent role in Labour's election campaign and given the fact that he still draws the maximum allowance—£115,000 of taxpayers' money—for his public duties, does the Deputy Prime Minister agree that he and all former Prime Ministers should be covered by the Nolan principles of public life?

The Deputy Prime Minister: The public duty cost allowance limited to £115,000 per year was created to help cover expenses incurred by former Prime Ministers in meeting the continuing additional costs they incur because of their special position in public life. The Nolan principles apply to public office holders. There are no plans to extend their application to present or former politicians, whether Prime Ministers or not.

T5. [907541] **Mr Stephen Hepburn** (Jarrow) (Lab): May I ask the Deputy Prime Minister at this eleventh hour to step in and save Jarrow's NHS walk-in centre? I have made a plea to the Prime Minister, and I have made a plea to the Secretary of State for Health. Can the Deputy Prime Minister stop this? Some 27,000 people are going to be dumped on overloaded local GPs and A and Es. It is deliberate sabotage of the NHS, to get the private sector involved through the backdoor. I ask the Deputy Prime Minister to help.

The Deputy Prime Minister: I am, of course, more than willing to look into that. I doubt very much, however, that it could remotely be as the hon. Gentleman characterises it, as this Government outlawed the sweetheart deals with the private sector that the previous Labour Government indulged in, and, of course, decisions on how local health services are commissioned are taken by local commissioners, not decision-makers in London.

T10. [907546] **Stuart Andrew** (Pudsey) (Con): Traditional industries in my constituency such as the mills at Abraham Moon and Hainsworth have had growing exports recently and have expanded, but they have concerns about the skilled work force they will need. Can the Deputy Prime Minister assure me that the skills funding in the local growth deals will help such important businesses to address their needs?

The Deputy Prime Minister: Yes, I absolutely can. As my hon. Friend will know, the local growth deal in his area places a particular emphasis on making sure that there are, over time, no youngsters whatsoever who are not in employment, education or training—the so-called NEETs—and the skills provided to youngsters in the area continue to be boosted. One of the achievements that everybody in the coalition parties can be proudest of is that we have massively expanded the number of apprenticeships available across the country: 2 million new apprentices have been taken on over the past several years.

T6. [907542] **Douglas Carswell** (Clacton) (UKIP): When the lobbying Act went through the House concerns were expressed that it would prevent organisations from engaging in the democratic process. Have any concerns been put to the Deputy Prime Minister about how the law is actually working with an election looming?

The Deputy Prime Minister: The hon. Gentleman is absolutely right. A number of concerns have been expressed, but I think they are misplaced. It is clear from the way in which the legislation was crafted that there was no intention to stop anyone making their views known at any time; the intention was simply to expect anyone who wants to influence a particular election in a particular constituency to abide by the same rules as those who are competing in those elections in those areas.

T11. [907547] **Henry Smith** (Crawley) (Con): A recent growth deal saw tens of millions of pounds being invested in the future of Gatwick airport station. May I seek assurances from my right hon. Friend that further growth deals will focus on improving transport infrastructure for the area?

The Deputy Prime Minister I am pleased that we were able to support Gatwick airport station redevelopment as part of a growth deal. The growth deals that have been announced are not, of course, the end of the story. In total, I think we have announced £7 billion of the £12 billion that it was envisaged would be committed to growth deals over time. Local enterprise partnerships have been encouraged to identify their own local growth priorities, so that they can submit their own ideas to future growth deals, which I hope will continue in the next Parliament.

T8. [907544] **Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): According to the latest figures, a staggering 23,500 voters appear to be missing from the electoral registration lists in Cardiff. We have already heard how the scandal is affecting young people and students, but it also appears that a significant number of people in the black and minority ethnic community across the city are missing from the register. What is the Deputy Prime Minister going to do about this?

The Deputy Prime Minister: Nobody will have their right to vote taken away from them as we move to individual voter registration. What I find so fascinating as I listen to all this heat and fury from the Opposition is that when they were in government they supported the move to individual voter registration, and for good reasons. The previous system was patronising and out of date; it rested on the idea that the head of a household would register everyone in that household on to the electoral register. Do the Opposition now want to revert to that system? It was patronising, out of date and unfair to many voters.

T12. [907548] **Mr Philip Hollobone** (Kettering) (Con): Since 2010, unemployment has fallen sharply and employment has risen dramatically, but all the while, we have had a large and growing trade deficit with the European Union. How does the Deputy Prime Minister square that with the Liberal Democrat myth that 3 million British jobs depend on our EU membership?

The Deputy Prime Minister: The figures cited are certainly not mythological; they have been arrived at independently by Government Departments and other researchers. It is not difficult to work out the economic value, given that the European Union, whatever its flaws and its present difficulties, is the world's largest borderless single market, with more than 500 million consumers. It is also by far the largest destination for goods and services produced in this country, for the simple reason that we are a European country located in the European hemisphere.

T13. [907549] **Mr William Bain** (Glasgow North East) (Lab): The most recent figures from the Office for National Statistics show a rise in youth unemployment of 30,000 compared with the previous quarter. May I offer the Deputy Prime Minister the opportunity to have a deathbed conversion tomorrow and to support

Labour's proposed bank bonus tax, which would help to get tens of thousands of young people into decent jobs?

The Deputy Prime Minister: It is—how can I put this politely?—brave of Labour to select jobs as the subject of its Opposition day debate. It is the party that crashed the economy in the first place. Youth unemployment is lower today than it was when the hon. Gentleman's party left office. We have created countless more apprenticeships than Labour made available, and 1.8 million more people are in work now than when the Labour Government left office. Inequality, income inequality and relative child poverty are lower under this Government. He might not like the facts, but they speak for themselves.

Mark Hunter (Cheadle) (LD): May I welcome the announcement by the Deputy Prime Minister yesterday on schools funding? I particularly welcome the fact that two schools in my constituency—Cheadle primary and Great Moor junior—will benefit as a consequence. Can he give me an assurance that investment in education will be protected while we continue to address the deficit?

The Deputy Prime Minister: I am very pleased that we have been able to make that significant announcement of a further £6 billion to be allocated from central Government to refurbish, rebuild and maintain school buildings up and down the country. We are now assisting twice as many schools across the country than were being helped under Labour's school building programme. My hon. Friend makes an important point. All the political parties will need to set out their stall in the run-up to the general election. The Liberal Democrats have said clearly that we want to protect funding from cradle to college and from nursery to 19, and not to implement the kind of real-terms cut in the money going to our schools that other parties have recently revealed.

T14. [907550] **Debbie Abrahams** (Oldham East and Saddleworth) (Lab): The Electoral Commission's own research shows that the electoral registration of private renters stands at 63%, compared with the overall level of 85%. Is not this yet another example of how this Government are totally disregarding "generation rent"? What is the Deputy Prime Minister going to do about it?

The Deputy Prime Minister: Again, the facts speak for themselves. Since last summer, 5 million people have been entered on to the new individual voter registration system. Nine in 10 voters are transferred automatically on to it, and 1.3 million more people have been entered on to it since December alone. Of course we need to do more, across the parties and across the nation, to encourage people to register to vote, but it is the worst form of shameless scaremongering to suggest that a transition to individual voter registration—which the Labour Government advocated and introduced—is somehow entirely responsible for the fact that some groups are more under-registered than others.

Richard Graham (Gloucester) (Con): I recently welcomed the Minister for Universities, Science and Cities, my right hon. Friend the Member for Tunbridge Wells (Greg Clark) to Gloucester, where he saw at first hand the regeneration in Blackfriars. That regeneration will be helped by the recent growth award via the local enterprise partnership. Does the Deputy Prime Minister

agree that there is potential for small city deals or county deals to help to devolve and boost regeneration projects in cities such as Gloucester, or would he encourage us to bid for the next growth deal via the LEP?

The Deputy Prime Minister: I would encourage the hon. Gentleman to do the latter. First, he is right to point out that decentralisation should not be only an urban phenomenon or just something granted to larger cities, although they were the pioneer areas where the city deals and growth deals first happened. We have made a good start, with the £12 billion growth deals that are under way, on ensuring that every part of the country—county, city, rural, urban—gets more powers handed down to it from Whitehall, and I very much want to see that.

Mr Frank Roy (Motherwell and Wishaw) (Lab): Can the Deputy Prime Minister explain to 16 and 17-year-olds in my constituency why they were deemed mature enough to vote in the recent Scottish referendum yet his Government do not think they are mature enough to vote in the forthcoming general election?

The Deputy Prime Minister: I wholeheartedly agree with the hon. Gentleman; I have long believed that 16 and 17-year-olds should be able to vote. They take on responsibilities and duties as adults in so many other walks of life, and they showed themselves to be enthusiastic, informed and impassioned participants in the Scottish referendum. Unfortunately, we have not been able to secure agreement between the two coalition parties on this, but I look forward to the day when the House, on a cross-party basis, votes finally to give the democratic rights to 16 and 17-year-olds that they deserve.

Mr Peter Bone (Wellingborough) (Con): I was reading the *Hansard* record of the previous Deputy Prime Minister's questions, and the Deputy Prime Minister answered the first topical question in the same way as he did today. He said that his main purpose is to "support the Prime Minister" over a whole range of activities—after that, in brackets, was the word, "Laughter." Can the Deputy Prime Minister name one thing he has done to support the Prime Minister?

The Deputy Prime Minister: I would like to correct the hon. Gentleman, as I have it here. I said:

"As Deputy Prime Minister, I support the Prime Minister on a full range".—[*Official Report*, 6 January 2015; Vol. 590, c. 143.] That does not mean "complete range"; it does not mean the whole, as the hon. Gentleman suggests. Of course there are disagreements between myself and the Prime Minister, and of course there are disagreements between the coalition parties. I know the hon. Gentleman has not taken to the give and take of coalition government as readily as some Government Members have, but I think history will judge the two coalition parties kindly for having put the national interest first and working together, supporting each other, in order to fix the broken economy inherited from the previous Government. As he talks about support, I am delighted to hear that the Prime Minister and his party now support my party in, for instance, giving tax cuts to millions and millions of people on low and middle incomes—that was always our policy.

Mr David Winnick (Walsall North) (Lab): Will the Deputy Prime Minister be attending the lectures being given by the Rev. Lord Green, the chap who ran HSBC

in such an ethical way? Apparently, he is giving lectures on "ethical banking". Does the Deputy Prime Minister stand by the comments made by the Business Secretary when the Rev. Lord Green was made a trade Minister? The Business Secretary described Lord Green in terms of

"a powerful philosophy for ethical business."

Even George Orwell could not have made that one up!

The Deputy Prime Minister: Again, the hon. Gentleman is a brave man to talk about regulation of the banking system from the Labour Benches, given his party's total, singular failure to heed the warnings of my right hon. Friend the Business Secretary. I recall him standing there saying to the then Prime Minister, week in, week out, that the Labour party was heading for trouble because it did not regulate the banks properly. Perhaps the hon. Gentleman might want to ask questions of his own colleagues about why HSBC was able to get away with such outrageous business practices back in 2007 and 2008.

ATTORNEY-GENERAL

The Attorney-General was asked—

Human Rights

1. **Steve Rotheram** (Liverpool, Walton) (Lab): What recent discussions he has had with his Cabinet colleagues on implementation of the UK's domestic and international legal obligations on human rights. [907527]

6. **Paul Blomfield** (Sheffield Central) (Lab): What recent discussions he has had with his Cabinet colleagues on implementation of the UK's domestic and international legal obligations on human rights. [R] [907532]

7. **Mr David Anderson** (Blaydon) (Lab): What recent discussions he has had with his Cabinet colleagues on implementation of the UK's domestic and international legal obligations on human rights. [907533]

The Attorney-General (Jeremy Wright): Hon. Members will know that I cannot discuss legal advice that I may have given to members of the Government, but I have regular discussions with colleagues about a large number of issues. Domestic and international human rights are an important aspect of our law and are a key consideration in the Law Officers' work.

Steve Rotheram: Can the Attorney-General tell the House whether he supports the Human Rights Act and the European convention on human rights, and whether he and the Solicitor-General are completely in agreement with the Government's position?

The Attorney-General: The answer to the latter part of the hon. Gentleman's question is yes. On the first part, I do not support the Human Rights Act, but I do support the European convention on human rights. There is a misunderstanding here, perhaps on his part and certainly among some of his Labour colleagues, as the abolition of the Human Rights Act does not mean the abolition of human rights. The Conservative party is in favour of human rights and we have a proud record on human rights. What we do not agree with is the mess

his party made of the relationship between this country's courts and the European Court of Human Rights in Strasbourg—we will do something about it.

Paul Blomfield: May I follow up on the Attorney-General's response to my hon. Friend the Member for Liverpool, Walton (Steve Rotheram) by asking whether he agrees that last week's ruling by the European Court of Human Rights that British courts can hand down whole-life sentences without breaching human rights is a fine example of dialogue between our courts and Strasbourg? As we mark the 50th anniversary of Winston Churchill's death, will the Attorney-General join me in celebrating the European convention as Churchill's legacy and one that provides vital protections that we would be unwise to deny our people?

The Attorney-General: I welcome clarification from the European Court of Human Rights on whole-life tariffs, but I remind the hon. Gentleman that it is not just the outcome of these cases that can be problematic but the time, effort and taxpayers' money spent defending them. He is quite right that the convention is an excellent document; there is very little to disagree with in it. The problem is the way in which the European Court of Human Rights has interpreted that document. Once again, the Conservative party will do something about that, but, as far as I can tell, the Labour party in government would do nothing whatever about it.

Mr Anderson: One of the basic human rights is the right of association and, through that, the right to combine together in trade unions. Will the Attorney-General say why his Government are making it harder for civil servants to exercise that basic human right by withdrawing the right to have trade union subscriptions taken off pay at source?

The Attorney-General: I do not accept that we are taking human rights away from civil servants. Let me repeat the point that I made: the Conservative party in government has a proud record on human rights. I remind the hon. Gentleman that it was a Conservative Home Secretary who brought forward the Modern Slavery Bill, of which we are very proud. Clearly, it was a "human-rights enhancing measure". Those are not my words but those of the Joint Committee on Human Rights. It was a Conservative Foreign Secretary, now Leader of the House, who has done excellent work on preventing the use of sexual violence in conflict—again, huge steps forward in the defence of human rights in this country and abroad. We are proud of that record, but see no reason to combine that pride with a blind and meek acceptance that every judgment of the European convention on human rights by the European Court of Human Rights, however eccentric, should be meekly accepted.

Miss Anne McIntosh (Thirsk and Malton) (Con): The Council of Europe and the European convention on human rights were set up to protect the citizens of Ukraine from the former Soviet Union. Should we not be doing more to protect the citizens of Ukraine with regard to their human rights at this present time?

The Attorney-General: I understand my hon. Friend's point. Of course she is right that when the convention was originally drafted, it was precisely to deal with the

most egregious examples of breaches of human rights across the world. That is what we have always supported, and we will continue to do so. What we do not support is the extension of that franchise to discussing things such as the insemination of prisoners in prison, and whether prisoners should be given the right to vote in British elections. That is in no way comparable to what my hon. Friend is discussing.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Will the Attorney-General confirm that neither the repeal of the Human Rights Act nor a British Bill of Rights could in any way diminish Britain's obligations under the European convention on human rights, or does he disagree with his predecessor on that point?

The Attorney-General: As I have said, there is no direct connection between what we decide to do on the Human Rights Act and what we decide to do in support of human rights, both nationally and internationally. We remain wholly committed to the preservation of human rights, both in this country and abroad. As for my predecessor, I think that he would wholeheartedly support that position.

Mr David Burrowes (Enfield, Southgate) (Con): The Attorney-General refers to the Government's leadership in tackling modern slavery. Given that traffickers operate across jurisdictions, what is he doing to support other countries to have effective justice systems to protect the victims and enforce the law?

The Attorney-General: My hon. Friend is right that we need to think about how we assist other countries in the way in which they implement their justice systems so that we can work together to confront what is, as he says, cross-border problems. It comes back to the dilemma that was being discussed with my right hon. Friend the Deputy Prime Minister around what we do in countries that do not have the best records in the preservation of justice and human rights. We have to get the balance right, but it is important that we continue to co-operate.

Domestic Abuse

2. **Mr Nigel Evans** (Ribble Valley) (Con): What assessment he has made of the potential effect of introducing an offence of coercive control on prosecutions for domestic abuse. [907528]

The Solicitor-General (Mr Robert Buckland): I have been taking this welcome new measure through Committee with the support of Members from all parties. The new law of coercive control will help protect victims by criminalising sustained patterns of behaviour that stop short of serious physical violence but amount to extreme psychological and emotional abuse. It is likely to increase the number of cases of domestic abuse reported, which should result in an increase in the number of prosecutions.

Mr Evans: I am grateful for that response. As the number of domestic abuse referrals has increased, which must be welcomed as people now have the confidence to refer such crimes of abuse, does the Solicitor-General agree that it is apparent that just as physical abuse should be consigned to the history books so should mental control, which is a form of torture that is equally unacceptable in this country today?

The Solicitor-General: I welcome my hon. Friend's remarks. Only today on the radio, we heard about people using mobile apps to control the movements and behaviour of their partners. Modern technology can be a wonderful thing, but it can also be very dangerous in the wrong hands. I believe that the new law will embrace that, too.

Keith Vaz (Leicester East) (Lab): Female genital mutilation is a form of domestic abuse. Is the Solicitor-General as concerned as I am that there has been no successful prosecution for FGM in this country, following the acquittal last week of two of those prosecuted?

The Solicitor-General: The right hon. Gentleman and I share a passion for ending this scourge. It was important that the prosecution was brought and the number of referrals continues to increase—we did not have any referrals before 2010. That shows that both the police and the Crown Prosecution Service are taking the matter very seriously. The message must be sent out to everybody that those who indulge in this form of abuse will be subject to the law and to prosecution.

Robert Neill (Bromley and Chislehurst) (Con): May I welcome the Solicitor-General's recognition of the importance of dealing with the psychological intimidation of witnesses, which, as those of us who have prosecuted a case of this kind will know, can be every bit as difficult as physical intimidation? I congratulate him personally on the initiatives he has taken in this matter and the work he has been doing.

The Solicitor-General: I am grateful to my hon. Friend for those remarks. It was important that we fill the loopholes in the law. We now have the stalking and harassment legislation introduced by this Government and legislation on coercive control. We are doing everything we can to deal with the scourge of emotional and psychological abuse.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): May I commend the Solicitor-General on his co-operative and informed attitude to the issue of coercive control and on the way in which he took the matter through Committee? I also thank him for sponsoring my ten-minute rule Bill on the subject last year; it would be remiss of me not to say that. On a more serious note, will he assure the House that prior to the commencement of the new law, welcome as we all say it will be, there will be sufficient time to train the police and prosecuting authorities and the necessary guidelines will be produced?

The Solicitor-General: I thank the right hon. Gentleman for his question and I entirely agree that we must ensure that full training of the police, the Crown Prosecution Service and all the authorities that will be responsible for dealing with the new legislation is put in place before we bring it into force.

Historical Sex Abuse

3. **Heidi Alexander** (Lewisham East) (Lab): What recent discussions he has had with the Chancellor of the Exchequer on funding for the Crown Prosecution Service to ensure effective prosecution of historical sex abuse cases.

[907529]

The Attorney-General (Jeremy Wright): The CPS is working closely with the Treasury to manage the impact of the increasing numbers of large and complex cases, including non-recent sex abuse cases, and to ensure that the CPS has the resources to prosecute serious crime effectively and efficiently. Future funding will be determined as part of the spending review process in the usual way.

Heidi Alexander: The victims of historical sexual abuse have a right to justice, like anyone else, but, as the right hon. and learned Gentleman says, these cases are complex and require adequate funding. How confident is he that the CPS will be able to cope with the demands on it and can he categorically say that such cases will not be consigned to the dustbin of history for want of extra resources?

The Attorney-General: I understand the hon. Lady's concern and it is important to put on record that every case, regardless of the alleged crime, must be considered carefully by the CPS. The CPS must conduct the appropriate tests on evidence and on public interest, and these cases should be no different in that regard. We must certainly talk about resources, but we also need to talk about what also matters to victims, which includes being listened to in the first place, ensuring that the court process is as conducive as it can be to the giving of their evidence and ensuring that those who prosecute such cases are expert in what they do. All those things are important and we must ensure that the CPS is doing them. At the moment, the CPS is engaged in doing those things.

Philip Davies (Shipley) (Con): In his answer, the Attorney-General made it clear that funding is an issue and that discussions are going on with the Chancellor. Given that, is it sensible for the Crown Prosecution Service to commit millions of pounds to a retrial of journalists from *The Sun* when there is clearly no realistic prospect of conviction? The money could be much better spent pursuing some of the historical sex abuse cases mentioned by the hon. Member for Lewisham East (Heidi Alexander). Are the cost of a trial and the likelihood of conviction together part of a public interest test that the Crown Prosecution Service should go through, because it seems to many people that a retrial is not justified on that basis?

The Attorney-General: My hon. Friend will understand that, as Attorney-General, I do not decide which cases should be prosecuted or commenced. He will also understand that whether there is a realistic prospect of conviction is already part of the test that the Crown Prosecution Service applies. Of course, it should also consider the public interest, which is what it has done in each and every case involving journalists—some have been convicted at the end of the process and some have been acquitted. However, I think that it is important to recognise two things. First, there should be no cases in which who a person is or what they do prevents the Crown Prosecution Service following the evidence where it leads—it should do so in every case. Secondly, some cases are complex and difficult and take time to prepare and to try, which increases their cost, but I do not think that we can say that we should not prosecute something because it is too expensive.

Karl Turner (Kingston upon Hull East) (Lab): I welcome what the Attorney-General says, but the Director of Public Prosecutions has been to him on bended knee, begging for £50 million so that she can prosecute serious cases. Has he asked the Chancellor for that emergency funding—and if not, why not? If he has asked the Chancellor, what did he say about helping to plug the funding gap caused by the ill thought through cuts to the Crown Prosecution Service?

The Attorney-General: I do not think that the cuts to the Crown Prosecution Service have been ill thought through. They have certainly been significant, as I am afraid they had to be, given the huge economic mess we inherited when the hon. Gentleman's party left office. We had to take those decisions, but I think that the Crown Prosecution Service has managed the reductions in its budget extremely well. It has not decided—I think that he would support this approach—not to prosecute cases where it thinks that it is appropriate to do so. However, we must recognise—the DPP recognises this in what she is saying—that there has no doubt been an increase in the number of complex and difficult historical sex abuse cases. We are talking with the Treasury about exactly that, and I am sure that it will understand the case we are making.

Serious Fraud Office

4. **Pat Glass** (North West Durham) (Lab): What recent discussions he has had with the Home Secretary on the future of the Serious Fraud Office. [907530]

10. **Fiona Mactaggart** (Slough) (Lab): What recent discussions he has had with the Home Secretary on the future of the Serious Fraud Office. [907536]

The Attorney-General (Jeremy Wright): I meet the Home Secretary regularly to discuss issues of common interest. The UK anti-corruption plan, published in December, announced that the Cabinet Office will take forward a review of the enforcement response to bribery and corruption more broadly and will report to the inter-ministerial group on anti-corruption in June.

Pat Glass: Is the Attorney-General concerned that there is now a conflict, with the Solicitor-General allegedly involved in tax avoidance schemes? [Interruption.] Can he properly oversee the work of the Serious Fraud Office, given its role in prosecuting serious fraud and tax evasion? [Interruption.]

Mr Speaker: Order. I fear that, in so far as I could hear, the terms of the question did not engage with the question on the Order Paper. Therefore—forgive me—I do not think that it would be proper to ask for an answer.

Fiona Mactaggart: In view of the fact that the police are being ineffective in prosecuting fraud, and given that reports to Action Fraud have gone up by 10%, what is the Attorney-General doing to ensure that the Serious Fraud Office has sufficient resources to deal with the most complex frauds? How much money has it got from fraudsters to enable it to fund future work?

The Attorney-General: The hon. Lady is right to refer to the fact that there are different kinds of fraud, which are dealt with in different ways in our system. The Serious Fraud Office, which falls within the ambit of the Law Officers' superintendence, deals with the most exceptionally complex cases of fraud. To answer her question directly, in this financial year the Serious Fraud Office has recovered financial orders of £10.7 million. It is right to point out also that the way in which the Serious Fraud Office is funded is unusual. It relies on some core funding and also on what is called blockbuster funding for unanticipated, large and complex cases. I think that that is the right way to do it.

Sir Edward Garnier (Harborough) (Con): Will my right hon. and learned Friend confirm that the invitation from some to subsume the Serious Fraud Office into the National Crime Agency is not one that he will accede to?

The Attorney-General: There is huge value always in looking at the way in which Government agencies do their business and in finding efficiencies and changes if it is beneficial to do so, but I think the Roskill model on which the Serious Fraud Office is based—that is, the combination of lawyers, investigators, prosecutors, accountants and the like, all in multidisciplinary teams—is a sensible model, and it is delivering effective results.

Stephen Mosley (City of Chester) (Con): With the Serious Fraud Office doing some incredibly complex investigations into companies such as Barclays, Tesco and G4S, does my right hon. and learned Friend agree that there is a need for very close working between the Serious Fraud Office and other Government agencies, such as the NCA, the police and Her Majesty's Revenue and Customs?

The Attorney-General: I agree with my hon. Friend. Close working is always important and the Serious Fraud Office tries to do that. I am sure the intergovernment review will find better ways of co-ordinating if there are better ways to be found.

Human Trafficking

5. **Karen Lumley** (Redditch) (Con): What steps the Crown Prosecution Service is taking to increase the number of successful prosecutions for human trafficking offences. [907531]

The Solicitor-General (Mr Robert Buckland): The number of successful prosecutions in human trafficking cases has increased each year since April 2010, from 73 to 155, which is more than double. The Director of Public Prosecutions is seeking to increase the number of prosecutions further through the CPS contribution to the Government strategy on modern slavery.

Karen Lumley: Does my hon. and learned Friend agree that the Modern Slavery Bill is a groundbreaking measure that will send a clear message to perpetrators?

The Solicitor-General: I do, and I am grateful to Members in all parts of the House for their sterling support for legislation which is among the first in the world and the first in Europe.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op) *rose*—

Mr Speaker: The moment has arrived.

Mr Sheerman: Is the Solicitor-General aware that those of us who for many years have been involved in such cases, and involved in the problem of runaway children particularly, are still concerned about the number and level of prosecutions of those people, and now of gangs organising human trafficking? When will we see results—more people apprehended, charged, convicted and in prison?

Mr Speaker: Even if the hon. Gentleman's palate is not yet fully satisfied, I hope he feels he has now had his *hors d'oeuvre* for the day.

The Solicitor-General: The hon. Gentleman is right to be impatient—we all are—for progress in tackling this scourge. It exists not just here at home, but internationally. We have criminal justice advisers and liaison magistrates in 20 countries where we know that human trafficking is a source problem. Human trafficking will not be tackled just within these shores. The effort has to be international.

Crown Prosecution Service: Digital Working

8. **Bob Blackman** (Harrow East) (Con): What assessment he has made of the benefits of increased digital working by the Crown Prosecution Service; and what estimate he has made of potential savings from such changes. [907534]

The Solicitor-General (Mr Robert Buckland): The Crown Prosecution Service (CPS) has made substantial progress in implementing digital working with other criminal justice agencies. Almost all police forces are now transferring over 90% of case files electronically. Savings are being made through business process change and other economies. By 2015-16, the CPS estimates that savings of approximately £30 million per annum will be achieved.

Bob Blackman: Clearly, there are benefits from not losing documents and removing huge piles of paper from cases. What further measures can my hon. and learned Friend take to speed up the process so that the interests of justice are served?

The Solicitor-General: My hon. Friend is right to talk about more measures. That will come through initiatives such as the common platform between the Courts and Tribunals Service and the Crown Prosecution Service,

so that everybody in the courts system is using digital technology. That will achieve real savings in the long term.

Vulnerable Victims and Witnesses

9. **Mr David Hanson** (Delyn) (Lab): What recent discussions he has had with the Director of Public Prosecutions on dealing with vulnerable victims and witnesses. [907535]

The Solicitor-General (Mr Robert Buckland): Measures to support vulnerable victims and witnesses are regularly discussed by the Crown Prosecution Service and the Attorney-General's office. The CPS works closely with the police and the voluntary sector to ensure that vulnerable victims and witnesses are well supported through the criminal justice system. The results of the first national CPS survey of victims and witnesses due in the summer will inform future actions.

Mr Hanson: The Crown Prosecution Service draft document, "Speaking to Witnesses at Court", was published in January, and it is broadly welcome. However, will the Solicitor-General give some reassurance to those who are concerned that it might involve coaching of witnesses?

The Solicitor-General: It is vital that everybody involved in witness care understands the old and well-established rule that witnesses must not be coached. Educating them in the process is absolutely right, but talking about the evidence and trying to coach them in some way would be wholly wrong.

Mr Speaker: Last but not least, I call Peter Bone.

Mr Peter Bone (Wellingborough) (Con): Thank you, Mr Speaker.

Victims of human trafficking are the most vulnerable witnesses that can be had before the courts. Adult victims of human trafficking are looked after very well under the Government's scheme, but child victims are not. Will the Solicitor-General look at ways in which we can improve protection and help for the child victims of human trafficking?

The Solicitor-General: I am grateful to my hon. Friend, whose track record in fighting modern-day slavery is well known to us all. The Crown Prosecution Service has clear guidelines that ask prosecutors to consider very carefully the public interest in prosecuting young people who are identified as victims of human trafficking where there is clear evidence of exploitation. That approach will turn people who used to be regarded as defendants into true victims of modern-day slavery.

Ukraine

12.36 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr Philip Hammond): With permission, Mr Speaker, I would like to make a statement on the situation in Ukraine.

The past month has seen an escalation of violence in the eastern regions of Ukraine. Fighting has been intense around the town of Debaltseve, a strategically important rail and road hub between the cities of Donetsk and Luhansk. The Ukrainians have suffered indiscriminate missile attacks on buses in Donetsk and Volnovakha and on the port city of Mariupol. What is happening on the ground now resembles, to all intents and purposes, a small-scale conventional war. Over 5,000 people have been killed since the crisis began last spring, and over 1.5 million people have been displaced from their homes.

In recent weeks, Russia has aggravated the effects of its initial incursion by stepping up the military support it provides to its proxies. It has transferred hundreds of heavy weapons, including rocket launchers, heavy artillery, tanks and armoured vehicles; and it maintains hundreds of regular soldiers, including special forces, in Ukraine, as well as command and control elements, air defence systems, unmanned aerial vehicles, and electronic warfare systems. The Russian army is also the source of ex-regulars who resign their army posts to fight in Donbass as “volunteers”. The recent escalation in fighting would not have been possible without the military support and strategic direction that Russia provides.

In these circumstances, it is vital that all the countries who have a stake in the rules-based international system remain clear and united against Russian aggression. In Normandy last summer, we agreed with the US and our European partners that the most effective channel of communication with the Kremlin would be through a small group. This is known as the Normandy Format, comprising Germany, France as the host of the Normandy meeting, Ukraine and Russia.

Chancellor Merkel and President Hollande met President Poroshenko in Kiev last Thursday, and President Putin in the Kremlin on Friday. On Saturday, in Munich, I held meetings with Secretary of State Kerry and German Foreign Minister Steinmeier to assess the prospects for a diplomatic resolution of the crisis. On Sunday, the German Chancellor and the French President held a conference call with Poroshenko and Putin, agreeing to meet in the Normandy format in Minsk tomorrow. Their aim is to reach agreement on an implementation plan for the Minsk ceasefire agreements that the Russians entered into last September, updated, as they need to be, to reflect subsequent changes on the ground.

The UK welcomes these efforts to achieve a peaceful resolution of the situation in eastern Ukraine, while remaining sceptical of Russian commitment to such a resolution. It is clear that Putin respects strength, so Britain’s focus has been, and will continue to be, on ensuring that the EU remains robust, resolved and united on the maintenance of economic sanctions, and closely aligned with the US.

The consensus within the European Union that Russia must pay a price for its disregard of the international rules-based system remains strong. Equally, there is a clear consensus that the EU does not, and will not,

recognise Russia’s illegal annexation of Crimea. The emergency EU Foreign Affairs Council on 29 January agreed to roll over all the Crimea-related tier 2 sanctions against individuals and companies. That is another clear sign that the EU remains united in its response to Russian action in Ukraine.

The package of economic sanctions which the European Union and the US has imposed on Russia, coupled with the catastrophic impact on the Russian economy of the decline in the oil price, is a critical element of the pressure on President Putin to change his behaviour. Britain was and remains at the forefront of the successful effort to build and maintain an EU-wide consensus on a sanctions regime on Russia, to the evident surprise and dismay of the Kremlin. Yesterday in Brussels I represented the UK at the EU Foreign Affairs Council, which discussed Ukraine and reconfirmed its decision to apply additional sanctions, but, at the suggestion of the Ukrainian Foreign Minister and as a gesture of support for the political process, decided to delay their entry into force until next Monday. The informal European Council of Heads of State and Government will have further discussions about Ukraine on Thursday.

The crisis has inflicted substantial damage on Ukraine’s economy. The World Bank estimates that it shrank by 8.2% in 2014. Public debt has risen sharply, foreign exchange reserves have fallen and the currency has lost nearly half its value against the US dollar. Ukraine clearly needs support from international partners to stabilise the economy, in return for which it must pursue the reforms to which it has committed under the association agreement with the European Union and the International Monetary Fund programme. Britain is providing £10 million in technical assistance to support economic and governance reforms and the humanitarian effort. The EU will make a substantial contribution to the immediate estimated \$15 billion financing needs of the country, the majority of which will be provided through an IMF-led package.

We shall also continue to work through NATO to offer technical support to the Ukrainian armed forces and reassurance to our eastern NATO allies. At the NATO Wales summit last September, NATO allies sent a strong message to Russia, agreeing to maintain NATO’s long-standing capacity building work in Ukraine by setting up five dedicated trust funds for Ukraine, one of which will be co-led by the UK.

The Wales summit also agreed a readiness action plan to reassure our eastern allies. As part of the package, NATO allies agreed to a new spearhead unit—the very high readiness joint taskforce—within the NATO response force, which, supported by the newly created forward integration units in the Baltic and eastern European states, will be able to deploy at very short notice wherever they are needed.

On 5 February, NATO Defence Ministers agreed the size and scope of that mission. My right hon. Friend the Defence Secretary has announced that the UK will lead the force in 2017 and on a rotational basis thereafter. The UK also made a commitment to contribute to headquarters in Poland and Romania and the six NATO forward integration unit headquarters in the Baltic states, Poland, Romania and Bulgaria. In addition, the UK will contribute four RAF Typhoons to operate alongside Norway in support of the Baltic air policing mission.

The UK also remains a strong supporter of the OSCE's monitoring mission in eastern Ukraine. We have provided funding of more than £2 million, the second largest number of monitors and 10 armoured vehicles to allow monitors to move around dangerous areas in a more secure manner.

Our policy since the start of the crisis has been to supply non-lethal assistance to Ukrainian armed forces, in line with our assessment that there must be a political solution to this crisis. We have increased our defence engagement with Ukraine and are providing additional support on crisis management, anti-corruption, defence reform and strategic communications.

We have offered three members of the Ukrainian armed forces who were wounded in the Donbass life-changing specialist medical assistance in the form of reconstructive surgery at the Queen Elizabeth hospital in Birmingham. We are providing a substantial package of non-lethal equipment to Ukraine, comprising medical kits, winter clothing and equipment, body armour, helmets and fuel. The package is focused on reducing fatalities and casualties among members of the Ukrainian armed forces.

It is a national decision for each country in the NATO alliance to decide whether to supply lethal aid to Ukraine. The UK is not planning to do so, but we reserve the right to keep this position under review. Different members of the alliance take nuanced positions on this question, and are entitled to do so. However, we share a clear understanding that while there is no military solution to this conflict, we could not allow the Ukrainian armed forces to collapse.

By its illegal annexation of Crimea and its destabilising activities in eastern Ukraine, including its direct military support of the separatists, Russia has demonstrated its disregard for international law. It is clear that President Putin respects only strength, and by standing united, using our combined economic muscle to impose significant economic costs on Russia, the international community has shown its determination to rebuff Russia's anachronistic behaviour.

The ball is now firmly in Russia's court. Until we see Russia complying with the terms of the Minsk agreement on the ground—withdrawing troops, stopping the flow of weapons and closing the border—there must be no let-up in the pressure. Fine words in a declaration tomorrow will, of course, be welcome, but we have seen them before. The proof of the pudding will be in actions on the ground. We will monitor the situation carefully, and we will agree to a relaxation of the pressure only when we see clear evidence of changed Russian behaviour and systematic compliance with Russia's obligations under the original Minsk agreement.

Meanwhile, there will be no let-up in our efforts—with the US, in the EU and through NATO—to ensure that Mr Putin hears a clear and consistent message: civilised nations do not behave in the way Russia under Putin has behaved towards Ukraine, and those of us who live by the rules-based international system will be steadfast in defending it against such aggression. I commend this statement to the House.

12.47 pm

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I thank the Foreign Secretary for his statement, and for advance sight of it.

Although the conflict in Ukraine is clearly a geopolitical crisis, it is also a conflict of profound civilian suffering. As the Foreign Secretary has just reminded us, in a neighbouring European state more than 5,000 lives have already been lost, 5 million civilians are living in conflict-affected areas, and nearly 1 million people are internally displaced as a result of the fighting. The House was united in welcoming the Minsk agreement negotiated last year, but even after it was reached, the fighting, although it briefly subsided, did not stop. The situation has yet again deteriorated, with more than 200 civilians killed in the last week of January alone.

President Putin appears to have miscalculated the west's commitment to sustained economic diplomacy. So long as the Russian Government refuse to change course, we must continue with a robust and united international response. With the collapse of the oil price in recent months, the sanctions still hold out the prospect of altering the calculus of risk in President Putin's mind regarding Russian actions in eastern Ukraine.

The Foreign Secretary made it clear that, at the request of the European Foreign Minister, a decision was taken yesterday to delay the implementation of a further set of EU restrictive measures. While credible negotiations are ongoing, all efforts must be focused on ensuring that they are successful. In the absence of an agreed deal this week, however, does the Foreign Secretary believe that new EU restrictive measures, as opposed to simply an extension of existing measures, should be on the table at the upcoming EU Council meeting? In particular, in the absence of meaningful progress tomorrow, will the Prime Minister call for new tier 2 or 3 sanctions when he meets European Union leaders?

In recent days, attention has turned to the question of sending lethal arms to the Ukrainian army. I welcome the Foreign Secretary's reassurance that the UK will continue to work through NATO to offer technical support to the Ukrainian armed forces. This weekend, he said that

"the UK is not planning to supply lethal aid".

He repeated that statement in the House today.

The Foreign Secretary has said:

"Ukrainians can't beat the Russian army",

and that the policy remains "under review" by the UK Government. Given those two statements, will he tell the House in what context he envisages that Britain could decide to export lethal arms to the Ukrainians?

I welcome the recent German and French initiative to help broker an agreement between President Putin and President Poroshenko. Talks in Moscow with Russia, Ukraine, France and Germany were held alongside US Secretary of State Kerry's visit to Kiev, and followed up by Chancellor Merkel's visit to Washington yesterday. Further talks are scheduled in Minsk for tomorrow. The ultimate test is whether these talks are successful in ending the conflict, and it is in that spirit that I ask the Foreign Secretary about the extent of British engagement.

Does the Foreign Secretary agree that given Britain's unique assets and alliances, we could make a key contribution to help ensure that the diplomatic effort is successful? If so, why has the UK chosen to take such a back seat in trying to resolve the crisis? The Foreign Secretary does not need to take my word for that judgment. As General Sir Richard Shirreff—the top

[*Mr Douglas Alexander*]

British commander in NATO until last year—warned last weekend, the Prime Minister is a “foreign policy irrelevance” and a “bit player” on the world stage. When questioned about the former general’s comments, the Foreign Secretary rather flippantly quipped:

“Having a sort of committee of ten traipsing in and out trying to talk to the Russians would simply not be effective”.

I agree with that judgment, but suggestions that Britain’s diplomatic role could only ever be part of a so-called “traipsing committee of 10”, tells us a great deal more about the Foreign Secretary than it does about the United Kingdom.

Does the Foreign Secretary agree that under past Governments of all complexions, Britain has played a leading role in diplomatic negotiations of this sort? In his statement the Foreign Secretary tried to defend the British absence from the latest talks by claiming that the Franco-German leadership role was established in Normandy last year. Nevertheless, whether last year, this year or this month, the decision to exclude Britain, or to be excluded, raises real questions and concerns on the Opposition Benches. Can the Foreign Secretary offer any more hope that Britain in the months ahead—unlike in past months—will be an active, engaged and influential part of efforts to resolve the crisis?

The starting point surely must be to remain on guard against Russia’s efforts to find and exploit weaknesses among its European neighbours. Some European states have, of course, been weakened by recession and are vulnerable to subversion, subsidy and corruption, but the challenge is surely to sustain western unity in advancing robust economic diplomacy, while continuing with a more engaged effort to find a resolution to the crisis. If that is the approach of the British Government in the months ahead, they will have our support.

Mr Hammond: Despite the slightly churlish remarks towards the end of his remarks, I welcome the right hon. Gentleman’s generally supportive approach to this issue, and he is right that Vladimir Putin evidently miscalculated the resolve of the international community to stand firm on this issue. That resolve did not appear without prompting, however, and required a lot of consensus building. Candidly, I will say also that the catalyst of the destruction of Malaysia Airways flight MH17 pulled some of, shall we say, the weaker brethren into line, and ensured a clear and robust alliance on this issue. In particular, the UK and the Netherlands can claim credit for having been key elements in stiffening resolve in that crucial European Council meeting last July.

The right hon. Gentleman asked a sensible question about new restrictive measures, and our priority will be to achieve an early roll-over of the tier 3 sanctions. The package of tier 3 sanctions is due to expire at the end of July, and the strongest possible signal that could be sent to the Kremlin would be an early decision to extend that sanctions period, perhaps to the end of 2015. The Kremlin’s knowledge that sanctions will continue, and—most importantly—that it will not have the leverage point of the EU, at 28 member states, having to re-agree a consensus to renew them, removes a lot of its incentives for mischief making, so that will be our priority. I expect that tomorrow, if matters have not progressed or

there is bad news from Minsk, the European Council will task the European External Action Service to scope options for further sanctions.

A number of perfectly robust allies are now beginning to be slightly concerned about the scale of damage being inflicted on Russia’s economy. We want to hurt the Russians and we want them to pay a price for their aggression in Ukraine, but we do not want the Russian economy to collapse. There is now a concern about the scale of damage being inflicted.

The right hon. Gentleman asked me to clarify the position on lethal aid. He is right to say that Ukraine cannot beat the Russian army—it does not have the scale of forces, and the Russian army has enormous reserves that it could potentially throw into the conflict. He asked about the circumstances in which we would supply lethal aid, but we have not defined those circumstances. All I have said is that we will not rule out the possibility of supplying lethal aid, and we want to reserve the right to review that position. In my statement I said clearly that we cannot afford to see the Ukrainian army collapse, so perhaps he will take from that a steer as to where our thinking lies.

The right hon. Gentleman asked about the UK contribution to the diplomatic effort, and there are two strands to that. There is a forward strand that includes discussions with the Ukrainians and the Russians. In my judgment—being perfectly objective about this and not waving a little flag for the sake of it—the German Chancellor is in the best position to conduct such discussions with the Kremlin. She has channels open with the Kremlin that we, the Americans, and others do not have.

The right hon. Gentleman asked about opening out the Normandy process, but if we were to open out that grouping—it is currently four: Russia, Ukraine, Germany and France—we would not be able just to insert the UK but would have to widen that group quite significantly. The United States, naturally, would say, “Well, if the UK is going to join, we must have a seat,” and other European Union partners would also expect to be present, most obviously Poland and Italy. We would therefore have a significantly wider group, and our judgment is that for this phase of the process, maintaining that Normandy format is the best way forward.

The second strand of diplomatic activity is behind-the-scenes activity to hold together the European Union consensus and ensure that the EU is aligned with the US, Australia, Japan and other partners. That is a significant diplomatic-legwork task—unglamorous but vital—and I assure the right hon. Gentleman that the UK has played a leading role in designing the sanctions packages, identifying the individuals, companies and sectors to be targeted by sanctions, and building and maintaining consensus in Brussels and around the capitals of Europe. General Sir Richard Shirreff says that the Prime Minister is a “diplomatic irrelevance”, but I suggest that perhaps he should consider carefully the meaning of the word “irrelevance” and where it might best be applied.

The right hon. Gentleman talked about Russian coercion and the energy exposure of the European Union to Russian pressure, all of which we are acutely aware of. There is also Russian corruption and the influence of Russian money in the politics of some Balkan countries—even now, one party in the recent Bulgarian general

election launched its manifesto in the Kremlin, which may provide a clue, and we are acutely aware of all those things. Europe must make itself more resilient against Russian influence, and that is an important part of the agenda going forward.

Sir Malcolm Rifkind (Kensington) (Con): The Foreign Secretary and I were both at the Munich security conference when Chancellor Merkel explained her position and her opposition to helping with military assistance to the Ukrainians on the grounds that, even with that assistance, Ukraine would not be able to defeat the Russians. The Foreign Secretary has repeated that observation today, but may I respectfully suggest that that is missing the point? The question at issue is not whether the Ukrainians could defeat the Russians—of course they could not. At the moment, however, as the Foreign Secretary has pointed out, the Russians are flooding in a whole supply of military equipment—heavy weapons, rocket launchers, heavy artillery, tanks and armoured vehicles—to their supporters in Donetsk and Luhansk. If the Ukrainians are deprived of the military means to defend their territory, that matter will be resolved in the next few weeks. It will be no use coming to the aid of the Ukrainian army when it has already been defeated and when the territory controlled by the Russians has greatly expanded. At this stage, the objective must surely be to impress upon President Putin that Ukraine will be able to defend itself, and therefore that, if the Russians try to resolve the matter by military means, it will take not days or weeks, but months. Against that background, would there not be a much greater likelihood that President Putin would also see the inevitable need for a political and not a military solution?

Mr Hammond: I am afraid that my right hon. and learned Friend and I will probably have to agree to disagree on that. The position is this: if Russia was intending to make a full-scale military push into Ukraine, it has the forces available to do it. Approximately 10,000 Russian forces are along the border with eastern Ukraine, and it has sophisticated weaponry in large quantities and air forces that could be mobilised. The Russians are already able to do that.

We judge that the intervention the Kremlin is making is carefully calculated to improve the position of the separatists on the ground and to apply pressure to the Ukrainian regime, but there has not so far been a wholesale land grab—it has been the consolidating of separatists' positions. We judge that the Ukrainian army at the moment is able to hold the line and that, broadly speaking, it is doing so.

I have said that we will reserve the right to keep under review the question of supplying lethal aid. As my right hon. and learned Friend very well knows, many in the United States are debating openly whether a large package of military equipment assistance should be provided to Ukraine. That would clearly change the parameters of the debate. We are watching that debate very closely.

Mr Jack Straw (Blackburn) (Lab): The right hon. Gentleman said in his statement that it was a national decision for each country in the NATO alliance whether to supply lethal aid to Ukraine. He is absolutely right—that is a matter of fact—but does he accept that this cannot be left to unilateral decisions by individual countries?

The Russians, for certain, would regard any provision of lethal aid—I certainly do not rule that out in certain circumstances—as a consequence of collective decision making within NATO and seek to respond in a similar way.

While accepting the reality the Foreign Secretary describes—it is a national decision—what efforts is he making to ensure that there is some co-ordination, not least so that we do not end up with a situation in which, within the NATO alliance, two policies are being pursued, which the Russians would skilfully exploit?

Mr Hammond: I am afraid that the reality is that, if the United States decides to supply lethal aid, there will be two policies within the NATO alliance, because the German Chancellor could not have been clearer about her position, which she set out on Saturday, as my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) said. This is a matter for individual national Government decision, and individual countries will make their own decisions. As far as I am aware, no countries within the NATO alliance apart from the United States are actively contemplating the supply of lethal assistance to the Ukrainians.

Mr Kenneth Clarke (Rushcliffe) (Con): Will my right hon. Friend stick to his opinion that, however well trained and equipped the Ukrainian army is, it is inconceivable that it could resist the Russian army, or even slow it down significantly, so long as President Putin determined that he was going to put in the necessary resources? Does my right hon. Friend therefore agree that the British contribution must be to remain resolute and comparatively hawkish on stepping up economic sanctions if Putin maintains his present stance of military aggression, because the President of Russia cannot protect himself against economic sanctions, and it is the only reasonable response we can make?

Mr Hammond: I agree with my right hon. and learned Friend. That is indeed the role we have defined for ourselves, being the most forward-leaning partner within the European Union, urging, cajoling and persuading the others about the need to remain robust. When I say that we are the most forward-leaning country, I mean that we are the most forward-leaning large country—some of our small Baltic partners are very much forward leaning on this issue.

The underlying truth is this: hon. Members know, and the history of the Soviet Union reminds us, that, in the end, we cannot ignore the economics. Russia spends something like 20% of its GDP on defence and security. That is unsustainable in the long term. A small and shrinking economy—it is much smaller than the UK economy—attached to a very large military force is ultimately an unsustainable and unstable situation.

Mr Peter Hain (Neath) (Lab): I agree with much of what the Foreign Secretary says, including that President Putin is a calculating, ruthless and lethal authoritarian. Does not the whole crisis spring from the failure after the cold war ended to establish a common European security system to which Russia felt attached? Instead, there has been a kind of cold peace. Surely the way forward is a negotiated solution, or an attempt at one,

[*Mr Peter Hain*]

in which there are limits to NATO expansion and European Union expansion in return for an end to Russian aggression.

Mr Hammond: The situation is that, after the cold war, when 19 ex-Soviet republics, or whatever it was, liberated themselves from the Soviet Union and became independent countries able to set their own path in the world, we sought to build a normal relationship with Russia—one in which Russia would join the community of nations and become richer and more normalised, and one in which the Russian people were able to become more prosperous. President Putin has chosen to set his face against that future and to hark backwards to the Soviet Union or perhaps to the Russian empire. We should remember that he is on public record as saying that the collapse of the Soviet Union was the worst disaster of the 20th century. Many of us would think it was one of the great achievements of the 20th century.

I do not think we can compromise with somebody whose avowed intention is to exercise control over independent neighbouring countries in such a way that they cannot determine their own future, whether that is a future aligned with the European Union and NATO or a future aligned with Russia and other allies. That must be for those people in those independent countries to choose for themselves.

Martin Horwood (Cheltenham) (LD): I strongly welcome the clarity of the Foreign Secretary's statement and his commitment to a united European response to the invasion. Does he agree that it is vital to pursue the diplomatic path, but equally important to ensure that diplomacy does not simply provide the space and time for the great chess player Putin to weaken Ukraine, regroup and attack again at a later date?

Mr Hammond: That is the great risk—that the Russian objective is simply to achieve a frozen conflict, and a situation in which, de facto, Russia exercises very extensive leverage over Ukraine, and Ukraine operates not as a truly independent sovereign nation, but as a semi-independent nation. We have seen Russian attempts elsewhere to manage frozen conflicts.

I sometimes think that one of the diseases we suffer from in the west is tidy-mindedness. We tend to think of conflicts such as this one as things that have to be solved and that have to have an end. I suspect that the mindset in the Kremlin is that the Russians can have any number of those conflicts, and that they can remain open, simmering for ever. That would suit them quite nicely.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): It sounds to me as if President Putin is getting exactly what he wants. The right hon. and learned Member for Kensington (Sir Malcolm Rifkind) was absolutely right. I was at Munich, too. Not only was it obvious that the UK's views were utterly irrelevant—nobody in the room asked what the United Kingdom thought—but it was clear that Chancellor Merkel was not going to arm the Ukrainians. More remarkably, she did not mention the possibility of further sanctions. The Secretary of State

said that we should not weaken Russia any further. It seems to me that we are not supplying arms and not applying any more serious sanctions, with the explanation that that would destabilise Russia even further. If so, Putin will have got what he wanted.

Mr Hammond: No. If the existing sanctions are rolled over for a further period, the pressure on Russia will be maintained. It is not the case that we have imposed a bunch of sanctions that are not having any effect, and now we should be asking whether we should impose more. We have imposed a bunch of sanctions. Alongside the declining oil price the absence of access to the capital markets is having a crippling impact on Russia.

While the hon. Lady was listening to Mrs Merkel in the room at Munich, I was talking to the Iranian Foreign Minister, so I did not listen to the speech, but I spoke to the German Foreign Minister afterwards. We are actively discussing the maintenance and extension of the sanctions regime with the Germans. Of course, they want to explore the opportunity that tomorrow's meeting, if it goes ahead, might offer, but the Germans, and the German Chancery in particular, are robust. They have been admirably robust on the case for maintaining sanctions.

Sir Gerald Howarth (Aldershot) (Con): This is a very serious and growing crisis. As my right hon. Friend knows, I have consistently warned that Russia plans to complete its illegal annexation of Crimea by forming a land link. Are Her Majesty's Government content for that to happen? If not, at what point do we exercise that demonstration of strength, which the Foreign Secretary mentioned Mr Putin respects, to show we are no longer prepared to see him completely redraw the boundaries of Europe?

Mr Hammond: Sometimes we underestimate the influence that we have collectively. If Russia wanted to force a land link to the Crimea, it easily has the military capability in the area to do so and would have done so some time ago. However, it understands clearly that there would be a significantly higher price to pay. In circumstances where it is already suffering very significant impacts from the international response to its behaviour, it has shown no inclination to use the military capability it has in the area to achieve that objective.

Angus Robertson (Moray) (SNP): We wish Chancellor Merkel and President Hollande well in their search for peace. I personally wish my constituents from RAF Lossiemouth well. They have been deployed to the Baltic as part of the air policing mission. In the past few years, the Russians have been restructuring their armed forces around professional personnel and units that are deployable, based entirely around deployable personnel. What analysis has been done by the UK Government on the reports that have emerged in recent days that the Russians are extending the period in which their conscripts are being made to serve, and what impact that may have on the situation in Ukraine?

Mr Hammond: I am not aware of any specific analysis relating to the Russian decision on the conscription period. I suspect that that may reflect a demographic challenge that the Russian Federation faces. It has a

dramatically ageing population and it is clear that maintaining force numbers when there are declining cohorts of young men will be a challenge. However, the hon. Gentleman is absolutely right. The Russian military has been modernising and professionalising itself. There are now two parts to the Russian armed forces: a mass conscript body and an elite professional force. In our military planning, we need to be conscious of that evolution.

Dr Julian Lewis (New Forest East) (Con): NATO was formed originally so that no aggressor could try to pick off one country after another without knowing that he would immediately be at war with the major powers. Is it not vital that we maintain the distinction between NATO countries and non-NATO countries? Is not the best way to reinforce the impression of the strength of NATO to give an open-ended commitment in future, as we have in the past, that we will spend 2% of GDP—the NATO recommended minimum on defence?

Mr Hammond: As my hon. Friend knows, at the Wales summit all NATO partners signed up either to maintaining that level, for those who are already spending 2% of GDP on defence, or to making progress towards achieving that level. My hon. Friend is absolutely right that the cornerstone of our security in the UK is the article 5 guarantee. Our allies and partners in the Baltic states are acutely conscious that their position is different from that of Ukraine, simply because they are inside NATO and benefit from the article 5 guarantee. He is absolutely right that we need to maintain the clear distinction between the guarantee that we extend to NATO, which is absolute, and the opprobrium we heap on those who launch the kind of attacks we have seen on non-NATO members, but we will deal with attacks on non-NATO members in a different way from attacks on NATO members.

Mike Gapes (Ilford South) (Lab/Co-op): The commitments to give support to the front-line states in the Baltic and Romania, Poland and Bulgaria, and very firmly to enforce and maintain article 5 are absolutely vital at this time. Can it be made absolutely clear to the British public that we are in a very, very potentially dangerous situation given the pattern of Russia's behaviour—Georgia, the frozen conflict in Transnistria and behaviour towards Armenia in trying to get it away from the European Union—and that we face a fundamental problem here unless there is a change of behaviour by Putin?

Mr Hammond: I agree with the hon. Gentleman. I am almost sick of hearing myself say it, but this is not just a Ukraine problem. This is a Russia problem. Even if the problem in Ukraine solved itself tomorrow, we would still have a Russia problem. Other former Soviet Union republics are looking nervously at the scope for Russian intervention or interference in their affairs. The disappointment is that public opinion, neither in the UK nor in other EU countries, appears to have understood the significance of this threat. I was personally hoping that the events in the Crimea and the threat to gas supplies might have galvanised German public opinion into feeling willing to support a more forward-leaning German response on strategic and defence matters, but the opinion polling suggests that have attitudes have

hardly moved at all since the incursion in Ukraine. Hopefully, we can have a cross-party consensus to alert public opinion to the significance of this challenge to the established international order.

Mr John Whittingdale (Maldon) (Con): Does my right hon. Friend agree that, while the immediate priority must be to try to stop the bloodshed in eastern Ukraine, if Ukraine is to have a future and avoid complete financial collapse it will require an international bail-out on a scale that is not yet under discussion, as well as very urgent political and economic reform to deal with the endemic corruption at every level throughout the country?

Mr Hammond: I am grateful to my hon. Friend and I thank him for the important work his all-party group on Ukraine does to maintain Anglo-Ukrainian relations. He is right that Ukraine is going to need massive international support, but it cannot be delivered unconditionally. We cannot pour the money of our taxpayers and our international financial institutions into the sink of corruption that is, frankly, the Ukrainian economy at the moment. Ukraine has to make progress on sorting out the endemic corruption if we are to be able to support it towards a better economic future.

Jeremy Corbyn (Islington North) (Lab): I thank the Foreign Secretary for his statement. I wish the summit well and hope some good comes out of it. May I take him back to the answer he gave to my right hon. Friend the Member for Neath (Mr Hain)? There is an issue that goes back to the early 1990s, when there was an agreement that Ukraine would become independent and non-aligned—it would not join NATO. In return, Russia would respect its neutrality and divest itself of nuclear weapons. That was a very good statement and very good progress. Does he not think that there would be a better chance of reaching some kind of agreement with Russia if there was a clearer statement that NATO does not intend to expand into Ukraine, and that in return Russia should withdraw from its border regions, so that we do not build up to two huge armed forces meeting in central Europe yet again?

Mr Hammond: On that last point—two huge armed forces meeting in central Europe—the hon. Gentleman will know that NATO has refrained from stationing non-national NATO troops in the front-line new NATO member states precisely to avoid that build-up. It is part of the Russia-NATO agreement to avoid that build-up of forces in a confrontational way. I am personally rather reluctant to dictate to independent third countries what they can and cannot do. I think Ukraine is perfectly entitled to aspire to membership of the EU or NATO if it chooses to do so. However, it is very, very clear that membership of either organisation would be many, many years away. Ukraine would have a huge amount of work to do before it was ready for membership of either organisation.

Duncan Hames (Chippenham) (LD): I welcome the Foreign Secretary's clear articulation of the economic limits to Russia's stance, but what is his assessment of the economic impact on Ukraine's ability to sustain its position and the period of conflict with Putin's proxies?

Mr Hammond: The Ukrainian Government are facing significant financial constraints. As the hon. Gentleman will know, they entered a Government-to-Government agreement on the supply of gas from Russia that required them to prepay and clear some old gas debts. That is why we are focused, alongside the strategic channel, on facilitating the \$15 billion facility from the IMF, to which the EU will contribute \$2.3 billion. That will give the Ukrainians some breathing space. They have to get their economy in order, deal with the corruption issues and make essential reforms, and if they do so, \$15 billion will not be the last of it; it will be the first instalment of an ongoing support programme for the country.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Does the Foreign Secretary agree that the guarantee of peace in Europe and the world has been largely based on a strong EU and NATO and the strong defence capacity of this country? Does he believe that the reason some people say we are peripheral to the main foreign policy discussions in Ukraine at the moment has been the weakness of our support for the EU and NATO and the fact that we have had to be begged by President Obama not to run down our military forces any further?

Mr Hammond: I shall take that question in two parts. I agree with the first part. It is important that we have a strong EU response. We have already demonstrated, in relation to Iran, that the economic weapon can be a hugely important strategic tool. The EU and the US together represent about 46% of the world's GDP, so if they align to impose economic sanctions on a third party, they will have an impact. We have shown that that is an important strategic weapon. NATO, of course, remains the cornerstone of our hard defence, and we must maintain the strength of that organisation, including by maintaining European NATO members' level of defence spending in order to make a fair contribution and balance that of the US.

It is simply not true, however, that we are peripheral in this debate. It is true that we are not leading the discussions with Mr Putin. Mrs Merkel talks to him in Russian, and he talks to her in German; they have common languages and communicate with each other. We should use the best channel available, and that communication channel is the best available for that part of the task. We, on the other hand, are focusing on maintaining the backbone of the EU. Any of my EU colleagues who have been present in the Foreign Affairs Council meetings will confirm that we have been boringly insistent on the need to maintain these sanctions, however long the discussions take. We cannot afford casually to reduce our stance, because the Russians will take any sign of weakness or division, and open it out in a way that will be fatal to our position.

Sir Edward Leigh (Gainsborough) (Con): With respect to my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind), there is no point making war-like noises unless we are prepared to engage in war and see our sons and daughters die. The reason European public opinion is so relaxed is that we do not have a great stake in this matter. We talk about, "Putin this, Putin that", but it is not just him; the overwhelming majority of Russians believe, for better or worse, that

eastern Ukraine is inhabited by Russians who want to be autonomous and for centuries have been associated with Russia. If we go down the route advocated by my right hon. and learned Friend, we will have war without end. Russia could be in Kiev within four days. Surely we should support the present Foreign Secretary and the German Chancellor in trying to find a peaceful solution based on an autonomous eastern Ukraine.

Mr Hammond: My hon. Friend could hardly expect me to disagree with that last sentiment. His point about Russian public opinion is, of course, true. Sadly, nationalism is easy to whip up, and at the moment Mr Putin is riding on a tide of nationalist sentiment, but as we move through 2015 and the consequences of his actions begin to bite on Russian consumers—let us remember that the entire burden of the economic sanctions and the decline in the oil price is effectively being transferred to Russian consumers in the depreciation of the rouble—they will find life getting very difficult, and I suggest that such a level of public support might not last.

Mr Frank Roy (Motherwell and Wishaw) (Lab): There are many thousands of Ukrainians and people of Ukrainian descent living in all parts of the UK, and obviously they are becoming ever more worried for the safety of their family and friends. Will the Foreign Secretary ensure that the UK-based Ukrainian organisations can make representations to the Foreign Office and will be kept informed as the situation unfolds?

Mr Hammond: Yes, I assure the hon. Gentleman that they do make representations to the Foreign Office, and of course we take them into account. I should be clear, however, that we have excellent communications with the Ukrainian authorities. I met the President and the Foreign Minister of Ukraine the week before last at the Auschwitz commemorations. We have regular dialogue with them, and they are hugely active in their engagement with the EU and hugely appreciative of how we collectively have responded to their plight.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Will my right hon. Friend describe what he thinks a successful outcome to the French and German-led talks with Russia would look like? Would it involve the de facto partition of Ukraine, and how would that be anything else than a permanent reward for Russian aggression?

Mr Hammond: No, a good outcome would not look like that. It would look like an agreement to a ceasefire and a withdrawal from the current lines of contact, along the lines already suggested, and not just an agreement to its happening tomorrow, but evidence by the end of the week that Russian forces were pulling back; it would look like an agreement on the effective policing of the Russian-Ukrainian border so that once Russian equipment had moved back across the border into Russia, there was an effective, transparent regime for monitoring further equipment crossing the border; and it would look like an explicit withdrawal of Russian support for and endorsement of the separatist forces.

Mr Christopher Chope (Christchurch) (Con): If it does not look like that, what will happen? It is clear already that Russia denies it even has troops in eastern

Ukraine, and the Speaker of the Duma denied at the recent meeting of the Parliamentary Assembly of the Council of Europe that Russia was even a party to the Minsk agreement and protocol, saying it was a mere bystander. What will happen? Russia could be playing for time, and in the meantime the frozen conflict is increasing. What will my right hon. Friend do to ensure that something happens? For starters, how about expelling Russia from the Council of Europe for being in breach of its statutes?

Mr Hammond: We do not know the Russian game plan—one difficulty is the absence of a debate about this in Russia; it is one man making all the decisions. We do not know whether Mr Putin has agreed to this process over the last few days because he has seen the light, understood the pressure on him and genuinely wants to find a solution, or because there is an EU Council meeting on Thursday. Traditionally, his tactic has been to ramp up the rhetoric of peace ahead of Council meetings, and then to drop it like a stone afterwards. In response to my hon. Friend's specific question, however, the single most effective measure we could take to signal our continued displeasure at the failure of this initiative would be to extend the tier 3 sanctions to the end of 2015. That would send a clear message to the Russians.

Sir Oliver Heald (North East Hertfordshire) (Con): Does my right hon. Friend agree that there is an opportunity for peace at present, and that by suspending further sanctions, having Chancellor Merkel, who understands Russian interests, negotiating, and not at this stage reinforcing the Ukrainians, rather than proceeding with further economic pressure, particular given Russia's circumstances at the moment, there is the chance of an honourable peace that the Russians would be wise to accept?

Mr Hammond: My hon. and learned Friend is right. The key term is that there is a chance for "an honourable peace". We understand that face will be important to Mr Putin. The German Chancellor grew up in East Germany under Russian control, so she understands the Russian mentality and how to engage with the Russians to try to reach a constructive solution. I am optimistic that we may see something coming from these discussions, but I will not believe it until I see it being delivered on the ground.

David Tredinnick (Bosworth) (Con): Is my right hon. Friend aware that President Putin's grievances with the west can be traced back to the comments of the US Secretary of State James Baker at the time of the negotiations over the reunification of Germany, when he categorically said that there would be "no extension of NATO's jurisdiction or NATO's forces one inch to the East".

Having gone to Moscow and met President Yeltsin with John Major, at his request when he was Prime Minister, and having personally talked to President Gorbachev in Moscow, I tell my right hon. Friend that I think we completely underestimate Russia's security concerns about its insecurity. The very minimum we are going to need for a negotiated settlement is a land corridor to Crimea, which most Russians believe to be part of Russia—whatever administrative changes President Khrushchev introduced.

Mr Hammond: I do not underestimate Russian paranoia, as Russia's fears of encirclement are an historical phenomenon. Living as we do in a free, democratic NATO member state, we all know that NATO represents no offensive threat to anyone. That is not the way NATO works. It would be inconceivable that public opinion in the NATO countries could be persuaded to support any kind of offensive action against a peaceful neighbour. So Russia has nothing to fear from NATO. As for a land corridor, I have to say to my hon. Friend that I do not think it is our business to sit here discussing whether bits of the Ukraine's sovereign territory should be given away to a foreign power. If the Ukrainians want to negotiate territory with the Russians, it is of course their prerogative to do so, but it is certainly not for us to do.

Mr Jonathan Djanogly (Huntingdon) (Con): I personally would support further immediate economic sanctions led by the EU, but, whatever happens there, for how much longer can we in this country allow Russian nationals to have the benefit of secure and fine living here and to enjoy our banking facilities, for example, while their country wages war and terrorises people on our own continent?

Mr Hammond: Many Russians living in this country are not exactly friends of the current regime. Indeed, some of them live in pretty much permanent fear of the long arm of the current regime, so I do not think we should tar all Russians with the same brush. We need to be clear that while we have a fundamental disagreement with Mr Putin's Government, we do not have a fundamental disagreement with the people of Russia. In the medium to long term, we must want to see Russia joining the international community of nations, becoming a normalised economy and the Russian population getting richer, more integrated and freer as the populations of the eastern European countries that lived under the Soviet yoke for so long have now done.

Richard Drax (South Dorset) (Con): I agree with my right hon. Friend that a full-scale invasion could be mounted by Russia if she wanted to—she has the resources and there is nothing we could do about it. Her policy is "softly, softly catchee monkey"—not full-scale invasion, which would of course alert NATO, whose reaction to that would be far more aggressive than it has been to date. I agree, too, that jaw-jaw is better than war-war. However, there surely comes a time when the jaw-jaw no longer works, and we have to ensure that NATO's counter-measures are up to the standard to meet such a threat. Let me reiterate a point made by my hon. Friend the Member for New Forest East (Dr Lewis) that we in this country and the rest of NATO must meet this minimum 2% commitment to NATO. I hope my right hon. Friend can tell us today that this will be in our manifesto for the general election.

Mr Hammond: It is not my role to write the election manifesto for the Conservative party, and still less to announce the details of it from this Dispatch Box today. I have a certain degree of sympathy for what my hon. Friend says, as he will be well aware. It is essential to maintain our defences against Russia's asymmetric aggression, but it is also important to understand that economic sanctions are now a weapon in our toolbox

[Mr Philip Hammond]

alongside military forces. We have used them against Iran, and we are using them in respect of Ukraine. They are part of the new pattern of asymmetric warfare. We should hone and nurture these sanctions so that we can use them effectively in the future.

Henry Smith (Crawley) (Con): I welcome my right hon. Friend's statement. What discussions have taken place with Latvia, which currently has the presidency of the EU and indeed is a Baltic neighbour of Russia and former Soviet republic?

Mr Hammond: We have excellent relationships with our Latvian counterparts. I recently visited Latvia because it holds the current presidency. Various UK Ministers will be in Riga over the course of the next weeks and months. I had a discussion in Brussels yesterday with the Latvian Foreign Minister. As one of the Baltic states, Latvia is quite forward leaning on these issues, but in its role as EU president it takes a more measured position, stewarding the EU. We have good relations; we well understand the Latvian position; we greatly appreciate the insight that its knowledge of its Russian neighbour allows us.

David Morris (Morecambe and Lunesdale) (Con): It seems to me that the current sanctions are having a limited effect in halting the incursions into Ukraine. What will happen if these current sanctions fail? Further sanctions are implied, so what would those sanctions look like?

Mr Hammond: We have two levels of sanctions in place at the moment. We have sanctions targeted on individuals and companies—named individuals and companies—that include asset freezes, travel bans and so forth. Then we have the tier 3 sanctions, which are sectoral. These impose prohibitions on the export of goods and on trade with certain sectors of the Russian economy. In particular, there is an exclusion of Russian institutions, public and private, from the capital markets of the free world. We could clearly extend both lists if we chose to do so. We have to make a judgment about the balance of economic harm. There are costs to us as well as costs to Russia, so we need to target our sanctions carefully to make sure that the balance of harm is to the disadvantage of the Russians.

Tuition Fee (Transparency and Accountability)

Motion for leave to bring in a Bill (Standing Order No. 23)

1.37 pm

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): I beg to move,

That leave be given to bring in a Bill to require universities to report to those paying tuition fees on how those fees are treated and spent; and for connected purposes.

The aim is that letters should be sent by vice-chancellors and governors explaining in detail how they spend their students' tuition fees. We have to remember that students are the universities' clients and customers. They are paying a significant amount of money to receive a service. I firmly believe that students deserve accountability from their institutions.

As you know, Mr Speaker, Plymouth is the largest urban conurbation west of Bristol, with a population of 256,384, and it is a significant seat for higher education. Its institutions include Plymouth university, Plymouth college of art and the university of St Mark and St John, commonly known as Marjon. Plymouth university also includes the Peninsula school of medicine and dentistry, but this is split between Plymouth and Exeter universities, with a total of 1,500 students. The Plymouth sites are shared between my constituency and Plymouth, Moor View, which is represented by the shadow Minister for Defence, the hon. Member for Plymouth, Moor View (Alison Seabeck).

Plymouth university is the 15th largest university in the UK, with over 28,625 full and part-time students, including the medical students. I understand that 50% of Plymouth university's income comes from tuition fees. Plymouth college of art, which is soon to become a university, caters for about 1,500 students. Marjon, also in the Moor View seat, caters for 2,665 students. The total undergraduate and graduate student population within Plymouth is 32,790—just below 13% of the city's population.

I am very conscious that students in England are paying up to £9,000 a year in tuition fees, and that the vast majority must rely on student loans. It should be borne in mind that the Bill would not affect students in Scotland, Northern Ireland and Wales, where university policy is devolved. I tabled it because I believe that accountability is essential, and that all university students throughout England should be allowed to know how their money is spent, including the money spent on development, facilities and staffing.

In last year's annual grant letter, my right hon. Friends the Secretary of State for Business, Innovation and Skills and my right hon. Friend the Member for Havant (Mr Willetts), who was then Minister for Universities and Science, expressed concern about the substantial upward drift of the salaries of some top managements at our universities. I believe that if universities were more accountable to their students, they would ensure that they could justify that expenditure. According to Times Higher Education, the best-paid 10 vice-chancellors of English universities earned between £365,432 and £480,000 in 2012-13. I am delighted to report that none of Plymouth's universities features in the top 10. Members

may wish to compare those academic fat cats' salaries with the £142,500—including his parliamentary salary—that I understand the Prime Minister earns for running the whole country, rather than just one university. Needless to say, those amounts do not include any redundancy money that might have had to be paid. Last year, one university paid 25 members of staff more than £100,000, despite having spent £3.9 million on redundancy and restructuring costs.

I am convinced that if students keep an eagle eye on what university managements are spending, the institutions will be forced to make better use of the considerable funds with which their student populations provide them. I therefore propose that all university governors and vice-chancellors should not only send every student who is paying tuition fees a detailed letter—as the Chancellor of the Exchequer has begun to do for taxpayers—but give students an opportunity to question how the money is being spent. This Government have taken the lead in putting transparency, openness and accountability at the heart of this parliamentary term, and the English universities should follow.

Question put and agreed to.

Ordered,

That Oliver Colvile, John McDonnell, Chris Heaton-Harris, Chloe Smith, Mark Garnier, Jonathan Evans, Mr Andrew Turner, Philip Davies, Mr Brian Binley, Mr Andrew Love, Sheryll Murray and Mr Brooks Newmark present the Bill.

Oliver Colvile accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 27 March and to be printed (Bill 173).

Police

1.44 pm

The Minister for Policing, Criminal Justice and Victims (Mike Penning): I beg to move,

That the Police Grant Report (England and Wales) for 2015–16 (HC 930), which was laid before this House on 4 February, be approved.

I announced that the provisional police grant report had been laid before the House in a written ministerial statement on 17 December, so that there would be plenty of opportunity for it to be read and analysed before today's debate.

It is an honour and a privilege to be the Minister responsible for what I often say—and I should often say—is the greatest police force in the world, and it is a great honour to be here today. Policemen and women, and back-room staff, do a fantastic job for us every day, keeping us safe in our homes and tackling crime. I now want to outline the way in which policing has been transformed under this coalition Government in the last four and a half years, and to describe the fantastic work that the police are doing and the innovation that we are seeing on a daily basis. The funding settlement reflects the difficult economic times that we are still experiencing as a result of what we inherited from the last Government, but the police have done a simply fantastic job in reducing crime by 20% over those four and half years, and I think that the whole House should applaud them for that.

The police have been responsible for some unbelievable achievements in the United Kingdom. I am thinking of, for instance, the G8 summit which was held in Lough Erne, in Northern Ireland, when I was Northern Ireland Minister of State. I know that it is not relevant to today's debate, but I have to say that that excellent summit could never have taken place without the mutual aid provided by police forces that came to Northern Ireland from all over Great Britain to provide their assistance. Last September, that same mutual aid was an integral part of the NATO summit in Wales. I also pay tribute to the members of the intelligence services who ensured that we were safe at those summits, and who keep us safe on a daily basis.

Reforms have been made in difficult economic times during which the funding for our forces has been cut, and I believe that some of the innovation that we have seen would not have been possible had it not been for those difficult times. I recently had the privilege of visiting Hampshire, where I met the police and crime commissioner, the chief constable, and many of the officers who are doing such a fantastic job in the county. I was amazed to discover that what I, an ex-fireman, had assumed was a fire station was actually a joint fire and police station, something that I had not seen before. The two forces had come together to share their facilities and keep their costs down. I went to the police building at the bottom of the old-fashioned drill yard—as a former fireman, I still call it that—and met members of the armed response unit and officers who were based at the fire station as part of Hampshire's police authority.

Sir George Young (North West Hampshire) (Con): I entirely agree with what my right hon. Friend is saying about the Hampshire police force, which is one of the

[*Sir George Young*]

most efficient forces in the country, but which receives one of the lowest per capita grants. Will he ensure, as he reviews the formula, that authorities such as Hampshire are not penalised for being efficient?

Mike Penning: My right hon. Friend has raised an important point, which I discussed in depth with the chief constable and the PCC, Simon Hayes, during my visit. The 2016-17 formula is under review. As I would expect, a great deal of discussion and negotiation is taking place, involving chief constables, Members of Parliament and PCCs around the country who are all trying to make their case. I emphasise that they should be sure to submit their views to the consultation so that we can examine carefully the way in which the original formula was drawn up. I am determined that the new formula should not merely tweak the old one, and should represent the type of policing that we need in England and Wales today.

I wish not merely to echo what has been said by my right hon. Friend, but to pay tribute to the front-line officers in Hampshire, and to the bravery of one of them in particular. A uniformed female sergeant whom I met had been beaten so severely that she had become unconscious, after about the third time that her head was banged on the kerb. We know that her head hit the kerb about six more times, because the body-worn camera that has been piloted so brilliantly in Hampshire provided the evidence, and the person responsible then got the conviction that that person deserved. It was a real pleasure to see that brave officer back in uniform and back on the front line.

Sarah Newton (Truro and Falmouth) (Con): Police officers in Devon and Cornwall are doing a great job with fewer resources, and I am very pleased to hear about the review of the funding formula. Can my right hon. Friend assure me about the costs of policing tourism and students? We are very pleased to have universities in my constituency, but of course they bring policing costs. Will those extra costs be borne in mind in the review of the funding formula?

Mike Penning: I completely agree with my hon. Friend, and I know lots of colleagues from across the House will be standing up today and asking whether, as part of the review, there could be extra money for their constituencies. I fully understand that, but I also need the House to understand that policing in many parts of the country has fundamentally changed over the years. The demands and needs are now completely different from before, particularly in rural forces. As I suggested in response to the intervention from my right hon. Friend the Member for North West Hampshire (Sir George Young), we must put the arguments together into the consultation, which will be taking place across the summer, so that, although I am not sure everybody will be happy, the 2016-17 formula will be much fairer than the current system.

Dr Julian Lewis (New Forest East) (Con): It is encouraging that the review of the formula will bear in mind the need to ensure that more efficient police forces, such as those in Hampshire, are not penalised for their efficiency. What does my right hon. Friend think about the recent survey carried out in Hampshire which

showed that more than 70% of respondents would be willing to pay more and see an increase in the council tax precept to 1.99% because they value the services they get from the constabulary?

Mike Penning: When we introduced PCCs, who are elected by the local people, we gave them the ability to make local decisions. Where PCCs have decided to raise the precept to a level below the need for a referendum, I fully understand and respect that. There is at least one force area at the moment—Bedfordshire—where the PCC is looking to go beyond that, so there will be a referendum there. If it goes ahead, it will be held on the general election date.

I do not want to talk only about Hampshire—although a couple of colleagues from Hampshire have intervened so far, and it was a pleasure to be in Hampshire only the other day—as I want now to touch a little more on the changes that have been taking place within the police in England and Wales.

Mr Stewart Jackson (Peterborough) (Con): I would like to pay tribute to Cambridgeshire constabulary, which has seen a drop of 21% in recorded crime in the last five years. Will my right hon. Friend look in his ongoing review of funding at the impact of demographic change on policing? He will know that Operation Pheasant, which was tackling illegal gangmasters in the fens in northern Cambridgeshire, was a great success story, but that costs money so will he bear in mind the need for good funding streams for local police forces to deal with these demographic and population issues?

Mike Penning: Cambridgeshire is also doing a fantastic job under the Conservative PCC, who I had the pleasure of knowing before he was PCC. So that I am not being too party political, may I say that fantastic jobs are being done around the country by PCCs of all political persuasions, including independents? They are not shy in coming to my door and explaining their areas' needs. As PCCs go forward and we see the elections for them in 2016, I think we will see not only an uptake in the number of people voting for them, but that being in touch with the local community is vitally important.

Collaboration has not in the past exactly been top of the agenda with the police forces around England and Wales; it was talked about a lot, but not much came to fruition. However, it is where some of the recent savings have come from. Communities want to see their local bobbies, and see their local constabulary badge on them, but that is only a tiny proportion of what goes on in England and Wales police forces. That is what the public care about most, but we must make sure they are also aware of the work that goes on elsewhere.

Collaboration is vital as we continue to look at making savings, with boundaries and silos having been broken down not only, as we have seen in Hampshire, with other local government agencies, but across borders and across the country. To get the benefits of collaboration does not mean it necessarily has to be between neighbouring forces.

Mark Reckless (Rochester and Strood) (UKIP): The Minister just said that visible public-facing policing constitutes only a tiny proportion of what the police do. Does he think that proportion is too low and should be increased?

Mike Penning: No, what I was saying was that there is also a lot of ongoing work behind the scenes—whether in counter-terrorism, the serious organised crime agencies and the National Crime Agency, or the backroom staff, such as in administering the out-of-court disposals we have in this country now—to allow those officers to be on the front line and us to feel safe in our homes. I was saying that that work is just as vital, but that does not mean that the brilliant and vital and brave work our officers do on a day-to-day basis is unimportant—far from it. As I have said before, I have never said police forces should not have as many people on the front line as possible, but that is also very much a local decision; it is for the chief constable and the PCC to decide how they want to disperse their officers under their powers.

Andrew Gwynne (Denton and Reddish) (Lab): On the issue of co-operation and collaboration, I am very much with the right hon. Gentleman. As he will know, in yesterday's Home Office questions I raised the point of the waste of police time whereby police in Stockport are having to parade on in central Stockport and move out to places like Reddish, wasting time in getting on to the beat. May I commend to him the other part of my constituency: Labour-controlled Tameside council, who have co-operated with Greater Manchester police so that Denton police post is now located in Denton town hall allowing Denton police officers to parade on in Denton?

Mike Penning: I welcome what is going on in the hon. Gentleman's local authority, and it is exactly the same as what is happening in my local council, where the police front-line desk is coming into the local authority new forum building, freeing up space for things to be moved into a more cost-effective space where a better police station is going to be built. I therefore pay tribute to what is going on in his constituency and with his local authority, and I pay tribute to what is going on in mine, too. I would say, however, that this collaboration is all relatively new, and is happening somewhat sporadically around the country.

The collaboration I was referring to before I took the intervention of the hon. Member for Rochester and Strood (Mark Reckless) is between forces. I am truly amazed that historically—and I still hear this quite a lot—forces would say, “We’re doing collaboration with the force directly next to us,” perhaps on human resources or IT. Well, that is great, as long as we are getting the most bang for our buck, because we are talking about taxpayers’ money, but Cheshire is, I believe, doing HR for Nottinghamshire, which is not exactly right next door, and is doing procurement and other things, and getting better value from these schemes. I have therefore been encouraging, and pushing for more joined-up procurement to make sure we get value for the taxpayer, while at the same time leaving that local decision to the PCCs. One PCC said to me, “I want to buy my officers’ white shirts locally.” I said, “I can perfectly understand that, as long as you’re getting value for money.” That is the crucial point. This is not about taking away localism from the PCCs and the chief constables: yes, there should be such localism, but they are spending taxpayers’ money and they must get value for money. I think that view is shared across the House, and I noted that the shadow Home Secretary was talking this morning about getting value for money. We know that the public trust

localism more than they trust us in this House, and we should trust them to do what we need for us as we go forward.

The other change coming through that will also save money, time and effort within the criminal justice system is technology. I remember about four and a half years ago in the Conservative manifesto we had a commitment to bring forward roadside drug testing where the police felt that the driver was impaired. If they breathalysed a person who then passed the test and the officers still felt they were impaired, it was very difficult if they had not done the impairment course to arrest at roadside so the driver could be tested for drugs. As an ex-fireman I thought that was very important because on many occasions I had been to what used to be called RTAs—road traffic accidents—and what are now called RTCs when I could smell the cannabis smoke still in the vehicle. The officers could smell that, but did not have the powers to do what they needed to do. They now have those powers, which have been approved. On 2 March officers will have the powers given to them by this House to arrest at the roadside based on a saliva test, which initially will be for two drugs. I have seen the type-approvals coming through from the manufacturers, and the tests will be not only for illegal drugs, but for synthetic drugs—often called legal highs, but actually completely different—and prescribed drugs. There are many prescribed drugs that people should not take while driving. We need to work with the Department of Health to ensure that we give more details on the prescription: if it warns against driving heavy plant or operating heavy machinery, it actually means a motor vehicle in many cases.

Steve McCabe (Birmingham, Selly Oak) (Lab): I agree with the Minister's central point, but if someone who is driving has taken prescribed drugs and has not been advised of the risk, is it the Government's intention for that person to be treated in the same way as someone who is caught driving having taken illegal drugs?

Mike Penning: Being impaired when driving a motor vehicle is just that. When the legislation was taken through the House, that argument was put forward, but it is the responsibility of drivers who are driving a vehicle on the road to know what is in their bloodstream. This is a very important area, which is why I alluded to the need to ensure that the advice from the pharmacist when the drugs are given out is not confined to advising whether to take them after or before a meal, or not to operate heavy machinery. The hon. Gentleman is right, but it will always be the responsibility of people driving a vehicle to know what is in their bloodstream and whether it will impair them.

The level has been set by a scientific committee, so this is not about people who take one co-codamol that morning being over the limit; it is about ensuring that we have the necessary technology. Technology is moving fast and we expect another manufacturer to have type-approval on a roadside saliva test in the next few months. We expect to ensure that we keep officers on the streets as much as possible, because the time involved in implementing the existing scheme means that they are tied up for too long.

We also expect the technology to come through soon so that we have a roadside evidential base for drink-driving. At the moment our legislation is based back in the

[Mike Penning]

1960s, when the breathalyser bag provided the base, then we could arrest and the machinery was in the station. If we can get an evidential base at the roadside, that will eliminate a whole swath of the bureaucracy that we have to go through to ensure that we get the necessary conviction of impaired drivers. Such drivers cause death, dismay and injury on our roads every day. We should not in any way be lightening the pressure on drink-drivers as we work on drug-drivers.

The most obvious piece of technology that will free up officers' time is body-worn cameras. They are freeing up time, protecting officers and giving us an evidence base. We have already seen, in the brilliant work in Hampshire, Kent and other forces, that when the evidence is put to the accused, they almost immediately say—on advice from their solicitors, usually—that they will plead guilty. The amount of assaults on officers is down. When officers arrive somewhere on a Friday night obviously wearing cameras, the dispersal is interesting to watch, as I have seen myself from the videos.

We need to take things further. We need to ensure that the body-worn camera cannot be ripped easily from the body armour—some of the early cameras could be because they were on a clip system—and we are looking into that in my own force in Hertfordshire. We also need to ensure that the evidence that the camera is capturing cannot be tampered with. In other words, someone might rip the camera off and dispose of it, so we need to stream away the evidence from the scene. At the same time I am working closely with the Crown Prosecution Service and the rest of the criminal justice system to ensure that the technology flows through the system. When officers store the evidence, whether in the cloud or a secure system, the CPS should be able to enter that system and see the evidence without having to wait for it to be downloaded or burnt on to a CD-ROM.

I have also been asked whether Kent could trial statements being taken on camera, so we would not need to have them transcribed. That could be exciting, because it could put officers on to the streets for much longer, so that they did not have to sit in the stations transcribing something picked up on the body-worn camera. Such developments are world-leading. Police forces from around the world are coming to see us to see how we are using the technology. Only the other day, at a two-day international crime and policing conference in London, leading academics and other criminal justice professionals from around the world came to see how we had managed to lower not only crime, but the costs of it—in other words, how we were getting more bang for our buck—and to see the technology. Australia, for example, has had roadside drug testing for many years, but the Australian police need to take a 44-tonne articulated lorry to the roadside in order to test everyone passing through, which has huge cost implications. They are very interested in the technology that we have type-approved and are introducing.

We are still in difficult economic times. Money to the police has been cut, which was a difficult decision to make. Police forces around the country have predominantly done well at dealing with the cut. Most of them have budgeted for 2015-16 and the review for 2016-17 is still taking place—consultation continues to work—and I

suggest that all colleagues, whether in the Chamber or not, work with their local police to see how best that consultation can be used for the benefit of their constituents.

John McDonnell (Hayes and Harlington) (Lab): I want to make several points. The Minister congratulated the police on the reduction in crime overall, and I concur with that, but a real issue remains. For example, in London and in my constituency in particular, the safer neighbourhood teams were introduced and were extremely popular and successful, but they are now being penalised as a result of their success. The teams reduce crime, but then lose resources, which are shifted elsewhere, and crime increases; we go around in circles time and time again. It is important that discussions on the new formula result in a new settlement that will reward those forces that are successfully operating to reduce crime, giving them consistency of funding over time. The undermining of the safer neighbourhood teams is deeply unpopular in my constituency.

Mike Penning: Recently, I had long discussions with the Metropolitan Police Commissioner on that very subject. Only the other day I was at Hendon, sadly the day before the passing-out parade before the commissioner of about 400 new officers. I understand that by March the Metropolitan police will be just under the 32,000 level; it will then recruit at 175 per month, which will reflect the steady level of natural wastage in London. That is a remarkable feat achieved by the Mayor of London for the people of London. I accept that in the old days the Policing Minister would look at things in exactly the way the hon. Gentleman suggests, but it is now a matter for the commissioner and for the Mayor. Such matters would also be for the mayor and commissioner in Manchester, if it is successful in its bid to proceed with the mayoral system, which will include the police.

Key to everything is that we have managed remarkably well to reduce crime, as the hon. Gentleman said, and at the same time to reduce the cost of policing. The public's opinion of our police in general has never been better. I always say, "Yes, I have the honour of being the police Minister for the best police force in the world." Some police officers let us down, but they are a tiny minority and we should be proud of every single one of our officers, who represent us every single day of the year.

2.8 pm

Jack Dromey (Birmingham, Erdington) (Lab): Five years ago, not one single Conservative candidate went to the electorate and said, "Vote for me and we will cut the police." Not one single Liberal Democrat candidate went to the electorate and said, "Vote for me and we will cut the police." On the contrary, Liberal Democrats up and down the country said, "Vote for us and we will put 3,000 more police officers on the beat." In addition, the Prime Minister himself pledged to protect the front line. When it comes to writing the history of great broken political promises of our time, what has happened to the police service will rank alongside the commitments from the Prime Minister that there should be no more top-down reorganisations of the national health service and from the Deputy Prime Minister that there would not be an increase in tuition fees. Instead, we have seen the biggest cuts to our police service of any in Europe.

Mr Stewart Jackson: On election manifestos and hyperbole, does the hon. Gentleman recall that his party told the electorate prior to the 2010 general election that any reconfiguration, any sharing of services, any co-operation between services would inevitably result in a massive hike in crime? In fact, the opposite has happened.

Jack Dromey: The short answer is no, the reverse is the case; my right hon. Friend the Member for Delyn (Mr Hanson), as Policing Minister, encouraged such things. When the hon. Gentleman went to his electorate, did he say, "Vote for me and 117 police officers will be cut"? That is what has happened to his local police service.

The Minister spoke about inheritance, and there was an inheritance on the police, because a Labour Government put 17,000 extra police officers and 16,000 police community support officers on the beat. Local policing, local roots with local people having a say proved to be both popular and highly effective.

Andrew Gwynne: My hon. Friend is absolutely right to say that neighbourhood policing was a success story of the last Labour Government. May I draw his attention to the work of the Poet's Corner residents association in north Reddish, ably led by Brenda Bates who is really concerned about the lack of response by the PCSOs now that they have to parade in Stockport? For example, they used to do school gate work but they are now unable to get to the school gates in time for when children are dropped off because they are too busy parading in the town centre, several miles away.

Jack Dromey: Unlike what we heard from the Minister, my hon. Friend speaks from the heart about the reality in his locality, and it is unsurprising, given that the police service that covers the constituency he so ably represents has seen more than 1,300 police officers go, with more to follow at the next stages. There was a good inheritance on the police, but a generation of progress made—the formation of that British model of neighbourhood policing—is now being reversed.

I wish to make one other point about what the Minister said. He paid tribute to our police service and discussed remarkable innovation, which I have seen all over the country. Let me give but one example. Essex police, under its excellent chief constable, Stephen Kavanagh, has developed a groundbreaking system that tracks both the perpetrators and potential perpetrators of domestic violence, and the victims and potential victims of domestic violence, and enables the police to drill all the way down to hot spots of domestic violence to inform other interventions. We see such innovation by our police all over the country. But the Minister, who was previously a firefighter, will know from his experience that the police service in England and Wales is a demoralised one. It is demoralised by the scale of what is happening to the service and by the remorselessly negative tone set by the Government, from the Home Secretary downwards.

Mike Penning *rose—*

Jack Dromey: I will gladly give way, but will the Minister confirm that every index, be it sick, stress or anxiety leave, is shooting up because of the combination of the growing pressures on the police service and the

fact that the police feel—people tell me this all over the country—that the Government never have a good word to say about them?

Mike Penning: If the hon. Gentleman has ever heard me run down the police in this country or destroy their morale, he should stand up and say so now, because I have never done that. The police force's morale is being destroyed by the sort of commentary we have just heard from the Opposition Dispatch Box, but he is better than that. The first thing he should have done was congratulate the police, but he went into a political rant. That is what destroys morale in our police force.

Jack Dromey: Over the past 12 months, I have visited 34 of the 43 police services, and there is without doubt an unprecedented collapse of morale, from the chief constables to the police constables and PCSOs, because of that combination of the mounting pressures on the police service and the negative tone set by our Government.

We believe that a different approach and a fresh start are essential. Today's vote on policing is a choice between a Tory plan to cut 1,000 more police officers next year and a Labour plan of reform and savings to protect the front line, so that chief constables can prevent those 1,000 police officer posts from being cut. The Home Secretary should be straining every sinew to protect the front line, but she is not. The Home Secretary and the Tories, and their human shield, the Liberal Democrats, just do not get what pressure the public services and the police are under, and they are turning their backs on obvious savings that could keep those much needed police on our streets.

The Home Secretary has said that it does not matter that thousands more police officers are set to go, on top of the 16,000 already lost, reversing a generation of progress under the previous Labour Government; she says that under her plans all is well because crime is falling. The truth is that crime is changing, pressures on the police are going up, and this is the worst possible time to inflict the biggest cuts on the police service of any country in Europe, just when the police are facing mounting and serious demands.

Over the past 20 years, volume crime, as it is often called, has indeed been falling. Cars are more difficult to steal than they once were, because crime has been substantially designed out, and homes are more difficult to burgle than they once were. That has been a worldwide trend over the past 20 years, because of a combination of advances of the kind I have described and the success of neighbourhood policing, with its emphasis on prevention. But the figures are clear: police recorded violent crime is increasing, and online crime has shot through the roof. For example, Financial Fraud Action UK has said that online banking crime has increased by 71%, e-commerce crime has increased by 23% and card crime has increased by 15%. We have also seen the mounting terrorist threat posing an ever more serious challenge to our police service, and just this weekend assistant commissioner Mark Rowley, the national anti-terror lead, warned that he needs more resources to respond.

At the same time, the police are struggling to deal with crimes that are ever more complex in terms of what it takes to investigate them properly. Hate crime, one of the most hateful of crimes, is up. I have seen this at first hand in my constituency. A fine woman was out

[Jack Dromey]

with her disabled son, who was in a motorised wheelchair, when he had stones thrown at him because of a whispering campaign about how anyone who has a car or Motability vehicle on benefits somehow has to be a scrounger. I sometimes think that Ministers should be ashamed of the tone they set, because of what it leads to in communities all over the country.

Hate crime is up. Reports of rape and domestic violence are up, yet the number of prosecutions and convictions is down. Reports of child sexual abuse have increased by 33%, but referrals to the CPS from the police have decreased by 11%.

There are serious delays in investigating online child abuse. That means that victims are finding it much harder to get justice and more criminals and abusers are walking away scot-free. After the exposés of the past two years, there is now a great national will to tackle the obscenity of child sex exploitation and abuse, both historical and current. But, because of the mounting pressures on the police, there are serious question marks over the effectiveness of their response. The National Crime Agency, for example, has, thus far, failed to bring to account those identified under Operation Notarise. Some 20,000 people were found to be accessing child pornography, thousands of whom will be contact abusers of children, but only 700 have faced any action.

Police services in Lincolnshire and all over the country say that such are the pressures on their resources that they will find it difficult to do anything other than cope with current cases, and that they will not be able to look into historical cases of abuse and exploitation. I have seen the effect of those mounting pressures in my own police service in the west midlands, where 10% and rising of police resources are now dedicated to doing nothing else but dealing with child sex exploitation and abuse.

Even in basic responsibilities, such as road safety, the police are being over-stretched. The number of traffic police on our roads has fallen by 23%. The number of driving offence penalties has fallen substantially while the number of fatalities and casualties has gone up—the number of child fatalities and casualties has gone up by 6%. Neighbourhood policing is being badly undermined.

Mark Reckless Does the hon. Gentleman recall how the Government used to stress the need to protect the front line and to put the emphasis on visible policing? But just now, the Minister said that that accounted for only a tiny proportion of activity and he seemed very happy with that and had no desire to increase it.

Jack Dromey: The hon. Gentleman is right to be concerned, because his police service has lost 604 members of staff since 2010. It is certainly true that policing is complex and requires investigatory teams, not all of which will be on the front line. None the less, front-line policing is essential. We created neighbourhood policing, and it worked; we saw substantial falls in traditional forms of crime and it was popular with the public. It is about not just detecting crime, but working with communities to prevent crime and to divert people from crime. Lord Stevens rightly said that neighbourhood policing is the bedrock of policing, but under this Government it is now being hollowed out. Many forces

all over the country are taking officers off the neighbourhood beat, putting them back into cars and forcing them to deal with only emergency response. They are now off the front line and into response, when they should be building community partnerships and intelligence and preventing crime.

Mr Jim Cunningham (Coventry South) (Lab): Given the rise in the number of racial and anti-Semitic attacks, is not community policing important because it brings people closer to understanding different communities?

Jack Dromey: I agree with my hon. Friend, and I will come to that in just a moment. Neighbourhood policing, which took a generation to build, is now being systematically undermined, and the consequences of that are increasingly serious. Let me give two examples. My first relates to terrorism. It was said by a former Member of this House that neighbourhood policing was the “fluffy end” of policing. That could not be further from the truth, especially when we consider how we now have to rise to the challenge of terrorism. Two weeks ago, Peter Clark, a former head of counter terrorism, said:

“In the past decade the UK has built a counterterrorist structure that is in many ways the envy of the world. The almost seamless link between local, national and international units is remarkable. Instead of a London-centric force descending on communities, there are regional hubs where community police and counterterrorist officers work together. They understand their local communities, pick up vital intelligence and reassure the public.”

He went on to say:

“Neighbourhood police hold one end of the thread that can take us from Britain’s streets to wherever in the world terrorists are trained, equipped and radicalised. The chief constable of Merseyside has warned that if police numbers continue to fall, ‘neighbourhood policing as people understand it will not be possible’. Chief constables and police and crime commissioners have tough choices ahead in deciding what to cut. Cutting the counterterrorist policing thread could be fraught with danger.”

I know that that is an uncomfortable message for Government Members, but let me give them an example from the west midlands. Some 40 people have been brought before the courts for serious terrorist crimes in the past five years, and there have been 31 convictions. Overwhelmingly, those individuals were identified as a consequence of good neighbourhood policing and the patient building of good community relationships. The community co-operated to identify the wrongdoers, so neighbourhood policing is key to combating the mounting threat of terrorism.

What the Home Secretary now wants is a similar scale of cuts all over again, with the Association of Chief Police Officers warning that at least 16,000 more officers will go. Next year, police forces are expecting to cut more than 1,000 officers, and that is what today’s vote is all about. Labour would take an alternative approach. Yes, budgets will be tight, and we have already said that the 2015-16 budget the Government have set will have to be our starting point, because the Chancellor’s failure to secure strong growth in this Parliament means that more still needs to be done to get the deficit down. His long-term economic plan has certainly boosted borrowing. We have had to borrow £200 billion more than he planned back in 2010, putting additional pressures on budgets, including that of the Home Office. But there are alternative ways to make savings—[*Interruption.*]

Mike Penning: The hon. Gentleman, who is a bit of a friend of mine, is actually reading out, word for word, the article that the shadow Home Secretary put in the press this morning. He is better than that. He should be talking about the debate today and not doing the lackey's job for the shadow Home Secretary.

Jack Dromey: The Minister may be surprised to hear that the Labour party is united in defence of our police service. That is in contrast to what we see all over the country, which is Government Members, including the hon. Member for South Dorset (Richard Drax), expressing growing concerns over what is happening to the police service. *[Interruption.]* Members will hear my speech. Now, there are alternative ways to make those savings—*[Interruption.]*

Madam Deputy Speaker (Mrs Eleanor Laing): Order. The House well appreciates that a little bit of banter is in order, but continuing banter from a sedentary position is not in order.

Jack Dromey: Thank you, Madam Deputy Speaker. I appreciate that this is an uncomfortable message for a Government who have been oblivious to the consequences of their actions. There are alternative ways to make smart savings, and that is what we will do. We will require forces to sign up to national procurement, and that would save—

Mike Penning: £100 million.

Jack Dromey: Is the Minister aware that the Association of Police and Crime Commissioners has brought forward a proposal on ICT savings alone that would save £400 million, so £100 million is a conservative estimate—please forgive the bad pun.

The Home Secretary has simply refused to go down that path and instead has promoted the view that 43 forces can be trusted to do their own thing with 43 police and crime commissioners arguing over contracts of the kind that make nonsense of any sensible approach towards procurement. That is not what we would see in the best of the private sector or, indeed, in the public sector elsewhere. The Government have failed to drive a strategic approach towards procurement, which has been heavily criticised by the National Audit Office, Her Majesty's inspectorate of constabulary and, increasingly, police officers across the country.

Let me move on to the next saving that we will make and ask the Minister a question—perhaps he will want to get up to defend this. Why should the police have to continue to subsidise gun licences? The Minister is not a member of the Chipping Norton shooting set, but perhaps he could justify to the House why it costs £50 for a gun licence and £72 for a salmon and trout licence—£22 more—when it typically costs the police £200 to process each application for a gun licence. Had the Government done the sensible thing and said that they would have full cost recovery, which is what the Association of Chief Police Officers has called for, there would have been substantial savings of £20 million, but that was vetoed by the Prime Minister who, as a fully paid-up member of the Chipping Norton shooting set, declined to do the best and most obvious thing. Would the Minister care to justify that?

Mike Penning: What is the shadow Minister trying to say to anyone who has a shotgun licence and happens to be working class, like me? I do not have a shotgun licence, but I do shoot clay occasionally at my local shooting club and I enjoy that very much. For many people who are not from an affluent set and who did not go to public school, like those on the shadow Front Bench and on the Government Front Bench, this is an important part of their social life. People do not have to be part of the Chipping Norton set to have a shotgun licence; they just need to enjoy clay shooting or something like that.

Jack Dromey: Under this Government, proposals have been made in the Home Office to move on this matter but they have been vetoed by the Prime Minister. Why should the taxpayer subsidise gun licences? Why should the police service subsidise gun licences when we need to find ways to keep police officers on the front line? Does the Minister choose to come back to me on that point?

Mike Penning: All I would say is that there is selective memory loss of 13 years of a Labour Government. Did the Labour Government do anything about this during their last term? No, they did not.

Jack Dromey: I think that the public listening to the debate will find it incredible that the Policing Minister can get up and say that despite the fact that the police have been calling for movement on this for years the police should continue to subsidise gun licences rather than that money going into our police service.

We have made a number of other proposals, such as the £9 million from driver offending retraining courses, and we have also proposed not to proceed with the police and crime commissioner elections in 2016. All those things could be done and they could be done now. If they were, those 1,000 police officers who face being cut would not go. At a time when the overall police budget is being squeezed, sensible action on four fronts, as outlined in our proposals today, would mean that the 1,000 police officers who will otherwise go will remain in the police service and on the front line. The Home Secretary could do all these things now, but she has refused. Without those policies in place, we will not support the Government's proposal today. That is why we will vote against the Home Secretary's plans and why we will challenge Conservative and Liberal Democrat candidates throughout the country on why they are voting to cut hundreds more police officers from their local force next year.

The Government are turning their backs on neighbourhood policing. The impact on our police service is ever more serious. The Government are taking us back to the 1930s. A Labour Government would not allow this to happen. We face unprecedented challenges as crime changes—from terrorism through banking and online fraud to the emerging child abuse and exploitation cases—and we must rise to them. We want to rebuild the neighbourhood policing that helped to cut local crime and helped our citizens to remain safe. We want to rise to those new challenges, which is why we have set out sensible reforms that better protect the front line, and stand up for communities that depend on public

[Jack Dromey]

services. The first duty of any Government is the safety and security of their citizens where they live and work. Unlike the Government, we will not fail the public we serve.

2.35 pm

Richard Drax (South Dorset) (Con): I pay tribute to the chief constable of Dorset, Debbie Simpson, and our police and crime commissioner, Martyn Underhill, both of whom do a superb job, and to the 1,200 officers and 156 PCSOs who serve in difficult conditions and extreme circumstances, often under threat of their lives. We owe them a huge debt of gratitude and our thanks.

I will not speak for long, but I first want quickly to touch on the comments made by the shadow Minister, whom I respect. Part of his speech was dripping with the old envy, almost hatred, which I thought was sad in such a serious debate. Yes, I am here to stand up for my police force and I will probably say things that are unpalatable to the Government, but I hope I shall say them in a balanced way, based on the evidence and the fact that I have worked closely over the past five years with the Dorset police force. In part, I shall speak personally about what I have seen and heard.

Dorset police force has had an appalling history and has been at the bottom of the funding ladder for years. I know that the Minister is aware of that; I have spoken to him about it and he has listened intently on many occasions. We are now in the bottom quartile, so the situation has not improved that much. Even now, further savings will inevitably put pressure on the work that the police do.

The funding takes into account the Home Office, the Department for Communities and Local Government and council tax legacy, and in 2014-15 it was £69.42 million. In 2015-16, it will drop to £66.82 million, a loss of about £2.6 million, which crudely equates to 75 police officers. Interestingly, Her Majesty's inspectorate of constabulary shows in its value-for-money profile that Dorset police are already one of the leanest forces in the land, due to the fact that over many years Dorset police were one of the first to implement the changes to meet the savings requirements that were coming in. I give credit to Martin Baker, Debbie Simpson's predecessor, for implementing those changes, not least in the back-room areas, which have now been hugely civilianised.

In addition, when we consider the ratio of council tax to central Government funding, we see that Dorset taxpayers are already paying a disproportionate amount of tax in comparison with other parts of the country. However, Dorset police force is not a force that sits on its butt and whinges. Far from it: it faces the challenge—and is facing this challenge—as best it can. As the Minister knows—we have spoken about this on several occasions—Dorset police are forming a strategic alliance with Devon and Cornwall police. For example, they are now looking to merge their firearms teams and considering how best to collaborate further across the whole south-west.

Based on what Dorset police know and the figures that we have been given, the projection for 2016-17 could be extremely serious. According to the PCC's office, between £3 million and £5 million is needed for the force to stand still, but that is referendum territory.

If year-on-year savings of 6% are implemented, as predicted, Dorset could see the number of police officers drop by 500, which is what it takes to police Bournemouth. I am not suggesting, of course, that Bournemouth will have no police force; I mention that just to give an idea of the scale if year-on-year savings of 6% continue.

I hope that more money will become available as the economy recovers. I point out to the Opposition that when we inherited the financial mess, we faced a huge problem, and this country still does so. I pay tribute to the Policing Minister for doing all he can within a very tight remit to safeguard front-line services. I know that he, as a former firefighter and Grenadier Guard—I forgive him for that—has done all he can, along with his team, to protect the police front line. However, this country must learn to live within her means, because parties of all colours have overspent for years. We must now face the unpalatable truth that we have to live within a very tight budget and learn to do things differently.

Sarah Newton: I am very pleased that Devon and Cornwall police are working so well with the Dorset constabulary. My hon. Friend's constituency is not dissimilar to those in Cornwall, so does he, like me, draw comfort from the remarks made today about a revised funding formula, which might help us get fairer funding in our part of the world?

Richard Drax: My hon. Friend pre-empted my speech, as I intend to end my remarks on future funding. The Policing Minister and I have spoken about that, as has our PCC—he is on the Minister's board, which is excellent news.

I seek reassurance from the Minister that year-on-year savings of 6% are not on the cards, for the reasons I have already expressed. As far as the PCC's office is concerned, such savings would have an effect on community policing, on PCSOs and on the very nature of policing as we know it currently. That would be inevitable because the resources would be fewer and would have to be targeted in a very different way.

Crime is falling, and for that I pay tribute once again to the Government and to our police officers, those brave men and women who are out there doing their best to reduce crime, and obviously succeeding. However, the nature of crime is changing. I have been told that Dorset police are now dealing far more with cybercrime, forced marriage, slavery, domestic abuse and child sexual exploitation—[*Interruption.*] The Minister jests from a sedentary position that it is all happening in Dorset, but Dorset is not the sleepy backwater that perhaps he thinks it is.

Those sorts of crimes cost 25% more to investigate than old-style crimes. As the Minister has said, the number of burglaries has dropped, but one of my constituents recently lost £93,000 in a telephone scam. Someone pretending to be a policeman got him to move that sum from his bank account to another, and for reasons that I will not go into now he lost the lot. An investigation is now taking place. I imagine that the criminals are thoroughly well organised and probably have their fingers right across the cyber network, so it will take an awful lot of police time and effort to bring them to court. We in this place are making it clear, as of course are the police, that those sorts of crimes must be

reported. Following the ghastly revelations in Rotherham and elsewhere, it is clear that it has never been more important for people to come forward and tell the police what is going on.

I will end my remarks by talking about the funding formula. I have lobbied the Policing Minister hard on that on many occasions, and I know that he has listened to Martyn Underhill, our PCC. I am most grateful that Mr Underhill will be sitting on the Minister's board when the funding formula is reviewed in the summer. I note that tourism, which of course affects Dorset and many other beautiful counties, including Cornwall, is not taken into account. I know that the Minister knows that, but with budgets tightening and savings having to be made, those sorts of considerations must be taken into account so that Dorset police and other forces in rural areas that attract vast numbers of visitors can continue to police their counties.

Finally, the Minister and others talk about innovation. I have seen huge innovation in Dorset, not least the increased co-operation with other forces in the south-west. However, I suggest that rather than allowing police forces to go off on their own to try to find the best way forward, a more cohesive approach—

Mike Penning: My hon. Friend makes a really important point. They are not going off on their own. The Home Office testing laboratories, the Crown Prosecution Service and the Ministry of Justice, which I have the honour of working in, are working together on type approvals. We pilot them in certain areas so that we can then roll out best practice in other parts of the country. That is the best way to get the biggest bang for our buck, and I will make sure that we get it right. That is exactly what my hon. Friend is asking for.

Richard Drax: I am most grateful to the Minister, but perhaps I was talking about co-operation on a bigger scale. For example, Dorset police are now co-operating with Devon and Cornwall police, and there is also an area collaboration. Perhaps leadership is the wrong word to use. We need a more cohesive and co-ordinated approach between the Government and the police—if we are to go on facing these savings, and I quite understand why we will—rather than allowing individual county police forces to go off and experiment. We need a bigger debate on how to provide policing in this country so that we all move forward together in the most cost-effective way and, as the Minister said, get the best value for money.

I will end my remarks by once again paying tribute to the brave men and women on our streets in Dorset. We are all totally indebted to those brave men and women who soldier on. I hope that in future we can take the politics—the bitterness and envy—out of debates on policing. Let us deal with the facts and then try to produce a police force in this country that does the job within the stretched resources that sadly we now face.

2.48 pm

Steve McCabe (Birmingham, Selly Oak) (Lab): The Home Secretary told us yesterday that the measures she has taken to deal with bureaucracy have saved 4.5 million hours of police time. If I may say so, that is a classic volume measure; it would be fascinating to understand how her officials arrived at it. I wonder whether the Minister is familiar with the work of Professor John Seddon.

In his book “The Whitehall Effect”, he describes the phenomenon of “failure demand”; how many cost-cutting initiatives, such as setting up single call centres and outsourcing back office activities, can lead to failure demand, a constant inability to recognise and respond to the real problem while encouraging a referral culture and repetition of largely useless actions. Those effects are rarely spotted by the consultants who advise on the changes, because they measure their work in terms of volume—the volume of calls made or answered within a specified time, and the estimated hours saved. Volume does not measure problems solved or the quality of engagement, but rising failure demand leads to decreasing police efficiency. Would the Minister care to look at that as he considers the measures that he is taking forward?

As the Minister demonstrated earlier today, the Government are quick to tell us that crime is falling, and it is true that the most recent statistics show a continuing and welcome fall in many traditional crimes but, as we have heard, they also show a rise in violent crime, rape and sex offences, and an alarming and perhaps still under-recorded rise in fraud, identity crime and cybercrime. These serious crimes need to be tackled, and the changing face of crime needs to be considered. As the hon. Member for South Dorset (Richard Drax) told us, crime is changing, and when we look at the crime figures and contemplate police budgets, we need to bear in mind that crime is not a static phenomenon.

Our police forces need to reconfigure some of their activities in order to respond to these new types of crime. That is much harder in an environment where the preoccupation is the constant search for cuts. As the largest force outside the Met, the responsibilities of the West Midlands force are enormous. I pay tribute to the amazing job that the force does, but I worry that it may be approaching the limits of what we can reasonably expect of it. It has seen £126 million cut from its budget over the past five years, with a further £100 million of cuts still to come if the Chancellor is able to make good his promise of another five years of austerity for vital public services.

The west midlands is hit doubly hard because it has a very low council tax base and therefore a very low police precept—the second lowest in the country. That means that we are more reliant on central grant than some other areas, and consequently the policy of flat rates cuts has a disproportionate impact on us. For example, whereas central Government provide 86% of the West Midlands police budget, other areas are reliant on grant for only about 49%.

John Healey (Wentworth and Dearne) (Lab): My hon. Friend is making a very interesting and important argument to the House. Does he accept that our position in south Yorkshire is similar to his in the west midlands, with exactly the same financial bind? Since 2010 the South Yorkshire police have faced cuts in excess of £30 million. In south Yorkshire, as in the west midlands, we are seeing the hollowing out of neighbourhood policing and the closure of local police stations such as Rawmarsh and Wath, and this is setting back a generation of progress over the previous decade.

Steve McCabe: Indeed. The effect of disproportionate cuts is that some areas, often areas with higher levels and different types of crime, are taking a much harder

[*Steve McCabe*]

hit. As a result of what the Government are doing, we in the west midlands are losing about 22% of our funding, as opposed to about 12% in Surrey. Given that, as in my right hon. Friend's area, we have higher crime rates and more complex policing needs, it is hard to see how anyone could regard that as fair or just.

In the west midlands the position is made worse by the continued use of formula damping. If the west midlands was paid grant according to formula needs, we would receive a further £43 million. I recall attending a meeting with the then Policing Minister over three years ago—I think my hon. Friend the Member for Birmingham, Erdington (Jack Dromey) was also present—when the then Minister promised to take that factor into account. I know the Government are into re-announcements, but here we are, more than three years later, and the Minister tells us today that he is going to review the police formula. I think we have been here before. We want to know when we will see some action to address the unfairness. Of course, as the Minister was making that announcement, his hon. Friends were getting to their feet to say, “Don't make any changes that will affect the situation that we are benefiting from.”

Mike Penning: To be fair, there is a cycle for reviews, as I am sure the hon. Gentleman knows. Changes to the review process were made under the previous Administration. They were not fundamental changes, merely tinkering, which is why we need such a fundamental review now, as the whole House would agree.

Steve McCabe: If the Minister's fundamental review will give us some of the £43 million that we have been robbed of for the past few years, I welcome it. If we were just £10 million closer to our current entitlement in the west midlands, that would still mean that we were hit three times harder than any other force in the country. I hope that what the Minister is promising is good news, and I thank him for it.

The current situation is not fair. The people of the west midlands are paying the price for protecting policing services in more prosperous low crime areas in other parts of the country. That is what the formula changes need to address. Not only do we have to contend with more crime, but we have to respond to terrorist threats and public order demands without additional funding, which is steadily eroding the police's capacity to respond to more localised crime. The latest west midlands strategic policing requirement report to the policing and crime board, which the Minister is familiar with, states:

“It has become increasingly challenging to maintain all local policing services during times of significant public order deployments...with the staffing reductions we have experienced in recent years...we are often compelled to delay non-emergency services beyond our normal service expectations.”

The chief constable is attempting to manage all this demand with 300 fewer officers than he had this time last year.

There has been a 23% reduction in the number of traffic police at a time when road deaths are on the increase, and there has been a 6% rise in child fatalities. Road accidents remain the largest single cause of child deaths in this country. I know that the Home Office

cannot tell us how many hit-and-run incidents there are, or how many hit-and-run drivers are never caught and prosecuted, because it chooses not to collect those data, but I can tell the House that my constituent, young Phebe Hilliage, was knocked down while on her way to school by a hit-and-run driver who overtook and mowed her down on a pedestrian crossing. He shattered her foot and she may never walk properly again. I want to know, Phebe's parents want to know and my constituents want to know that West Midlands police have the resources to track down that person and bring him to justice.

Behind today's announcement there is the reality of policing: fewer officers, squeezed budgets, unfair application of the existing grant formula, more consultants most likely feeding failure demand, new and changing forms of crime, terrorists and public order pressures, and victims such as Phebe who deserve justice. There is an awful lot more that the Government need to do before we can be satisfied that their approach to crime and policing is the right one.

2.59 pm

Mike Kane (Wythenshawe and Sale East) (Lab): The Minister said that we have the greatest police force in the world, but the coalition has had a funny way of showing it, given the cuts made to the police up and down this land in the past five years.

In a spirit of even-handedness, I also criticise my hon. Friend the Member for Birmingham, Erdington (Jack Dromey), who said that spending levels would be going back to those of the 1930s. I remind him of the famous Mancunian Robert Peel and the fact that there was no police force before the Metropolitan Police Act 1829—those are the levels we will be going back to. Our chief constable, Peter Fahy, and our police and crime commissioner, Tony Lloyd, have said that if policing cuts continue beyond 2017, Greater Manchester police will not be able to maintain its service to the public. That is a very serious accusation from two very senior people in the police force of this land.

Cuts to GMP's front-line services have been ongoing since the coalition Government came to power. GMP has lost 1,151 officers, with a further 226 expected to go this year alone. The service has already made considerable savings as it strives to deal with the £134 million hole in its budget this financial year, resulting in 1,000 fewer police staff posts and the loss of 1,138 police officers from our streets in Greater Manchester. Since 2010, the Government have slashed Greater Manchester's police budget by a quarter, with an estimated £114 million of cuts still to come. This does not take into account the community fund, which in 2013 saw a further £6 million of cuts to GMP's funding, to be redirected to London. In 2013, GMP had a further £6.4 million slashed from its budget to fund the Government's own projects. That money, which could have paid for 145 police officers or 210 PCSOs, was clawed back by the Government to fund unpopular schemes such as the proposal to allow people to join the police service at a senior rank without ever having to walk the beat, and giving additional funding to the Independent Police Complaints Commission and to City of London police.

At the beginning of 2014, the Chancellor announced that the Home Office budget, which includes policing, would be cut by another 6% in 2015-16. A 6% cut would

see Greater Manchester police lose another £26.8 million—the equivalent of 1,200 student police officers. Most recently, the police and crime commissioner was asked to find £19 million to cut from GMP's budget. This is on top of the £134 million that has already been taken from policing in the region, resulting, as I said, in the loss of 1,138 police officers. So much for the northern powerhouse and devolution in our great cities!

Between 2010 and 2013, the service was losing on average 350 police officers each year as GMP struggled to cope with the ongoing programme of austerity. In order to meet the cuts required by central Government, GMP has undertaken a series of changes, including using office space that accommodates 1,100 admin and support staff in a building with space for just 500 desks. All employees can now work from home or in other GMP buildings. The closure and disposal of surplus estates has thus reduced operating costs by £3 million, with further year-on-year savings to come through associated reductions in business rates, energy and maintenance. GMP is playing its part.

GMP and Manchester city council are sharing vehicle servicing with each another. The force has developed a simulation model to help it understand the effects of changes to demand and resources. It researched the length of time taken by officers to deal with certain types of crimes and then used this understanding to anticipate demand and allocate resources more efficiently. Through partnership working, GMP has taken part in a variety of schemes, including a pilot scheme in Oldham providing officers with access to mental health professionals, linking with Stockport's psychiatric department to train response officers and concluding agreements with care homes on how they and the force can work together. GMP is clearing up more and more of the other problems that are being caused by this Government's austerity programme.

Much has been made of the need to preserve the numbers of PCSOs within GMP, in accordance with the neighbourhood policing strategy. Despite the best efforts of the police commissioner to preserve PCSO numbers, since 2010 there has been a reduction of just over 50. However, the service expects its numbers to be back up to full strength by next March. These reductions have been mitigated slightly by an increase in operational front-line staff, with an increase of 200 over the same period.

Early in 2014, the commissioner outlined plans to raise the police precept element of council tax by 5%, which would have raised £3.3 million. The plan was to help to mitigate some of the cuts being made by central Government. It would have added £5 to the average annual council tax bill—about 10p a week. This money would have been invested in shoring up neighbourhood policing teams, including the recruitment of 50 new police officers to mitigate the annual loss of about 350 officers. Unfortunately, the referendum that would have been triggered as a result of the Government's introduction of compulsory referendums on tax increases over 5% would have cost more money to implement than it would have raised. As a result, the commissioner was able to raise only £2 million towards the cost of GMP's policing budget, and that has been used to support front-line policing.

Most of the increases in crime rates from 2013 onwards are in what could loosely be defined as economic-type crimes such as theft, burglary, vehicle offences and

shoplifting. This has come at the same time as the slashing of police numbers that we have seen in Greater Manchester. Let me make this very clear: the Government say that crime is going down, but crime in Greater Manchester is going up.

Mike Penning: No, it is not.

Mike Kane: The combination of all these measures is threatening the great work that has been done by Greater Manchester police, partner agencies and local communities to build safer neighbourhoods across our region. That work is being endangered.

The Minister said from a sedentary position that crime in Greater Manchester is not going up. I suggest that he talk to the *Manchester Evening News*, which has proved—

Mike Penning: Crime in the Greater Manchester area since 2010 is down by 21%. The hon. Gentleman should not believe everything he reads in the local newspaper. I used to write for one, so I know just how they work. However, we have had an increase in reported crime in some areas, which I am really pleased about, particularly rape and serious assaults, which have seen a 3% increase this year. Three per cent. off 21%—there has been a 18% decrease since the election.

Mike Kane: When Robert Peel graced the Minister's position, he introduced the police force and Catholic emancipation and got rid of the corn laws, and now we are arguing about whether crime is up or down. The position is clear. Statistics released this year show that crime in Greater Manchester is on the rise for the first time in 20 years. The areas that have seen the biggest increase are theft offences, including burglary, mobile phone theft and shoplifting. Detection rates across Greater Manchester are also falling, which could indicate the effect of the massive reduction in the number of police officers as a result of the cuts.

Her Majesty's inspectorate of constabulary has echoed the concerns of GMP and the commissioner that the ongoing programme of cuts could start to hit front-line services. An HMIC report "Policing in Austerity: Meeting the Challenge" has tracked how police have responded to budget cuts since summer 2011, using force data and inspections to analyse how they are making savings and how this is affecting the way they work and the service they provide to their communities. GMP is one of the forces to have received a "good" rating for the way it has managed the budget cuts so far, but HMIC also recognised that budget cuts disproportionately affect Greater Manchester.

The chief constable has told me, "We are now standing at the edge of a cliff." He says that if this programme of cuts goes beyond 2017, he cannot provide the levels of policing that Greater Manchester people expect and deserve, because there is simply not enough money in the pot. If policing cuts continue beyond 2017, GMP will not be able to maintain its service to the public. The police and crime commissioner, Tony Lloyd, has warned since before he was elected that the Government's reckless programme of cuts is endangering community safety and threatening the work done by GMP over the past

[Mike Kane]

20 years to reduce crime rates and restore Manchester's reputation in the light of the "Gunchester" years. That is in addition to our counter-terrorism work.

After I entered public life in the early 1990s, our city experienced two terrorist attacks by the IRA. In 1992, 65 people were injured, and in 1996 the biggest bomb in peacetime devastated our city. In 2003, PC Oake was murdered by fundamentalist Islamists when he visited a scene to arrest somebody. There are currently all sorts of pressures on how Greater Manchester deals with counter-terrorism.

Sarah Newton: I know the hon. Gentleman's constituency very well because my in-laws are from that part of the world and I recognise the challenges he is describing, but has he actually costed his proposals and have they been cleared by the shadow Chancellor?

Mike Kane: Dear oh dear. My hon. Friend the Member for Birmingham, Erdington has clearly explained how we can mitigate some of the cuts. I say to the hon. Lady: how can we not do this when crime is going up in my community and where I live?

Jack Dromey: I am glad that point has been made, because all the costings for proposals by Opposition Front Benches have been checked, including with the House of Commons Library. The simple reality is that the difference between the Government and the Opposition is that, in circumstances where sensible savings can be made which would save the 1,000 police officers under threat in 2015-16, the Government are choosing to go ahead with their proposals, irrespective of what has been said by the hon. Member for South Dorset (Richard Drax) and my hon. Friends the Members for Birmingham, Selly Oak (Steve McCabe) and for Wythenshawe and Sale East (Mike Kane).

Mike Kane: I could not agree more with my hon. Friend. Savings of £136.8 million are forecast to be required by my force alone by March 2018. Savings of £71.3 million have already been identified, with the majority coming from a net reduction in police numbers by 1,054 over that period. There is a choice at this general election: people can choose that type of austerity and see crime rise on their patch or they can choose a better way.

In conclusion, I thank my police and crime commissioner, Tony Lloyd, for his hard work; the chief constable, Peter Fahy; my local officers in Wythenshawe and Sale East, and the fine network of home watch associations that I support, particularly Sale Homewatch, and Graham Roe, who helped me prepare this speech.

3.12 pm

Mike Penning: I thank the shadow Minister, the hon. Member for Birmingham, Erdington (Jack Dromey), for giving me early sight of his speech. I say that a little tongue in cheek because it was written by the shadow Home Secretary and issued this morning, and the hon. Gentleman would have read it out verbatim if I had not interrupted him.

This has mostly been a sensible debate in which MPs have rightly stood up for their constituents and praised, as I did in my opening speech, the fantastic work done by police forces across England and Wales, which are the countries for which I have responsibility.

I reiterate my earlier remarks that front-line policing is a vital component, but so much work is done behind the scenes that the public do not see. The hon. Member for Rochester and Strood (Mark Reckless) intervened on me on that issue. He should visit his chief constable. [Interruption.] I know he probably has already, but he should talk to him very carefully about the work done by non-uniformed police, including CID, the counter-terrorism and serious fraud units, and clerks and officers.

Jack Dromey rose—

Mike Penning: The shadow Minister has had plenty of time to read someone else's speech, so I am not going to give way to him.

I know where the hon. Member for Rochester and Strood is coming from, but there is no way that I would say that front-line police are not important.

I will touch on the shadow Minister's comments later, but it is important that I first address some of the points raised by Back Benchers, because when I come on to some of his points I am afraid I will find it very difficult to keep a straight face.

Jack Dromey: Will the Minister give way?

Mike Penning: No, I am not taking interventions from the shadow Minister, because he made a complete fool of himself earlier and I am not going to help him make even more of a fool of himself.

I say to my hon. and gallant Friend the Member for South Dorset (Richard Drax) that Dorset police do absolutely fantastic work. I think he thought that I might have said, "It all happens here," or something like that, but that was my hon. Friend the Member for Bournemouth East (Mr Ellwood), who had come in to listen to his speech. I understand that about 20,000 people go to Bournemouth on a Friday and Saturday to enjoy the night-time entertainment. That shows how diverse police work can be in Dorset, and I praise the work done there. Martyn Underhill will be on the review board, which is important.

My hon. and gallant Friend asked for a commitment until 2016-17, but that is difficult because there is going to be a review and his police and crime commissioner will be on the board. It would be wrong for me to pre-empt that review. As I said in my opening remarks, it is vital that everybody looks at the different types of policing needed, especially going into 2016-17, and at how the formula was formulated all those years ago. That will not be a tweak; we have to take a fundamental look at the changes needed.

John Healey: Will the Minister give way?

Mike Penning: I am not going to give way at the moment. I might give way later if I make some progress, but I have been given a time limit by Madam Deputy Speaker, which is why I do not want to give way too much.

Let us not get into the semantics of the speech made by the hon. Member for Wythenshawe and Sale East (Mike Kane): he was doing exactly what I would expect him to do in standing up for his force. It will be really interesting to see what happens when Manchester gets a mayor. It has clearly worked brilliantly in London, but

we will wait to see what the Home Secretary decides. That sort of localism is very important. The PCC for Greater Manchester police does a good job, even though the shadow Minister said today—or was it the shadow Home Secretary?—that Labour wants to abolish the position.

The costings are very interesting. Several hon. Members talked about the number of police cut since the coalition came to power. Interestingly, the speech/article read out by the shadow Minister mentioned 100 new officers. The assumption is that Labour would make a saving of £100 million through procurement. I do not know where that figure comes from. There are always assumptions within procurement, but we are working very closely with forces on that; as I said earlier, it is absolutely fine for Governments to decide what should be done as long as we get it right. The shadow Minister talked about making huge savings on shotgun licences. That matter is currently under review, and an announcement will be made shortly. He said that the abolition of police and crime commissioners would save £50 million, even though I understand that Labour police and crime commissioners were told at the weekend that they were expected to be in place until at least 2017. That is another hand-brake turn following others. I am sure that Vera Baird and Paddy Tipping would love to know exactly what the policy is, because it appears to have changed since the conference.

Even on such assumptions, including that the shadow Minister is right to say that this horrible Government would cut 1,000 police next year—that is complete and utter rubbish—and Labour would put in 100 police officers, that works out at an average of 24 per constabulary. That will make a difference, but not quite the difference that some Opposition Members think the shadow Minister has announced today.

Jack Dromey: Will the Minister give way?

Mike Penning: I have explained why I will not give way.

The hon. Member for Birmingham, Selly Oak (Steve McCabe) made some important comments in his very measured and sensible speech. When he talked about centralised control and such things, my mind drifted back to the regional fire control centres introduced by the previous Administration. As an ex-fireman, I have followed the issue very closely. I was absolutely fascinated by the sheer waste of taxpayers' money caused by the disastrous policy of regionalising fire control centres. When I was the Minister with responsibility for shipping, I was very lucky to be able to add the coastguard to the centre in Gosport, which saved the coastguard a huge amount of money; however, it also cost the Department for Communities and Local Government a huge amount.

It is absolutely right to look very carefully wherever there is centralised control. That is why I have always said that forces should work together to make sure that they know exactly what is going on. Forces do not necessarily need to work with their natural partners on their boundary, because they do not have to be next to each other to do procurement, human resources or IT together, as is absolutely vital.

The key to this debate is that although we as constituency MPs quite rightly want to stand up for our forces, we must be aware that ongoing savings are required within

police budgets, as the shadow Minister said. We must make sure that the review does what it says on the tin and that we have a proper review.

John Healey *rose*—

Mike Penning: The right hon. Gentleman was not in the Chamber for most of the debate, so I will not give way to him even if I had time to do so.

We need to stand up for our forces, but we must also be realistic about them. Shadow Ministers should not make false accusations, build up promises or spread doom and gloom about the police who do such a fantastic job for us. They should not stand at the Dispatch Box and run down our police. *[Interruption.]* I am told that I am supposed to give way. You gave me 10 minutes, Madam Deputy Speaker, and I am now at that time limit, which is why I am not giving way. If the shadow Minister had not spoken for so long, reading out an article that the shadow Home Secretary wrote in a newspaper this morning, I would have been happy to give way.

I hope that we can now conclude the debate on time, as you requested, Madam Deputy Speaker. I hope that the motion will go through, and that there will be no more scaremongering from the Opposition.

The House divided: Ayes 285, Noes 212.

Division No. 150]

[3.22 pm

AYES

Adams, Nigel	Cable, rh Vince
Afriyie, Adam	Campbell, rh Sir Menzies
Aldous, Peter	Carmichael, rh Mr Alistair
Amess, Sir David	Carmichael, Neil
Andrew, Stuart	Chope, Mr Christopher
Arbuthnot, rh Mr James	Clappison, Mr James
Bacon, Mr Richard	Clarke, rh Mr Kenneth
Baker, rh Norman	Clifton-Brown, Geoffrey
Baker, Steve	Coffey, Dr Thérèse
Baldry, rh Sir Tony	Collins, Damian
Baldwin, Harriett	Colville, Oliver
Barclay, Stephen	Crabb, rh Stephen
Barker, rh Gregory	Crockart, Mike
Barwell, Gavin	Crouch, Tracey
Bebb, Guto	Davey, rh Mr Edward
Beith, rh Sir Alan	Davies, David T. C.
Bellingham, Mr Henry	<i>(Monmouth)</i>
Benyon, Richard	Davies, Glyn
Beresford, Sir Paul	de Bois, Nick
Binley, Mr Brian	Djanogly, Mr Jonathan
Blackwood, Nicola	Doyle-Price, Jackie
Bone, Mr Peter	Drax, Richard
Bottomley, Sir Peter	Duncan, rh Sir Alan
Bradley, Karen	Duncan Smith, rh Mr Iain
Brady, Mr Graham	Ellis, Michael
Brake, rh Tom	Ellison, Jane
Bray, Angie	Ellwood, Mr Tobias
Brazier, Mr Julian	Elphicke, Charlie
Bridgen, Andrew	Eustice, George
Brine, Steve	Evans, Graham
Brokenshire, James	Evans, Jonathan
Brooke, rh Annette	Evans, Mr Nigel
Buckland, Mr Robert	Evennett, Mr David
Burns, Conor	Fabricant, Michael
Burns, rh Mr Simon	Fallon, rh Michael
Burrowes, Mr David	Farron, Tim
Burstow, rh Paul	Featherstone, rh Lynne
Burt, rh Alistair	Field, Mark

Foster, rh Mr Don
 Francois, rh Mr Mark
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Gale, Sir Roger
 Garnier, Sir Edward
 Garnier, Mark
 Gauke, Mr David
 George, Andrew
 Gibb, Mr Nick
 Gilbert, Stephen
 Gillan, rh Mrs Cheryl
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Grayling, rh Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Hague, rh Mr William
 Halfon, Robert
 Hames, Duncan
 Hammond, Stephen
 Hands, rh Greg
 Harper, Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Harvey, Sir Nick
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heath, Mr David
 Heaton-Harris, Chris
 Hemming, John
 Henderson, Gordon
 Hendry, Charles
 Herbert, rh Nick
 Hinds, Damian
 Hoban, Mr Mark
 Hollingbery, George
 Hollobone, Mr Philip
 Hopkins, Kris
 Horwood, Martin
 Howarth, Sir Gerald
 Howell, John
 Hughes, rh Simon
 Hunt, rh Mr Jeremy
 Hunter, Mark
 Huppert, Dr Julian
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, Gareth
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kirby, Simon
 Knight, rh Sir Greg
 Kwarteng, Kwasi
 Lamb, rh Norman

Lancaster, Mark
 Lansley, rh Mr Andrew
 Laws, rh Mr David
 Leadsom, Andrea
 Lee, Dr Phillip
 Leech, Mr John
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, Dr Julian
 Liddell-Grainger, Mr Ian
 Lilley, rh Mr Peter
 Lloyd, Stephen
 Lopresti, Jack
 Loughton, Tim
 Lumley, Karen
 Main, Mrs Anne
 Maude, rh Mr Francis
 McCartney, Jason
 McCartney, Karl
 McIntosh, Miss Anne
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 McVey, rh Esther
 Menzies, Mark
 Metcalfe, Stephen
 Miller, rh Maria
 Mills, Nigel
 Milton, Anne
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Mosley, Stephen
 Mowat, David
 Mulholland, Greg
 Mundell, rh David
 Munt, Tessa
 Murray, Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newmark, Mr Brooks
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 O'Brien, rh Mr Stephen
 Offord, Dr Matthew
 Opperman, Guy
 Paice, rh Sir James
 Parish, Neil
 Patel, Priti
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Perry, Claire
 Pickles, rh Mr Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Prisk, Mr Mark
 Pritchard, Mark
 Pugh, John
 Raab, Mr Dominic
 Randall, rh Sir John
 Redwood, rh Mr John
 Rees-Mogg, Jacob
 Reid, Mr Alan
 Rifkind, rh Sir Malcolm
 Robathan, rh Mr Andrew
 Robertson, rh Sir Hugh
 Robertson, Mr Laurence

Rogerson, Dan
 Russell, Sir Bob
 Rutley, David
 Sanders, Mr Adrian
 Sandys, Laura
 Scott, Mr Lee
 Selous, Andrew
 Sharma, Alok
 Shelbrooke, Alec
 Shepherd, Sir Richard
 Simmonds, rh Mark
 Simpson, Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Sir Robert
 Soames, rh Sir Nicholas
 Soubry, Anna
 Spelman, rh Mrs Caroline
 Spencer, Mr Mark
 Stanley, rh Sir John
 Stephenson, Andrew
 Stewart, Iain
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Mr Graham
 Stunell, rh Sir Andrew
 Sturdy, Julian
 Swales, Ian
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Teather, Sarah
 Thurso, rh John

Abrahams, Debbie
 Ainsworth, rh Mr Bob
 Alexander, rh Mr Douglas
 Alexander, Heidi
 Ali, Rushanara
 Allen, Mr Graham
 Anderson, Mr David
 Ashworth, Jonathan
 Austin, Ian
 Bailey, Mr Adrian
 Bain, Mr William
 Balls, rh Ed
 Barron, rh Kevin
 Beckett, rh Margaret
 Begg, Dame Anne
 Benn, rh Hilary
 Benton, Mr Joe
 Berger, Luciana
 Betts, Mr Clive
 Blackman-Woods, Roberta
 Blenkinsop, Tom
 Blomfield, Paul
 Bradshaw, rh Mr Ben
 Brennan, Kevin
 Brown, Lyn
 Brown, rh Mr Nicholas
 Brown, Mr Russell
 Bryant, Chris
 Buck, Ms Karen
 Burden, Richard
 Burnham, rh Andy
 Byrne, rh Mr Liam
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie

Timpson, Mr Edward
 Tomlinson, Justin
 Tredinnick, David
 Truss, rh Elizabeth
 Turner, Mr Andrew
 Uppal, Paul
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Walker, Mr Charles
 Walker, Mr Robin
 Walter, Mr Robert
 Watkinson, Dame Angela
 Webb, rh Steve
 Wharton, James
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, Mr John
 Wiggin, Bill
 Williams, Mr Mark
 Williams, Roger
 Williams, Stephen
 Williamson, Gavin
 Willott, rh Jenny
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wright, rh Jeremy
 Wright, Simon
 Yeo, Mr Tim
 Young, rh Sir George

Tellers for the Ayes:
Mr Ben Wallace and
Lorelye Burt

NOES

Carswell, Douglas
 Caton, Martin
 Clark, Katy
 Coker, Vernon
 Coffey, Ann
 Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, Jeremy
 Crausby, Mr David
 Cruddas, Jon
 Cryer, John
 Cunningham, Alex
 Cunningham, Mr Jim
 Cunningham, Sir Tony
 Danczuk, Simon
 David, Wayne
 Davidson, Mr Ian
 Davies, Philip
 De Piero, Gloria
 Denham, rh Mr John
 Donohoe, Mr Brian H.
 Doughty, Stephen
 Dowd, Jim
 Doyle, Gemma
 Dromey, Jack
 Dugher, Michael
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Engel, Natascha
 Esterson, Bill

Evans, Chris
 Farrelly, Paul
 Field, rh Mr Frank
 Fitzpatrick, Jim
 Fello, Robert
 Flynn, Paul
 Fovargue, Yvonne
 Francis, Dr Hywel
 Gapes, Mike
 Gardiner, Barry
 Glass, Pat
 Glindon, Mrs Mary
 Goodman, Helen
 Green, Kate
 Greenwood, Lilian
 Gwynne, Andrew
 Hain, rh Mr Peter
 Hamilton, Mr David
 Hancock, Mr Mike
 Hanson, rh Mr David
 Harris, Mr Tom
 Healey, rh John
 Hepburn, Mr Stephen
 Hermon, Lady
 Hillier, Meg
 Hilling, Julie
 Hodge, rh Margaret
 Hodgson, Mrs Sharon
 Hoey, Kate
 Howarth, rh Mr George
 Hunt, Tristram
 Irranca-Davies, Huw
 Jackson, Glenda
 Jamieson, Cathy
 Jarvis, Dan
 Johnson, Diana
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike

Kaufman, rh Sir Gerald
 Keeley, Barbara
 Kendall, Liz
 Khan, rh Sadiq
 Lammy, rh Mr David
 Lavery, Ian
 Lazarowicz, Mark
 Lewis, Mr Ivan
 Love, Mr Andrew
 Lucas, Caroline
 Lucas, Ian
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marsden, Mr Gordon
 McCabe, Steve
 McCann, Mr Michael
 McCarthy, Kerry
 McClymont, Gregg
 McDonald, Andy
 McDonnell, John
 McFadden, rh Mr Pat
 McGovern, Alison
 McGovern, Jim
 McGuire, rh Dame Anne
 McInnes, Liz
 McKechin, Ann
 McKenzie, Mr Iain
 Meale, Sir Alan
 Mearns, Ian
 Miller, Andrew
 Mitchell, Austin
 Moon, Mrs Madeleine
 Morden, Jessica
 Morrice, Graeme (*Livingston*)
 Morris, Grahame M.
 (*Easington*)
 Mudie, Mr George
 Murphy, rh Paul
 Murray, Ian

Nandy, Lisa
 Nash, Pamela
 O'Donnell, Fiona
 Onwurah, Chi
 Owen, Albert
 Paisley, Ian
 Pearce, Teresa
 Perkins, Toby
 Pound, Stephen
 Qureshi, Yasmin
 Raynsford, rh Mr Nick
 Reckless, Mark
 Reed, Mr Jamie
 Reed, Mr Steve
 Reeves, Rachel
 Reynolds, Emma
 Reynolds, Jonathan
 Ritchie, Ms Margaret
 Robertson, John
 Rotheram, Steve
 Roy, Mr Frank
 Ruane, Chris
 Ruddock, rh Dame Joan
 Sarwar, Anas
 Sawford, Andy
 Seabeck, Alison
 Shannon, Jim
 Sharma, Mr Virendra
 Sheerman, Mr Barry
 Shuker, Gavin
 Skinner, Mr Dennis
 Slaughter, Mr Andy
 Smith, Angela

Smith, Nick
 Smith, Owen
 Spellar, rh Mr John
 Straw, rh Mr Jack
 Stringer, Graham
 Stuart, Ms Gisela
 Sutcliffe, Mr Gerry
 Tami, Mark
 Thomas, Mr Gareth
 Thornberry, Emily
 Timms, rh Stephen
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Umunna, Mr Chuka
 Vaz, rh Keith
 Vaz, Valerie
 Walley, Joan
 Watson, Mr Tom
 Watts, Mr Dave
 Williams, Hywel
 Williamson, Chris
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Ms Rosie
 Wood, Mike
 Woodcock, John
 Wright, David
 Wright, Mr Iain

Tellers for the Noes:
Bridget Phillipson and
Nic Dakin

Question accordingly agreed to.

Resolved,

That the Police Grant Report (England and Wales) for 2015-16 (HC 930), which was laid before this House on 4 February, be approved.

Local Government Finance

3.37 pm

Madam Deputy Speaker (Dame Dawn Primarolo): We now come to the two motions on local government finance, which are to be debated together.

Before I call the Minister to move the first motion, I have to inform the House that there is an error on the Order Paper, in that the two reports relating to local government finance appearing in item 3 on the Order Paper have been considered by the Select Committee on Statutory Instruments.

The Parliamentary Under-Secretary of State for Communities and Local Government (Kris Hopkins): I beg to move,

That the Local Government Finance Report (England) 2015–16 (HC 1013), which was laid before this House on 3 February, be approved.

Madam Deputy Speaker: With this we will consider the following:

That the Referendums Relating to Council Tax Increases (Principles) (England) Report 2015–16 (HC 1014), which was laid before this House on 3 February, be approved.

Kris Hopkins: On 18 December, I presented to the House a draft of the local government finance report, which set out our provisional settlement for local authorities in England for 2015–16, and began a period of consultation on our proposals. As I made clear to hon. Members then, we aim to deliver a settlement that is fair to all parts of the country, and that recognises the responsibility of local government to explore every opportunity for sensible savings. Every part of the public sector needs to do its bit to pay off the deficit left by the previous Administration. Local government, which accounts for a quarter of all public spending, must continue to play its part.

Sir Greg Knight (East Yorkshire) (Con): During the Minister's remarks, will he tell the House what the Government are doing to assist rural authorities? Will he also spell out what is being done to alleviate the burden generally of council tax?

Kris Hopkins: I assure my right hon. Friend that I will consider rural provision in my speech. Since coming to power in 2010, we have recognised that rural communities need additional support. I am sure he will see from the document I laid in the House on 3 February that we have responded appropriately.

Mr Graham Stuart (Beverley and Holderness) (Con): The Minister says he wants a settlement that is fair to all communities. He has himself recognised that the current settlement, notwithstanding the Government's efforts, is not fair to rural communities. The central Government grant is 50% higher for urban communities than it is for rural communities, even though rural communities are on average poorer and have fewer services.

Kris Hopkins: My hon. Friend always makes a robust challenge to the figures we lay before the House, because he is passionate about supporting rural communities. When I get to the section on rural communities I will elaborate further.

Mr Clive Betts (Sheffield South East) (Lab): The Minister says that local government has to bear its fair share of the cuts. Does he accept that according to the Office for Budget Responsibility—the Local Government Association produced these figures for us—if we exclude spending on schools and public health, which local authorities cannot affect, in 2009–10 local authorities represented 19% of public expenditure? By 2015–16, it will represent 16%. In other words, local government has surely borne more than its fair share of cuts. It has had more cuts as a percentage than the rest of central Government services.

Kris Hopkins: I do not have those figures, but what I will say is that I recognise that local government has had to make a substantial contribution to driving down the deficit left by the previous Administration. It is important that we recognise that local government has responded in an extremely positive way to the challenge we have placed before it.

During the consultation period, which closed on 15 January, my ministerial colleagues and I met a number of local authorities and representative groups. I also led a phone-in discussion, with more than 100 authorities participating. In addition, the consultation received numerous written responses. We considered very carefully the views of all those who commented on the provisional settlement. On 3 February, we laid before the House a local government finance report which confirmed our proposal for the settlement for 2015–16 as announced. We also confirmed our proposal that the council tax referendum principle for 2015–16 will be set at 2%.

I recognise the time and effort that those responding to the consultation—councils, in particular—have given in submitting detailed and considered comments on our proposals. As I said, we listened to those views carefully. In doing so, we recognised that councils asked for additional support. As a result, our announcement on the final settlement for 2015–16 included provision for a further £74 million to support upper-tier authorities, including to help them to respond to local welfare needs and improve social care provision.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): If the Minister listened carefully to representations and wanted to be fair, how can the outcome be that Liverpool, the most deprived local authority in the country, is suffering some of the harshest cuts?

Kris Hopkins: We need to recognise—I have said this before—that the 10% most deprived authorities receive on average 40% more than the most wealthy authorities. It is right that we create a formula to ensure the more vulnerable and deprived areas get that response, but we should not just measure on the basis of what moneys have been allocated. Local authorities now have the ability to raise money and are rewarded for building houses. I would also point out that the growth deals associated with Liverpool are significant and are led by local leaders.

With the addition of these extra resources, the overall reduction in local authority spending power in 2015–16 is 1.7%. That is lower than that proposed in our provisional settlement. Taking into account the funds we are providing to support local transformation, the overall reduction is still lower, at 1.5%. Once again, the settlement ensures

that councils facing the highest demand for services will continue to receive substantially more funding, and we continue to ensure that no council will face a loss of more than 6.4% in spending power in 2015-16.

John Healey (Wentworth and Dearne) (Lab): Does the Minister accept that spending power disguises the real pressure on many councils, and that the money allocated does matter? Barnsley, which covers part of my constituency, is facing eye-watering cuts: a 26.9% cut in the revenue support grant next year, it tells me, and an overall cut in its settlement of 13.6%. It is absolutely nothing like the smaller figures he is giving the House.

Kris Hopkins: I hope, then, that the right hon. Gentleman has apologised to his constituents for the financial nightmare this country faced in 2010. The Government are not making these decisions out of a desire to reduce funding for the sake of it; we are responding to the appalling economy that Labour left.

Mr John Redwood (Wokingham) (Con): Can the Minister comment on the balance in his settlement between the money that goes directly in the block grant and the money that goes for special purposes and as a reward for certain kinds of conduct? How is that developing, and what difference does it make to the percentage change?

Kris Hopkins: I hope my right hon. Friend will forgive me; I cannot give him the percentage change, but I can give him some clear figures. For example, business rate retention by local authorities alone is some £11 billion, and as the Prime Minister said this morning, should a Conservative Administration be returned at the forthcoming general election, we would hope to increase that to two thirds.

Through consecutive settlements, we have ensured that these unavoidable changes to local authority funding have been applied in a fair and sustainable way, and through our reforms to local government finance we have established a basis for more self-reliant government—a sector less dependent on grant and increasingly confident about using the tools and incentives we are providing to grow their local economies.

Dame Angela Watkinson (Hornchurch and Upminster) (Con): The low level of private rents in the London borough of Havering has given rise to a surge in demand, particularly for children's services. The local population is already top heavy with older people and all the demands that come with that. How might the funding formula respond more to individual boroughs with particular difficulties?

Kris Hopkins: The key thing about the choices that we have placed before local government is just that—local authorities can determine where money is spent. We appreciate that there is less money to spend as a consequence of the previous Administration's activities, but it is right that people can make choices, set their priorities and—in this case—choose to look after very vulnerable individuals.

As well as growing their economies, the best authorities are transforming how they do business and demonstrating innovation, including in how they work with local partners.

We are supporting them as they do that, helping them to achieve savings and, perhaps most importantly, improving outcomes for people who use local services. As I announced in December, we are developing proposals for a project to identify and disseminate good practice in transforming services, especially in rural areas. This work will involve rural authorities and the Rural Services Network, and is a clear commitment to our rural areas.

Mr Jim Cunningham (Coventry South) (Lab): The hon. Member for Hornchurch and Upminster (Dame Angela Watkinson) mentioned demand for children's services. In Coventry, we have to find an additional £7 million for children's services. More importantly, we have to cut services across the board, because there has been a cut from the Government of £80 million, or 2,000 jobs, in general terms. What will the Minister do about that? He cannot go on blaming the previous Government. The coalition is in government now. There is no choice here, and that is being reflected in local government up and down the country. Local government is becoming a whipping boy for this Government, as it was for previous Conservative Governments.

Kris Hopkins: I am not moving away from the fact that there was a huge deficit in 2010, which this Government or whoever come to power after the May election will have to continue to address. The hon. Gentleman says that we keep on going back to local government. I have not seen anything from the Opposition to suggest that they will do anything but continue to bear down on spending on local government, because they will have to address the issues of concern. We have given local government the opportunity to grow resources by promoting and developing business, by securing planning permission and building the houses required for the local populace. That is the right thing to do.

Several hon. Members *rose*—

Kris Hopkins: I shall give way in a few moments.

We continue to recognise the challenges faced by rural communities. Through consecutive settlements, we have helped address the gap in urban/rural spending power. We expect the gap to continue to close. In the meantime, the settlement confirms another year of additional resources for the most rural authorities to recognise the challenges they face in delivering services. For 2015-16, in direct response to Members of all parties, we have increased the grant to £15.5 million.

Mr Andrew Love (Edmonton) (Lab/Co-op): Does the Minister recognise the challenges faced by London, whose population is on the increase? The population of my own borough, the London borough of Enfield, will increase by 10% up to 2020, putting enormous strain on services, not least on children's school places. What recognition has the Minister given to that population increase, and will he include it in the baselines so that it is reflected in the grant settlement?

Kris Hopkins: What I recognise is that London is a great international city, which has thrived under this Administration, and will continue to deliver significant jobs, wealth and income to the individuals out there. That is the root issue. Many Labour Members stick

[Kris Hopkins]

their hands out and ask for more money; the reality is that this Government are setting about ensuring that we grow our economy, get people into work and give them the ability to stand on—[*Interruption.*]

Several hon. Members *rose*—

Kris Hopkins: Let me make a bit more progress.

The Government previously consulted on a range of options for how local welfare provisions for the upper-tier local authorities should be funded in 2015-16, following localisation. The Department for Work and Pensions carried out a review, and the Government concluded that local authorities should continue to be able to offer local welfare assistance from existing budgets in 2015-16, alongside a range of other services if they judge them to be a priority in their area. To assist in identifying how much of their existing funding is involved, an amount relating to local welfare provision was separately identified in each upper-tier authority general grant as part of the provisional settlement. This totalled about £130 million nationally, and was distributed in line with local welfare provision funding for 2014-15. The Government have always been clear that councils should choose how best to support local welfare needs, so this allocation cannot be ring-fenced and we will not place any new duties, expectations or monitoring requirements on its use.

Sir Edward Garnier (Harborough) (Con): My hon. Friend is generous in giving way this afternoon. Harborough district council area covers about a quarter of the geographical area of the county of Leicestershire. It follows that it is a large rural area, with all the sparsity factors that go with it. The district council is Conservative run and it is doing its best to ensure that taxpayers' money is wisely spent. If I may say so, it has behaved extremely well in ensuring that both the Government's policies and its own policies are bearing fruit. However, will my hon. Friend bear in mind that there is a perception of a distinction being made between rural funding and city funding, particularly for the city of Leicester in comparison with my area, so will he do all he can to help me explain to my constituents that this Government mean what they say—that they have not forgotten their rural heartlands?

Kris Hopkins: Members have asked for a clear direction of travel in relation to our incremental increases in rural additional funding. I think it is clear that we have done our best to provide those increases during our time in office, given the limited resources that are available to us, but let me repeat an offer that I have already made: I shall be happy to meet my hon. and learned Friend and members of his council to discuss how we can communicate better what we are trying to do.

In response to the representations that we received during the consultation, we have decided to allocate an additional £74 million to upper-tier authorities to help them to deal with pressures on local welfare, health and social care. That will help councils further as they develop localised arrangements.

Caroline Lucas (Brighton, Pavilion) (Green): Will the Minister acknowledge the warnings issued by the Local Government Association about the cumulative impact of a 40% cut in local government funding? Does he

accept that many authorities, including Brighton, are struggling to provide services? Is not the truth that this Government do not care about the future of local government as we know it?

Kris Hopkins: I suggest that one of the reasons Brighton council is struggling is its poor leadership. Moreover, the figure given by the hon. Lady clearly does not include significant amounts of public money, including money from the better care fund. Some £5.3 billion appears to be missing from the LGA's calculation.

That £74 million will be topped up with £37 million of additional funding for local authorities during the current year. That extra money will ensure that councils can step up their efforts to get people home as soon as they are ready to leave hospital, and avoid the need for people to go into hospital in the first place. It will help to promote joint working between our local public services, and will improve front-line services for some of the most vulnerable people in our communities.

Mr Graham Stuart: Will the money be distributed in a way that is proportionate to the number of over-65s in local populations? As my hon. Friend will know, rural communities typically contain older, more vulnerable residents than their urban counterparts.

Kris Hopkins: Although I live in a large metropolitan district, I also represent a significant rural area, and I know that many single elderly people live in large houses. That is another form of deprivation, in that they must sustain those houses on limited and fixed incomes.

I urge all councils to protect taxpayers this year by taking the additional Government funding that is on offer for a freeze. That will enable them to help hard-working households and those on fixed incomes, such as pensioners, with their living costs. The tax-freeze grant will be embedded in councils' baseline funding. Five successive years of freeze funding have seen council tax in England fall by 11% in real terms since 2010, after being doubled by the last Administration. Our actions will save for the average Band D household up to £1,075 over the course of this Parliament.

Annette Brooke (Mid Dorset and North Poole) (LD): I welcome the extra funds that will help people to be moved from hospital into the community or to other forms of care, but what is the rationale for ring-fencing that pot of money and not ring-fencing the local welfare assistance money?

Kris Hopkins: The additional £37 million is specifically to address some of the winter pressures we face. We wanted to make sure that local councils work with authorities to address the particular needs of those individuals we wanted to help move into appropriate accommodation, and make sure there was sufficient and appropriate domiciliary care to look after them. That is why it is targeted around that group.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): The Minister asserted that the settlement was both fair and sustainable, and I want to address the word "sustainable." On the current trajectory, by 2018

Birmingham will have lost, using 2010 as a baseline, £821 million. That is two thirds of its discretionary spending. By any definition, that is not sustainable.

Kris Hopkins: I have a lot of respect for the hon. Lady, but I am afraid that poor leadership in Birmingham and the fact that it has not collected some £100 million in council tax arrears may explain some of the issues it is facing. Stronger leadership and the ability to carry out the simple function of placing a charge on an individual and collecting it will assist it.

Robert Neill (Bromley and Chislehurst) (Con): Does my hon. Friend agree that the real way to achieve proper sustainability for local government funding is to reward those councils who go for growth in their area and increase their tax bases—as we are seeing with the increase in business rates income anticipated this year—and make councils less dependent on central Government grant in the long term?

Kris Hopkins: My hon. Friend speaks very wisely and he knows from his own experience that local authorities appreciate these tools we have given them to grow their finance base, and there is an incentive for them to carry this out by improving those key services and increasing the resources to those services.

For those who do not freeze the council tax, the referendums principles report laid before the House on 3 February confirms that any increase of 2% or more will require a binding referendum by the local electorate. Councils that want to increase their bills should have the courage of their convictions and seek a mandate from their electorate. It is already the case that a council tax referendum can be held at a reduced cost in 2015-16 when combined with the general election. We announced on 3 February that any savings to the Consolidated Fund as a result of a combination of a referendum with the general election will be redirected to councils, so the cost of the referendum to a local authority is low. This weakens the argument that some might make that holding a local referendum will result in excessive cost.

Mr Andy Slaughter (Hammersmith) (Lab): I have no doubt the Minister will want to congratulate Hammersmith and Fulham council, which is one of eight to cut its council tax this year, but why is he rewarding it by cutting its discretionary housing payment not by 24%, which is the national average, or 35%, which is the figure for London, but by 52%? This is an area with the highest property prices and where there is family break-up with people being forced out of the area. DHP is absolutely vital. Will he look again at that cut?

Kris Hopkins: This Government continue to ensure there is a substantial welfare net to look after the most vulnerable individuals, and we have put additional funding into the budget. I applaud the council for reducing its council tax, however, and I would just note that it is following the trajectory given by the previous Conservative administration. That may be only a small glimmer of light, but somebody appears to have learned from the excellent previous Conservative administration.

The local government finance report 2015-16 sets out a fair settlement, which ensures councils continue to have significant spending power. Even with the savings

that have been made to date, local authorities in England were expected to spend over £115 billion in the current financial year. When we factor in councils' new responsibilities for public health, the amount local government are expected to spend is higher than it was under the last Administration.

Mr Love: My local authority, the London borough of Enfield, is the 64th most deprived in the country, but its ability to deal with the problems of need is hampered by the long-term impact of the damping formula. I understand what the Minister said earlier about the need for floors, but can he offer any support to those local authorities struggling to address the needs of their boroughs because of capping over a long period?

Kris Hopkins: There are two things. First, there is not a cap; there is an opportunity for people to increase their council tax, and if councils believe that their public would support them, they may hold a referendum. Secondly, I go back to a point that I made earlier about the success of individuals. The route out of poverty and deprivation for an area such as my former council area of Bradford involves getting people skilled up, with local councils supporting them, and those individuals getting a job and being able to stand on their own feet. Breaking the cycle for an individual trapped in one has to be the responsibility of both central and local government.

The referendum principles report sets a sensible threshold for council tax increases, unless local people are happy to approve something else through a referendum. It is more important than ever that councils can demonstrate to local taxpayers that they are using every pound of their money to best effect to deliver efficient and effective services and to achieve sensible savings.

4.6 pm

Hilary Benn (Leeds Central) (Lab): That was an interesting speech. I pay tribute to the Minister for his generosity in giving way to Members, but councillors up and down the country listening to what we have just heard—in particular the part where he talked about giving authorities the ability to grow their resources—will look at their circumstances today and ask whether the Minister really understands what is going on in our authorities.

I want to begin with the scale of what is happening, because the Minister queried the figure given by the hon. Member for Brighton, Pavilion (Caroline Lucas), which was the Local Government Association's calculation of a 40% reduction in core Government funding to councils since 2010, as a result of which councils have had to make reductions or savings worth about £20 billion. Would the Minister argue, however, with the National Audit Office, which said in its report "Financial sustainability of local authorities 2014":

"The government will reduce its funding to local authorities by 37% in real terms between 2010-11 and 2015-16"?

Kris Hopkins: I would disagree, because neither the LGA nor the NAO includes the money for public health or the better care fund.

Hilary Benn: I shall come to that point directly, but the Minister did not actually contest the NAO figure. The reduction in resources of 1.7% that he has talked about today is a selective figure, because it does indeed

[Hilary Benn]

include council tax, the better care fund and other ring-fenced funding, but if that is excluded the LGA says that the reduction is actually 8.5%. Whatever the statistics that the Minister wants to argue about, the truth is that local government has faced the biggest reductions in the whole of the public sector, as we heard in an intervention.

We should first pay tribute to councils for the extraordinary job that they have done—councils up and down the country, of all political parties—in trying to deal with the consequences of the cuts, because their effort has been herculean. I pay tribute to the Minister for his tone, which is slightly different from that of his predecessors, but councils really resented the Secretary of State once famously describing the cuts as “modest”—which I bet he now regrets—and the LGA’s fears for the future of local government as “utterly ludicrous”.

Mr Graham Stuart: If we are talking about making admissions, will the right hon. Gentleman now accept that his Government, at what seemed to be a time of relative plenty, skewed funding to urban areas at the expense of rural ones? Now that we are in a period of austerity, which will continue whoever is in power, it is those poorer, more highly taxed and yet lower-serviced rural areas that are suffering most. Will his party pledge to do something about that, or will it carry on putting its own party interests ahead of fairness for the British people?

Hilary Benn: I have to say to the hon. Gentleman that I resent that suggestion. I make no apology for the fact that the last Labour Government provided funding on the basis of need and that local authorities saw an increase in resources under Labour. I do not recall hearing any complaints about that from the then Opposition when those decisions were being made.

Mr Stuart *rose*—

Hilary Benn: I am going to make some more progress; the hon. Gentleman has had his answer. I accept the point he has made in a number of these debates about the particular challenges facing rural areas. I want to see a fairer funding formula, and I shall address that a little later.

Ministers are in denial about the scale of the challenge that authorities face and are still claiming that the settlement is fair—this is my first and fundamental point. The Minister told the House in December that the settlement is

“fair to all parts of the country, whether north or south, urban or rural.”—[*Official Report*, 18 December 2014; Vol. 589, c. 1590.]

He said that again today, but let me tell him that nobody else believes it because it clearly is not true. He does not need to take my word for it; all he has to do is listen to what others have had to say about what Ministers have done. The Audit Commission has said that

“councils in the most deprived areas have seen substantially greater reductions in government funding as a share of revenue expenditure than councils in less deprived areas.”

The Joseph Rowntree Foundation has said that

“cuts in spending power and budgeted spend are systematically greater in more deprived local authorities than in more affluent ones”.

The Public Accounts Committee report on the financial sustainability of local authorities said:

“local authorities with the highest spending needs have been receiving the largest reductions.”

The Chair of the PAC, my right hon. Friend the Member for Barking (Margaret Hodge), said:

“These cuts have not hit all local authorities equally, with reductions ranging between 5% and 40%.

Councils with the greatest spending needs—the most deprived authorities—have been receiving the largest reductions.”

At least the former local government Minister, the hon. Member for Bromley and Chislehurst (Robert Neill), had the honesty some time ago to say:

“Those in greatest need ultimately bear the burden of paying off the debt”—[*Official Report*, 10 June 2010; Vol. 511, c. 450.]

Today’s Minister mentioned council tax, but the one group of people who have not benefited from any freeze in council tax are those on the very lowest incomes, who have been affected by the changes to council tax benefit. There has been no freeze for them.

Robert Neill: It is a pity that the right hon. Gentleman quoted selectively, forgetting that I said that that would be because the Labour party would ruin the economy, and only by growing the economy would the poorest benefit. He has said there would be no new money for local government were Labour to come into office, so will he help us by coming clean as to which local authorities he will then penalise so he can distribute money to his political friends and on what basis?

Hilary Benn: Once again, I do not accept the charge that this is about distributing funds to friends; it is about having a fair funding formula. I remind the hon. Gentleman that when the coalition Government took office unemployment in this country was falling and the economy was growing—[*Laughter.*] It is no good Government Members laughing, because the evidence, the statistics, the facts will show that that was indeed the case.

On council tax increases, Ministers have frequently made reference to what happened under the last Labour Government, so I have taken the trouble to look at what actually happened then. The truth is that the biggest increases in council tax between 1997 and 2010 were put in place by Conservative-controlled authorities and the smallest increases were under Labour. Indeed, 11 of the top 15 increases in council tax during that period came under Conservative-controlled authorities, two were under authorities with no overall control and one was under a Lib Dem-controlled authority. I suppose that was a coalition.

Mr Stuart: Will the right hon. Gentleman give way?

Hilary Benn: No. The hon. Gentleman may not like the fact, but the truth is that Conservative-controlled authorities were leading the way in raising council tax. What I am interested in, in this debate, is what the figures show. Why is it that by 2017, as we heard a moment ago, the city of Liverpool, with the most deprived local authority in the country, will have lost half its Government grant since 2010? I have nothing

against Wokingham, but why is it on course to have higher spending power per household than Leeds or Newcastle, despite the greater needs of those two cities? Why is it that, having claimed that those with the broadest shoulders would bear the biggest burden, Ministers have done the very opposite to local government? Will the Minister explain why Elmbridge, Waverley and Surrey Heath have been given an increase in spending power over the past five years although they are among some of the very wealthiest parts of the country? They rank among the 10 least deprived local authorities in England. There is a lot of austerity elsewhere, but it does not appear to apply in those places.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): Does my right hon. Friend agree that the way the Government have approached local government finance is putting councils between a rock and a hard place? My own council in Hounslow will have to make cuts of around 40% on what it had in 2010. To raise council tax even by 2% would generate about £2 million. To go over that would cost between £300,000 and £400,000 in terms of running a referendum. The council is concerned about what will happen to services, which will have to be very deeply cut.

Hilary Benn: My hon. Friend makes an important point about the difficult choices faced by local authorities up and down the country. I know that councils will do their darnedest to try to minimise any increase in council tax because of the pressure on people's finances and because of what has happened over the past five years.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): I wish to give one example to show that this is all about the political nature of an authority rather than the previous funding formula. In Redcar and Cleveland between 1999 and 2003, when the council was Labour-run, and 2007 and 2011—eight years—the council tax under Labour did not go up cumulatively by the amount it did under the Tories between 2003 and 2007, who raised it by 24% in four years.

Hilary Benn: I am grateful to my hon. Friend for putting the record straight, given the charge that has been laid against us by the Government. The fundamental question today is why the system has been moving away from one where funding properly reflected need to one where the principle is being lost. That question was put by my hon. Friend the Member for Sheffield South East (Mr Betts), who chairs the Select Committee, in this debate last year, but so far there has been no answer.

John Healey: My right hon. Friend is making a powerful and principled point about the way that funding has moved against those areas with greatest need. He is making that case with great clarity, but does he accept that using spending power, as he just did, disguises the depth of the cuts that many councils face? It really cannot be the case that we can accept £1.8 billion of a better care fund in next year's budget as an increase in councils' spending power when the power to approve the spending decisions lies not with councils but with the health service in those areas?

Hilary Benn: My right hon. Friend makes an extremely important point. That is why the attempt that the Minister made to include that spending power, when we know that a goodly portion of that money is not in the

hands of local authorities, is not a fair reflection. The point I put to the Minister is simply this: the NAO said that the Government should publish figures detailing the change in individual local authority income in real terms since 2010-11 so that the cumulative impact of funding reductions could be plain for all to see. The question is why have the Government refused to do it, and why are we relying on the finance department of Newcastle city council to do the work of the Department for Communities and Local Government?

Sir Oliver Heald (North East Hertfordshire) (Con): I am grateful to the right hon. Gentleman for giving way. He will appreciate that in a constituency such as mine in Hertfordshire we are facing a lot of new building of homes and we need infrastructure. If he deprives my council of the new homes bonus and its community infrastructure levy, how will we provide for all these people in our part of the world? It just does not add up.

Hilary Benn: I have no intention of depriving the hon. and learned Gentleman's local authority of CIL income, but as he raises the new homes bonus, I shall be straight and direct with him. I shall come on to this in a moment—in fact, if he will bear with me, I shall come to that point about the new homes bonus and set out why it needs to change.

Mr Jim Cunningham: A good illustration of what is happening in local government can be seen in Coventry, at University hospital. Cuts in the care budget have led to bed blocking, and now there are also cuts in the welfare budget. The Government say that they are trying to be gentle with local government, but does my right hon. Friend not agree that they are actually putting the boot in?

Hilary Benn: I agree and I shall come to that point, too, when I talk about the consequences of what has happened for health and social care more generally.

Mr Redwood: The shadow Secretary of State is usually very fair-minded, so does he agree that the largest local authority service is education, which has over the past five years had cash increases and small real increases in spending, and that the biggest local public service is the NHS, as administered locally, which has had real increases as well? Were they not the right priorities and would not his party have shared exactly that priority of protecting health and education?

Hilary Benn: Indeed. If one looks back at the record of the previous Labour Government, one can see that that is precisely what we did. In fact, we increased investment in those two things as that reflects public priorities. Of course, Government life is about the choices one has to make and one of the choices the Government have not made is to publish the figures that the NAO has asked them to publish. I suspect that Ministers know what the figures are and know that they will damage their argument that this is a settlement that is fair to all, north and south, and therefore do not want to reveal what is happening. We also know that the NAO has criticised the Department and Ministers for not paying close enough attention to what is going on. Again, those are not my words but those of the National Audit Office, which said:

[Hilary Benn]

“The Department has a limited understanding of the financial sustainability of local authorities and the extent to which they may be at risk of financial failure.”

That is why the Public Accounts Committee said:

“The Department does not understand the impact over time of reductions in funding to local authorities, and the potential risks of individual authorities becoming financially unsustainable if reductions continue.”

On current trends, the revenue support grant will disappear entirely by 2019-20. When the Minister replies, will he confirm that that is the case? What assessment have the Government made of the impact of that on the viability of local authority services, particularly in the areas most reliant on Government support? Indeed, I ask Members to pause for a moment and contemplate their local authority’s budget without any revenue support grant whatsoever. The Chair of the Public Accounts Committee was very clear when she said recently:

“Further cuts could not just undermine the entire viability of most optional services, but might threaten some statutory services in these areas.”

Dame Angela Watkinson I am sure that the shadow Secretary of State is aware that the 12 inner London boroughs hold more in reserves collectively than the 20 outer London boroughs. Does he think that that indicates that funding is going where the greatest need is or does he agree with me that the balance of funding between inner and outer London needs to be reviewed?

Hilary Benn: The size of the reserves held by authorities across the country—they have been criticised by Ministers for doing that—shows the scale of the challenge they face. Councils are doing exactly what families do if they have any money to put by when times are hard, as they do not know what is around the corner or what difficulties they will face. That is my first point. Secondly, a lot of those reserves are earmarked for capital investment, including invest-to-save projects to help deliver savings further down the line. Thirdly, if councils decided today just to spend all of their reserves, that would pay for local government services for about a month and then they would all be gone. Then what should they do? It is no good criticising local councils for having reserves when they are trying to manage their money prudently.

I want to come to the point raised by my hon. Friend the Member for Coventry South (Mr Cunningham) about social care, which is under particular strain because of the growing number of older people. Will the Minister, in replying, tell us what percentage of the better care fund, about which we have heard today, is flowing into local authorities to support social care as opposed to going to the health service? He will be well aware of the pressures faced by local authorities and, as we have just heard and as all hon. Members know, part of the reason for the rising pressure in A and E departments, and for the growing number of elderly people in hospital beds when there is no medical need for them still to be there, is the reductions, in some cases, that have had to be made by local authorities, despite their best endeavours, in entitlement to social care. The Local Government Association estimates that adult social care faces a funding gap of £1.6 billion in 2015-16 and that that is

expected to rise to £4.3 billion in 2019-20. Is that a figure that Ministers accept? If so, what do they intend to do about it?

Will the Minister confirm that the new homes bonus takes money away from the most disadvantaged communities and gives it to areas where, in all probability, the new homes would have been built anyway? What does he have to say about the NAO’s conclusion that there is little evidence that the new homes bonus has yet made significant changes to local authorities’ behaviour towards increasing housing supply? Even two of the Ministers on the Front Bench are not wildly keen on it. The Under-Secretary of State for Communities and Local Government, the hon. Member for Bristol West (Stephen Williams), has admitted that he is “not a fan”, and the Under-Secretary of State for Communities and Local Government, the hon. Member for Keighley (Kris Hopkins), was even more frank because he told the House back in November 2013:

“I am afraid the new homes bonus is not about encouraging people to build homes.”—[*Official Report*, 25 November 2013; Vol. 571, c. 11.]

Given that, why are Ministers so opposed to funding being allocated on a fairer basis, based on need, as we are proposing?

We are lectured frequently about the need to take tough decisions in tough times. If one accepts the argument—those on the Government Benches do not—that the way in which the cuts have been applied is fundamentally unfair to some authorities, one of the things one can do is to redistribute, and the new homes bonus provides an opportunity to do that.

Sir Oliver Heald: So what the right hon. Gentleman is saying is that we have to take the homes and he gets the bonus. What is fair about that?

Hilary Benn: There is section 106 and there is CIL in order to raise financing. There are also the changes that we are proposing in order to give local authorities, such as the hon. and learned Gentleman’s, greater power over the construction of new homes so that communities can determine where homes are built, but when it comes to the new homes bonus, if one accepts the argument that it is regressive in its impact because it is top-sliced from revenue support grant which is supposed to reflect need and therefore goes towards areas where people want to build homes which tend to be less disadvantaged than others, it is a tough choice. But when people say, “What are you going to do to redress the unfairness of what the coalition has done?”, that is part of my answer.

I know that other Members want to speak so I shall make progress. In these difficult times, what councils want is, first, fairer funding, which we are committed to; secondly, help with longer-term funding settlements so that they can plan ahead; and thirdly, more devolution of power so that they can work with other public services to get the most out of every pound of public funding. We have heard Ministers argue in the past that the relationship of old was based on a begging bowl mentality. A former local government Minister used to talk about that. That is pretty insulting to local authorities which, over the years, have worked hard to grow their economies and create jobs. One cannot look at the growth and success of the city of Leeds over the past 30 years and say that that is the result of a begging bowl

mentality. It is because the council, businesses and local people have worked hard to grow the economy, create jobs and improve people's lives. It was a question of leadership.

That brings me to what is absent from the statement today—devolution of funding to local authorities. I support the city deals that the Government have put in place and I welcome them. I have said that before, but progress has been slow and timid. We had been promised a further deal for the Leeds and Sheffield city regions, following the recently agreed deal with Greater Manchester, but there is no sign of it. Who is running that policy? Is it the Secretary of State, the Chancellor of the Exchequer or the Deputy Prime Minister?

Everyone in the House knows that the reason why the deals are being held up is that the Chancellor wants to impose a metro mayor as part of the deal and the Deputy Prime Minister does not. I am not sure what the Secretary of State's view is, but he is clearly no particular fan of combined authorities because he said not long ago that he is afraid that they

“will suck power upwards away from local councils”.

In case the Secretary of State has not noticed, combined authorities are local councils coming together freely, voluntarily, in the interests of co-operation, because they see the benefit for their residents. When the Minister replies, will he tell us when Leeds and Sheffield are going to get the same deal as Manchester?

The last point that I want to come on to is about the counties of England. We have heard some voices in the contributions today. It was noticeable that at the recent county councils network conference, for some reason not one of the Department for Communities and Local Government House of Commons Ministers was able to turn up to address the representatives of the county councils. It was extraordinary. I suspect the reason is that county leaders feel wholly ignored by this coalition Government because they see the devolution that has been offered to cities. Where is the devolution to counties and county regions? There is none. If we get the opportunity, we will change that. We would offer economic devolution to every part of England—county regions as well as city regions—to give them greater control over their economic future. On that, I am in agreement with the Minister. We would devolve decision making on transport investment and on bus regulation. If that is good enough for London, it is good enough for the rest of the country.

We would offer funding for post-19 skills, working with businesses and co-commissioning a replacement for the Government's Work programme to help the long-term unemployed back into a job. We would offer new powers over housing so that communities can build the houses they want in the places they want, and the houses go to the people who need them. By devolving £30 billion-worth of funding—much more than the Government are offering—we would give combined authorities the ability to retain 100% of business rate income growth. The Prime Minister has said that he wants to move towards two thirds, so if he hurries up a bit, he will finally catch up with Labour policy.

Mr Graham Stuart: The right hon. Gentleman said that he would bring in a new, fairer funding formula for local government. Does he accept that in the formula introduced by the previous Government, weighting was put in for density—four times that for sparsity—which

has absolutely no link to need, and that is partly why certain parts of the country, even under this Government, have unfairly benefited? Will he unpick that so that sparsity is given greater weight than density, which has nothing to do with need?

Hilary Benn: If we get the opportunity after a certain event on 7 May, I would be very happy to receive representations from the hon. Gentleman and everyone else, because when I say that we want to achieve a fairer funding mechanism, that is what I mean.

In return for this economic devolution deal, all we ask is that local government comes together to form combined authorities across England. Their shape will vary from place to place, because economic geography and travel-to-work areas vary. This is a challenge to local government. Local government says to all politicians, “Trust us more.” Well, we would trust local government more. We would say, “Get organised, and significant devolution of funding is on offer in return.”

Mr Redwood *rose*—

Sarah Newton (Truro and Falmouth) (Con): Will the right hon. Gentleman give way?

Hilary Benn: I have been generous in giving way, but I am going to bring my remarks to a close because many other Members want to speak.

Councils want fairer funding, longer-term settlements, and devolution of power. They have worked really hard to reduce the impact of funding reductions on their residents, but they are now saying that this settlement could mark a turning point where the things they have worked hard to protect will be more difficult to protect in future. If the loss of services that we have seen—in the case of social care, that is largely hidden, because someone has no idea what they would have got before, as they only discover what they will get at the time when they need social care—is only part of what the Chancellor, the Secretary of State and the Prime Minister have in mind for local government in the years ahead, I say to the Minister that Labour Members will certainly not be joining him in a headlong rush back to the 1930s. Hard-working councillors want a Government who acknowledge that they have had a tough time and face stark choices, and Ministers who give an appearance of knowing what is going on.

Labour Members recognise that local government has to make a contribution to tackling the deficit—tough times do indeed require tough decisions—but there is no justification whatsoever for taking the most from those who have least. However many “Fair to all, north and south” speeches we may hear from Ministers, they can no longer pretend that that is the case. For that reason, while we do not oppose the referendum report, we will vote against the local government finance report.

4.33 pm

Robert Neill (Bromley and Chislehurst) (Con): In one respect, it is a pleasure to follow the right hon. Member for Leeds Central (Hilary Benn), because he always speaks with courtesy and care. On the other hand, it is regrettable that, yet again, we have seen a classic piece of sleight of hand from Opposition Front Benchers. Labour Members have remarkably selective

[Robert Neill]

memories. I give him credit, though, for doing rather better than his party leader in at least managing to mention the deficit.

The right hon. Gentleman talked about localism, but then made it clear that Labour Members' version of devolution and decentralisation, which one might think at first was one of the great damascene conversions of our time—not so much a road to Damascus as a bypass, given where they started from—is totally hedged in with centralised control, saying, “We’ll devolve if you go along with our imposed regional template.” Basically, he is a more subtle version of the noble Lord Prescott. He wants to re-impose regional straitjackets on local authorities through the back door. That is the reality of Labour’s supposed devolution agenda.

Sarah Newton: I share my hon. Friend’s concern, because what I have just heard is a proposal to reverse what this Government are doing through their regional growth funds: devolving real power and responsibility to Cornwall council. The Opposition are saying that we cannot have that unless we join up with Plymouth or Devon or who knows where.

Robert Neill: It is a little like the classic Henry Ford approach of telling people that they can have any colour car they like so long as it is black. The Opposition are saying that people can have any type of devolution they like so long as they sign up to their version of what they now call a county region—that’s a new one! Calling it the north-east or east of England did not work; they are calling them county regions now, but only so long as people sign up to their imposed template.

Local government has not forgotten that this is the same team that introduced capping without giving it the chance to ask for the views of local voters; that introduced comprehensive area assessments; that interfered through the Standards Board and tried to micromanage the behaviour of councillors; and that did nothing to deal with predetermination, which stifled democratic debate. It is the same old Labour. They have not changed at all; they have just reworked the language. This is the same team that, at the end of the day, created the financial ruin of this country which, slowly, the coalition has had to put right. They are the people who damaged the hardest pressed in this country through their economic management, but there has been no apology or word of recantation.

Mr Redwood: Did my hon. Friend notice the continued insult to England? The Opposition say absolutely nothing about allowing England to settle her income tax levels, but they want Scotland to settle theirs. They want Scottish MPs to come down here and help dictate to England our income tax while they Balkanise England and pretend that breaking it up into mock European areas is some substitute for proper devolution.

Madam Deputy Speaker (Dame Dawn Primarolo): Order. The right hon. Gentleman has got his point on the record, but you will stick to local government finance, won’t you, Mr Neill?

Robert Neill: Indeed I will, Madam Deputy Speaker. As we consider the future shape of the United Kingdom, I hope we will have a genuine debate about serious

devolution of financial responsibility to local authorities, but that is certainly not what the Labour party’s proposals will achieve.

Mr Mike Hancock (Portsmouth South) (Ind): The hon. Gentleman, like me, has had a long career in local government. Over 40 years, I have heard successive Labour Members say that they will find a fairer system to help local government survive, but the first thing they do when they come into office is find ways to reduce the amount of money going to local government while at the same time increasing its responsibilities. How can we take seriously what the right hon. Member for Leeds Central (Hilary Benn) has said if he is following that same pattern?

Robert Neill: That is certainly true of Labour Governments when they have come into office. I would gently add that when this coalition Government came into office we said that we would abolish capping and get rid of the Standards Board and the comprehensive area assessments, and we did so. We actually delivered on what we said. That is the difference between the two.

Mr Graham Stuart: My hon. Friend is rightly dissecting the speech given by the shadow Secretary of State, who failed to say, despite having repeated opportunities to do so, that he would seek to redress the imbalance between rural and urban areas. Is it not clear that every rural community in this country should recognise that a Labour Government will put its own political interests ahead of a fair and equitable settlement? They should not be fooled by the words that have come from the shadow Secretary of State’s mouth today, because he refused to commit to a change that would make the situation fairer.

Robert Neill: At the end of the day, it is implicit that a Labour Government would carry out a redistribution. We know from experience that the clever—and sometimes surreptitious—tweaking of the weightings in those 270-odd elements that go into the formula grants through the regression analysis was deliberately manufactured to move money away from parts of this country to those that historically tended to vote Labour. There is no getting away from that reality and the same thing will be done again.

My hon. and learned Friend the Member for North East Hertfordshire (Sir Oliver Heald) made a serious point about what would happen to those authorities dealing with housing need, which I thought both parties recognised. The current Government have said, sensibly, that the money should follow the population growth, because that results in the costs of services being given to local authorities. The Labour party wants to scrap that entirely. It is abject nonsense to go down that route.

Sir Oliver Heald: If we have to build all these homes in Hertfordshire without the new homes bonus, and if our CIL is cut as the shadow Secretary of State suggested, we will end up with absolute traffic chaos and the whole county becoming a car park. Does my hon. Friend agree that this just does not add up?

Robert Neill: I have no doubt that we would also see the imposition of regional planning through the right hon. Gentleman’s delicately termed “county region

authorities". That would be another imposition on local authorities. The new homes bonus has enabled authorities that want to provide homes for their populations to deliver those homes and to pay for the services that such populations rightly demand. There is an inherent contradiction in the Opposition's argument.

It is significant that Opposition Members are talking about greater devolution. I, too, hope that there will be an increase in the retained element of business rates. Interestingly, that never happened throughout the whole of the Labour party's watch. They only started to move towards a devolutionary stance after my right hon. Friend the Secretary of State introduced the retention of some of the additional business rate. We have a track record of delivering policies, but they are simply saying that they would do the reverse of whatever they did in the past, which seems fairly normal for the Labour party at the moment.

Mr Betts: Will the hon. Gentleman give way?

Robert Neill: I will of course give way to the Chair of the Select Committee.

Mr Betts: I agree with the hon. Gentleman on the business rate—the direction of travel is right, and it is sensible to move towards total retention—but is there any evidence that the new homes bonus has led to the building of one additional home?

Robert Neill: Yes, it is very clear that more new homes are being built. The right hon. Member for Leeds Central talked about need. One of the biggest recipients of the new homes bonus has been the inner-London borough of Tower Hamlets. It has built homes in a needy area, and it has been one of the biggest beneficiaries of the new homes bonus. There is therefore a direct correlation, and that correlation also relates to need. With respect to the hon. Member for Sheffield South East (Mr Betts), his point was not the best he has made in debates in the Chamber.

It is worth observing that local authorities have calculated that they will see an increase in business rate income in 2014-15, thanks to the Government's economic policies. Some 91% of local authorities anticipate that their business rate income will grow during 2014-15, because we are starting to get the economy back on track. Having record levels of jobs and economic activity would be prejudiced by the Labour party, but that is the real way to create sustainable funding for local government, not a culture dependent on tweaking handouts.

My hon. Friend the Member for Hornchurch and Upminster (Dame Angela Watkinson) made an important point about why we need to move away from the culture of dependency. Historically, there were disparate levels of resourcing between inner and outer-London boroughs. Once upon a time, that to some degree reflected the demography of London, but that demography has changed significantly. As I know from the experience of my London borough of Bromley, the pressures facing outer-London boroughs are now much closer to those of inner-London boroughs. As my hon. Friend the Member for Beverley and Holderness (Mr Stuart) observed, the artificial inflation of the weight given to density has made the problem worse in some cases. Throughout this Parliament, my right hon. Friend the Secretary of State

and his ministerial team have gradually sought to rectify such wrongs, and I hope that in the next Parliament we can build on the very solid foundations built so far.

At the end of the day, I hope that we can move away from the artificial argument about dependence on the central Government grant. We should give local government the tools to invest, which is why the new homes bonus and the retention of business rates are so important. A fairer and more transparent basis for funding is critical, and that is what the coalition Government have delivered.

There is still more to do, although none of us would disagree that local government is probably the most efficient part of the public sector. That is why I was pleased to see the excellent work done through the better care fund. I represent a top-tier authority, and most such authorities regard adult social care as one of their principal funding pressures. Once the better care fund is established, I hope that much more work will be done to align adult social care with health services. Local authorities can often deliver many of the health-related aspects of services for elderly people more efficiently than the traditional health service model. Again, my right hon. Friend the Secretary of State is to be congratulated on opening up that new opportunity, which sensible authorities, such as mine in Bromley, have already seized. We must ensure that health authorities and commissioning groups understand that too, and that they fully co-operate and do not seek artificially to hang on to money—often, their local government colleagues may be best placed to get the best bang for local residents from the available buck. I hope we will see more of that important development.

Although not directly part of the grant settlement, I hope my right hon. Friend will continue to point out to colleagues in the Department for Education that we could look for greater flexibility in the operation of the dedicated schools grant. That is a good thing in itself, but some types of educational spending currently fall outside its parameters, and we could consider that issue for the future.

None of that takes away from the fact that every local government Minister has to do a balancing act when they set out the local government finance settlement. I believe that the DCLG ministerial team has done a good job, and above all we must keep bearing down on the deficit and keep public finances under control. Equally, we should continue to reward councils that do the right thing. In due course, as my right hon. Friend the Member for Wokingham (Mr Redwood) was hinting—I will say this in a way that does not make me out of order, Madam Deputy Speaker—I hope that as we consider future funding arrangements for the whole United Kingdom, we will be able to give more weight to councils such as Bromley that have historically shown high levels of efficiency. Bromley delivers its services at the lowest unit cost per head of any London borough, and it also happens to have the second lowest level of central Government grant. The more we remove local authorities from the need to depend on that ratio of central government grant the better, and the more likely it is that they will profit from their own efficiency. That is the way forward.

I hope that in the short term we will look again at some elements of the way the grant is calculated and give greater weight to efficiency. It is probably right that

[Robert Neill]

there should be a greater relationship in local government between behaviour and out-turns, and between behaviour and consequences. The best thing would be to ensure that a higher percentage of local government spend is raised locally, and the Government are on course for that. They have made a good start but can always continue to do further work in future. At least we are able to offer local government a realistic programme as we go into the general election, building on achievements that have been delivered, rather than on the inherently contradictory flights of fancy from Opposition Members. We respect local government—I spent many years of my life in local government, and there are good people and authorities of all colours. For all the words of the right hon. Member for Leeds Central, imposed centralism is not the answer, and we must build incrementally—as the Secretary of State rightly has done—to return powers increasingly to local government. This finance report is consistent with that path, and I hope the House will support it.

4.47 pm

Mr Clive Betts (Sheffield South East) (Lab): This Parliament will clearly go down as the Parliament of austerity, but let us go back to 2010 and look at the situation when we began this journey. At the general election in 2010 the economy was growing—[*Interruption.*] I know Conservative Members do not like to hear that, but it was growing. The Government made a commitment in the coalition agreement to removing the deficit over the course of this Parliament, but that has not happened, has it? That is because the economy stopped growing because of the immediate severity of the cuts. As a result, not only did that happen, but real wages have not grown, the tax take has been less than anticipated, and the increase in housing benefit paid to people in work has grown substantially. That is why the deficit has been cut to only a third or a half—depending on the definition—of its original level.

Mr Graham Stuart: The hon. Gentleman is the only senior commentator I have heard suggest that the economy stalled primarily because of a reduction in Government spending. Surely he should accept that it was to do with the general economic dislocation across the continent of Europe. While the rest of Europe is flatlining, and while this Government have tried to wrestle down the deficit, Britain has returned to growth. We have higher growth this year than any other major economy in the world, and that should be celebrated.

Mr Betts: That is interesting. If the hon. Gentleman is saying that the fundamental problem was a major dislocation in Europe and the world because of the banking crisis and collapse, it is difficult to blame it solely on the Labour Government. After the major dislocation and the recession, the economy had started growing by the time of the election in 2010. It then went back into recession. That is what happened.

We are where we are. Through all the austerity and the pain of service cuts, the deficit is at least half of what it was. In other words, the Government have missed their target by at least 50%. That is the position. Nobody will dispute that, will they? It is fairly clear that the Government missed their target by at least 50%.

We have had all that austerity, but has it been fair? Has it been fair to local government as a whole, to Conservative councils as well as Labour councils, because they will make that point strongly? Why has local government been asked to bear the biggest burden? There is another way of putting that: why do Ministers believe that the services our communities receive from their local councils are less important than other public services? That is important.

Mr Stuart: We were protecting the health service. You can't have it both ways.

Mr Betts: The hon. Gentleman shouts, "We were protecting the health service," but social care provided by local councils is as important. Of course, that is not protected from the reductions.

The figures I quoted earlier were from the Local Government Association and the Office for Budget Responsibility, so they are clearly right—perhaps hon. Members want to challenge them. The spending that local authorities can control—which excludes schools, public health, which is ring-fenced, and housing benefit—has fallen from 19% of total public sector current expenditure in 2009-10 to 16% in 2015-16. That is a disproportionate cut in local government spending compared with public spending as a whole. There is another way of looking at it: local government spending as a percentage of GDP has fallen from 4% to 2.9%. That is a significant fall.

The Government have tried to spin the 2015-16 cut as a 1.7% cut in spending power, but we should again look at the figures produced by the LGA, which are based on OBR figures. The real figures that local authorities can control, on a like-for-like basis over the years, excluding the better care fund, council tax and the public health grant, which is ring-fenced, show that the cut is 8.5% in real terms. That is the figure.

Ministers like including spending power and they like the better care fund. Hon. Members should read the exchange that the Communities and Local Government Committee had with the permanent secretary recently. He accepted that the better care fund was not part of the grant from central Government to local authorities. That money is included in the budget of the national health service, in the Department of Health. That is where it is accounted for. Ministers cannot count it in both the Department of Health budget and the Department for Communities and Local Government budget. That would be double counting. Ministers count the better care fund in the Department of Health budget, and say, "Ah. We do not talk about the actual grant and money for local authorities. We talk about spending power." Although the better care fund is in the Department of Health budget, they say that it is part of local government spending power. That is how they get their calculation down to 1.7%. That is how they do it—by sleight of hand. We cannot have that double counting.

That is not to decry or demean the better care fund. The concept of trying to join up health service and local authority social care is obviously a good one.

Mr Stuart: Will the hon. Gentleman give way?

Mr Betts: I will make a little progress and come back to the hon. Gentleman.

There are major issues. Why are local authorities singled out for bigger cuts? Within local government, why have the deprived communities had the largest cuts? Ministers could make a logical, rational argument. They could say that the authorities with the biggest grant might lose the most grant in cash terms. I might not agree with the argument, but I can see a logic to an argument that says because authorities have so much more money given to them historically, they are likely to lose more when cuts are made. Can Ministers sustain an argument that says authorities historically receiving the most grant, the most needy authorities, should therefore have the biggest percentage cuts? What is the logic for that? It is one thing to argue the biggest amount, in cash terms, should come from authorities with the most cash given to them, but why should they have the biggest percentage cuts? What is the logical argument for that? How can it possibly be right that over the period of this Parliament, between 2010-11 to 2015-16, Sheffield's spending power—I will use the Minister's own definitions—has fallen by £230.60 per head and Wokingham's has fallen by £2.29 per head, only 1% of Sheffield's fall? How can there be any rational, reasonable justification to explain that cut? How can there be?

Mr Gordon Marsden (Blackpool South) (Lab): My hon. Friend is making a powerful and incisive point. Does he agree that this bears down particularly badly on those unitary authorities, such as my own in Blackpool, which have above-average needs in big spending areas such as education and social services, but find themselves subject to precisely the phenomenon he describes?

Mr Betts: Absolutely. As I say, Ministers can make an argument that those who have had the most grant might lose the most cash, but not that they should have bigger percentage cuts. They are the areas in greatest need. In two years' time, we will have the ridiculous situation where Sheffield and most of the northern cities, such as Liverpool and Manchester, will have a lower spending power per head than Wokingham. Can anyone on the Government Benches justify that? It is simply not reasonable.

The hon. Member for Bromley and Chislehurst (Robert Neill), an ex-Minister, said he suspects a future Labour Government would find surreptitious ways to redistribute money back to Labour authorities. I think we can be open about this: this Government have not been surreptitious. They have done it blatantly. They have taken money away from the most needy and given it to the most privileged. That is what they have done, to the point where the spending power of Wokingham in two years' time will be greater than the spending power of Sheffield on a per-head basis. Sorry, but that is just not reasonable and no one can justify it.

The impact is there for all to see. I went around my constituency last weekend and met people. We talk about the need to join up social care and the health service—of course we need to. Sheffield had a wonderful in-house care service provision called “Care for you”, which dealt with some of the most needy people who were in their own homes and required extensive support. Sheffield ended that service because it was cheaper to go to a private supplier that had lower overheads, mainly because it does not train as well and pays the minimum wage at best. I then met a constituent on Saturday

whose elderly father's carer missed four appointments. After 36 hours his father was found collapsed on his bedroom floor and, of course, was admitted to hospital. Why was he admitted? The care package had failed. Why had it failed? The authority was having to make cuts because of the budget cuts. That is the reality of how things are in local government at present. That is not a bad authority trying to do it on the cheap, but an authority trying to reduce spending, because of the massive cuts it is facing, by another £60 million next year. In the end, much of that will have to fall on social care, the biggest budget.

Mr Graham Stuart: The hon. Gentleman talks about double counting. He accepted that the Government had protected the schools budget and the health budget, and that therefore, given the size of those budgets in overall Government expenditure, there would be disproportionate cuts elsewhere. Will he put it on the record that his party would, as it did in Wales, cut the health service to protect local government funding? Tough choices means being clear about what one protects and what one will cut. His party seems to want to have it every which way without telling people the truth.

Mr Betts: I think we should also deal with the myth that somehow the NHS has been protected. If we look at the King's Fund and other commentators—the British Medical Association, certainly, or go to the GPs in my constituency—its spending has gone up in line with general inflation. Unfortunately, though, it has not been sufficient to cope with the increased demand, particularly from elderly people wanting ever more support from community GPs and hospitals.

If we have dealt with half the budget deficit this Parliament, is the Tory party saying that, if it is returned to power, this scale of local government cuts will continue? Can we really contemplate reducing local government spending as a percentage of GDP from 4% to 2.9% and below? If so, we will not be back to 1930s levels of service provision; we will have gone back even further. The graph of doom is coming. Tory councils as well as Labour councils are talking about it. Figures from the Office for Budget Responsibility show that by the end of the next Parliament, if the cuts continue on the same trajectory, we will reach the point where statutory responsibilities take up the whole local government budget, and nothing will be left for discretionary services. But I do not expect Ministers to respond, because, as the damning report from the National Audit Office said:

“The Department does not understand the impact over time of reductions in funding to local authorities, and the potential risks of individual authorities becoming financially unsustainable if reductions continue.”

That is what the NAO said, and that is the reality we are facing up to.

I do not have time to go into all the issues of decentralisation. I am a decentralist, and I speak on behalf of the Select Committee. We would decentralise not merely spending responsibilities, but tax-raising responsibilities, which the Labour Front-Bench team is beginning to move towards, with full responsibility for retaining business rates locally. I hope we can go further, but so far the Government are not prepared to move in that direction.

[Mr Betts]

In conclusion, there are three big questions that the Government have not answered. Why have local authorities had to face more than their fair share of cuts, compared with other Government services, in this Parliament? Why have the poorest authorities faced the largest cuts—far larger than is proportionate? In the end, do Ministers seriously believe that in the next Parliament we can continue with the same level of local cuts and maintain the financial sustainability of local councils and the services they deliver?

5.2 pm

John Pugh (Southport) (LD): It is a pleasure to follow the hon. Member for Sheffield South East (Mr Betts).

It would be churlish not to welcome the new money announced—it is welcome and needed—but I want to make a few brief observations. It is indisputable that during the attack on the deficit local government has been hit first and hardest, as it often is by all Governments—because local government is not us. We set the budget and they, the councillors, have to make the cuts. In fact, however, it is the only public service budget that has to reach a black line every year, no matter what we throw at it—and we have thrown an awful lot at it, which makes things tough and constrained.

It is widely admitted, however, that in very difficult circumstances local government has coped quite admirably—somehow—but in varied ways and with greater or lesser difficulty. If the NAO is to be believed, the Government do not realise how much that has varied and cannot be sure that local government can continue to cope in the future. The hon. Member for Sheffield South East made that point very effectively. We cannot be sure that local government is sustainable in its current form, particularly because no party is offering it any kind of reprieve, so far as I can see.

It is indisputable—I would not disagree with the hon. Gentleman—that by and large the metropolitan and urban areas have lost most in proportional and real terms. We can, as the Government do, call that fair, because they had the most per capita in the first place—and they still have—or unfair because they have the greatest need. We can stand in argument either way, and most of our argument concerns just that point.

I personally regard a 40% overall reduction in the DCLG's account during this Parliament as too severe to be well managed and as unnecessarily damaging. I say that as a supporter of the Government's deficit reduction ambitions. I have voted unflinchingly so far on most financial issues. On this occasion, however, one thing sticks in the craw—the dishonesty and disingenuousness of the presentation of the facts.

It was bad enough when we had the sophistry of spending power replacing the clear grant support figures in hard cash terms. When we started to include money actually in the NHS budget in council spending power—and then went on to deny double counting—the truth started to recede for me. It was very depressing. As the hon. Member for Sheffield South East has explained, the last straw came last week when I and other members of the Communities and Local Government Committee, some of whom are present, saw the permanent secretary and head of the civil service, Bob Kerslake, attempting to describe double counting as something else. It was

almost comical—there were contortions that could have appeared in a TV sketch for “Yes Minister”. It was a genuinely class act of a civil servant defending the indefensible. I urge hon. Members to try to download it or find it on Parliament Live, where they will see it is a work of considerable ingenuity!

My point is simple. To make cuts and defend them is honest and tough; to make cuts and disguise them is, as I think most would accept, cowardly and weak; but to make cuts and deny them and absurdly twist language to do so is dishonest and dangerous.

5.6 pm

Chris Williamson (Derby North) (Lab): I congratulate my right hon. Friend the Member for Leeds Central (Hilary Benn), the shadow Secretary of State, on his excellent exposition, setting out Labour's alternative to what the Government have put forward today.

We are meeting at an apposite time. Hon. Members have referred to the reports of the National Audit Office and the Public Accounts Committee. I have with me a copy of the PAC report. To summarise it in respect of the Government's record on local government, let me say that the Government have failed to provide leadership on local government finance; failed to understand the impact of the cuts they are making; failed to apply the cuts fairly, as we have heard today; and failed to recognise the effect that the cuts are having on councils' ability to deliver their statutory services.

Many of us here will be familiar with the “graph of doom” produced by the Local Government Association, which has pointed out that in a very short time local authorities will be capable of delivering only their statutory services, and that if the funding arrangements continue on their present trajectory, many authorities will be struggling to deliver even their statutory obligations.

It was my privilege a couple of weeks ago to re-launch the “Fair Deal for Derby” campaign. Derby has been crucified by this Administration, and the Secretary of State is acting like a giant wrecking ball on local government services in the city. We have seen a reduction in funding for the local authority of some £379 per household in the city of Derby. The cuts that the council has already had to make amount to some £96 million with a further £69 million to find—unless the Government change tack or unless, as we hope, we see the election of a Labour Government on 7 May.

Mr Graham Stuart: Is it the hon. Gentleman's understanding, as it is mine, that the Labour party has not pledged to increase the overall funding envelope for local government? Will he spell out—in a way that the right hon. Member for Leeds Central (Hilary Benn) failed to do—exactly who would be the losers in a process where there will be no winners except at the expense of others?

Chris Williamson: My right hon. Friend the Member for Leeds Central was absolutely clear about the funding. He said there would be a fairer funding settlement. I cannot see how my right hon. Friend could have been any clearer than that. What we have seen over the past four and a half years is anything but a fair settlement. What we have seen is the neediest and most deprived parts of the country shouldering the biggest burden.

What did we hear from the Prime Minister and the Chancellor? We heard that they would not balance the books on the backs of the poorest people, yet that is precisely what they have done, as we heard from my right hon. Friend.

My local authority in Derby will have lost half its budget. Just imagine the impact of that on council services for vulnerable children and elderly and disabled people in our city! Social care has been decimated, and facilities such as street cleaning, street lighting and leisure services are also under threat as a result of the Government's cuts.

Last week saw the ridiculous scenario, the ridiculous spectacle, of the Secretary of State coming to Derby and suggesting that the council should use its reserves. "The council has £81 million in reserves," said the Secretary of State. "Why does it not use that money?" Well, as my right hon. Friend pointed out, we can only use the reserves once, and, furthermore, they have already been earmarked. They have been earmarked for new schools, for instance, and for the cost of the redundancy payments that must be made to the public sector workers who have had to be sacked because of the unprecedented cuts that the Government have imposed on Derby. It is ludicrous for the Secretary of State to come to Derby and say that the council should simply use its £81 million worth of reserves, as if they were not earmarked, which they are, and as if it could keep on using them, which it cannot. It is crazy for him to do that.

To add insult to injury, not only did the Secretary of State turn up unannounced, but when the leader of the council, Ranjit Banwait, politely asked if the Secretary of State would meet him, the Secretary of State snubbed him. He said, "No, no, I haven't got time to meet the leader of the council." The leader wanted to report some of the concerns felt by councillors and some of the problems that the council was facing, and to put the case for a fair deal for Derby, but the Secretary of State was not interested. He was only interested in making political capital and in speaking to the leader's political opponents, his own Conservative friends on Derby city council.

As if that were not bad enough, the Prime Minister then weighed in. He appeared on Radio Derby, and he too referred to the reserves. He then made the ludicrous assertion that West Oxfordshire district council, his local authority, had been worse affected than Derby. I do not know whether the Prime Minister has been paying a visit to planet Zog or has been living in cloud cuckoo land for the past four and a half years, but the suggestion that West Oxfordshire has been worse affected than Derby flies in the face of the facts. The facts are very clear. The cut in West Oxfordshire amounts to some £90-odd per household, whereas the cut in Derby is almost £400 per household, which is four times as much.

I know that the Prime Minister went to a very good school. He went to Eton, I understand. I left school at 15, and I was not great at arithmetic, but it seems to me that the Prime Minister could have done with spending some time in Labour's former "numeracy hour" to work out basic arithmetic, because he clearly got that very badly wrong.

As Labour Members have already pointed out, the cuts have caused the economy to struggle and to go into a downturn. We have experienced the longest recession

for more than 300 years, and the slowest recovery for more than 100. Why is that? When this Government came to power, they inherited a growing economy and falling unemployment. We had started to turn the corner, but what did the Government do? Owing to their ideological zeal, their determination to smash the state, and their obsession with neo-liberal economics, they sent the economy into a tailspin.

It is important to bear in mind the symbiotic relationship that exists between the public and private sectors. Where does the Minister think public sector workers spend their money? Where do the almost 1,500 council workers in Derby spend their money? They spend it in the local economy; they spend it on goods and services provided by the private sector. That is why it is important to recognise this symbiotic relationship between the public and private sectors. Members on the Government Benches clearly do not understand that or why the economy has struggled so much and continues to struggle. They claim it is doing incredibly well now—well, you could have fooled me and many millions of people who are still struggling with the cost of living crisis. It is obvious that their obsession with austerity and market-led economics and their hostility to the public sector have been an utter disaster in terms of the impact on the people who rely on those services and on the economy.

What is desperately needed is a Labour Government on 7 May, with my right hon. Friend the Member for Leeds Central as Secretary of State for Communities and Local Government, because he has made it very clear that there will be a fairer funding settlement within the financial envelope. We have also made it very clear that a Labour Government would grow the economy, which this lot have been singularly unsuccessful in achieving. We would then be able to use the fruits of economic growth to sustain our public services, to continue to grow our economy and to create that economic virtuous circle.

Today we saw the ludicrous spectacle and the political stunt of the Prime Minister pleading with the captains industry: "Britain needs a pay rise." I thought for a moment when I saw that that he had converted to the TUC because it has been calling for this for a long time. Yes, Britain does need a pay rise—a pay rise for ordinary people, not the oligarchs and the hedge fund managers who fund the Conservative party, and whom Conservative Members were hobnobbing with last night at their black-and-white ball. What we need is a Labour Government, and a Labour Secretary of State—my right hon. Friend—with a fairer funding settlement so we can get this country back on its feet, and get our public services delivering the services people in our country desperately need.

5.17 pm

Anne Marie Morris (Newton Abbot) (Con): This Government have done a tremendous job in rectifying some of the wrongs the previous Administration inflicted on local government. Local authorities provide key services for all of us—care for the elderly, care for the disabled, care for children, the highways, street-lighting, libraries, youth services, economic development and so on. In that context, there is a real challenge for local authorities that service the rural community, and my community is very rural and is in the heart of Devon.

[Anne Marie Morris]

One challenge we face, in common with many rural communities, is that we have an ageing population. We also have significant infrastructure challenges given the amount of road there is in Devon. Devon has, I believe, more roads than Denmark, and that gives rise to a huge number of challenges, never the mind the challenge of the pothole.

The Government's comprehensive spending review of 2010 changed the system for funding local authorities and, rightly, looked at a programme of significant funding reductions. It did not take account of the particular needs of rural communities, however. Consequently, in Devon funding has fallen by £80 million and it has had to look at saving £128 million in total, so it has reduced staffing, introduced pay freezes, rationalised the estate and reduced management costs, and by all accounts has done all that a responsible local authority could do.

Therefore, in the context of the funding settlement for 2015-16, looking at what further it can do is a real challenge. Devon's core funding has been reduced by £29 million, a significant sum given the work that has already been done. There is also significant concern about the implications of the Care Act 2014, which implemented the Dilnot findings and introduced a cap on lifetime cost of care. The authority therefore has concerns about what additional funds it is going to have to find. The Care Act also changed the threshold at which people contribute. All of those uncertainties add to the challenge, and the Care Act is particularly significant for us given the ageing profile of Devon's population. That said, Devon is grateful for those chunks of money that it has received: the £16 million schools funding—the minimum funding level for school block units—is welcome, as is the £871,000 sum for welfare and social care, which we badly need. None the less, that does not deal with replacing the old grant of £1.3 million to support the vulnerable, which is now gone.

What can we do now? Where can we move forward? How can we rectify that imbalance between the urban community and the rural community? As has been said, the Government recognise the challenge and that something must be done. Indeed, they have already begun to deal with it. The challenge was that the changes in the sparsity weighting were lost in damping, and the reality is that rural areas on average still receive £153 per head less in Government grants than urban areas. The rural services delivery grant was, again, a welcome help, but £15.5 million equates to £1.20 per head. Realistically, that is a drop in the proverbial ocean, and that amount fills about 1% of the gap in the settlement funding assessment. We need £30 million each year, on a cumulative basis, to begin to right that wrong.

My concern, on top of the lack of funding, is that our rural communities are also being penalised by having to pay a greater level of council tax—indeed, £81 more than the average urban constituent. Locally, if we compare Teignbridge district council with the nearest city, which is Plymouth, the residents of Plymouth will get £93.84 more under the latest Government funding settlement. That simply cannot be justified.

There are huge pressures on local authorities, which are really challenged. Whatever they do with council tax, they are still struggling. It is not surprising that the new homes bonus has in effect come to their rescue, to

fill the gap, or that, equally, communities feel deeply frustrated and concerned that that is leading to overdevelopment. In our communities, including my Devon community, there is real pressure on care, day care centres, children's centres and libraries. We are getting to the point at which we will be squeezing the pips and they will be squeaking.

The Government must act to rectify the imbalance and they need to set a new formula. I want to see something set out in the upcoming and final Budget, with real recognition of the real need of rural communities. Even more, I would love to see a manifesto commitment. We need recognition that, for rural communities, social care is a huge cost and a real issue and that infrastructure is a real challenge.

5.22 pm

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Whatever the Government's protestations, it is absolutely clear that the settlement is grossly unfair to Liverpool, the most deprived local authority in the country. The settlement can only be construed as part of an ongoing attack on public services.

This year, individual residents of Liverpool will in effect each receive a cut to their local services of more than £391. By 2017, Liverpool city council will have suffered an astounding real-terms cut of 58% to its funding from central Government. That is devastating. The city's deprivation is mirrored in its tax base, and 77% of homes in Liverpool are in the lower council tax bands, A and B, which means that only 9% of the city council's budget can be raised through the council tax. In West Oxfordshire, 49% of the budget can be raised through the council tax, because of the wealth of the area.

Mayor Anderson and his council are doing a valiant job in difficult circumstances. They are building new homes, and more than 2,500 have come on stream this year, which has produced more than £3.5 million in additional revenue, but that cannot match the massive cuts by central Government. The council has set a three-year budget to bring stability and has carefully examined threatened services. By looking at new ways to fund libraries it has managed to save the city's libraries. When the Government withdrew funding for schools under the Building Schools for the Future programme, the council found a way of building the most essential schools. It has also protected Sure Start and children's centres, although some cuts have been made and, sadly, those services are again being reviewed because of the new cuts being imposed by this Government. Reserves have been spent as far as it is prudent to do so—by 2017 the city's reserves will be down to £17.6 million—and they cannot be reduced further if the council is to act prudently.

Despite all those measures the council has taken in becoming increasingly efficient and looking for innovative ways of funding public services and creating new revenue streams, vital services are being attacked. The most important and concerning crisis being faced at the moment is on vital packages of social care. Social care is support to enable people who are ill, elderly or disabled to live in their own home in dignity. When this Government came into power, 15,000 people in Liverpool had support through social care packages, enabling

them to live a dignified life, whereas now, as a direct result of Government cuts, that is down to 9,000 people—6,000 people have been deprived of care, despite rising needs. Unless something dramatic happens, the figure will reduce even further. That puts people's lives at risk and robs them of their dignity. It also affects hospital admissions, because it means that, increasingly, people who are well are not able to leave hospital because appropriate care is not available for them.

Liverpool's council is enterprising. I was horrified last year when the Minister in charge of local funding at the time said from the Treasury Bench that he thought Liverpool was a city where people wanted to doff their caps. That was a horrendous statement to make; Liverpool is a proud city. It deserves support, it acts enterprisingly and it helps itself. Increasing numbers of jobs have been brought to Liverpool, and in two months' time Cunard, in celebrating its 175th anniversary, will bring three major, spectacular liners to Liverpool. Their return is a symbol of the city's renaissance, which has been brought about by the efforts of the city council. But whatever the city council does in supporting jobs and working with the private sector, it cannot provide the public services that the Government are so savagely cutting away. All I can ask for today is for the Government to be fair to local authorities in general, to be fair to the most deprived local authorities and to recognise that in Liverpool city council they have an enterprising, positive local authority, which is there to serve its people, bringing jobs and working with the private sector. Surely it deserves a better deal for public services to serve our local communities.

5.28 pm

Annette Brooke (Mid Dorset and North Poole) (LD): As a vice-president of the Local Government Association, I wish to start by discussing the LGA figures. They point out clearly that there has been a 40% reduction in core Government funding since 2010, and that today's settlement will require councils to make a further £2.5 billion in budget cuts. We must all be concerned about the financial sustainability of local government, and I concur with some of the points made by Labour Members and by my hon. Friend the Member for Southport (John Pugh). We must give praise to councils and councillors across the country for the way in which most have responded to the challenges, finding new ways of working, finding efficiency savings and protecting front-line services—and we find that satisfaction in council services has increased. That is remarkable.

I am proud that this Government have introduced a localism Act and the emphasis on local decision making, with some notable exceptions such as top-down pronouncements or when local authorities have to implement local schemes with inadequate funds under constraints set by central Government such as the council tax reduction scheme. On that issue, more transparency on central support—or lack of support as the case may be—would be welcome.

Looking ahead, to deliver services more efficiently and effectively and to drive economic growth we must have devolution within and across England and on demand, building on what has been achieved so far. I do not exclude counties, as it is right that we have bottom-up devolution, through which areas outside the cities have opportunities to have more power. Tax-raising powers

should be given to such areas. My right hon. Friend the Chief Secretary to the Treasury discussed that very point this week. Westminster has to let go.

It would be good to see published work on the implications of increasing the proportion of business rates retained by local authorities. I welcome the Government's inclusion in the final settlement of an additional £74 million for local welfare assistance. I could criticise it and say that it is not enough, but to be honest, I am greatly relieved that all the many representations were listened to, including my own and that of the Liberal Democrat communities and local government committee, of which I am a co-chair. I feel so strongly that local authorities are a place of last resort for people who are destitute and who must be able to access immediate support when some unforeseen crisis has occurred.

Mr Graham Stuart: Can my right hon. Friend explain why her party believes that the local government settlement should and can be determined by the votes of Scottish MPs, when Scotland decides on the distribution of its local government formula itself? That is fundamentally unfair to the English voter whose will at the ballot box should hold in the way that local government funding is distributed.

Annette Brooke: I think I will stick to the issue under discussion this afternoon. I am very much speaking from a personal viewpoint.

Let me continue with comments on the local welfare assistance fund. I wish to address some of the brilliant schemes that the fund has been used to support. I hope that they will be able to continue and that the £74 million will continue—or even be increased—in the future.

On behalf of town and parish councils I wish to make a few general points. It is to be welcomed that no town or parish councils will be subject to the referendum threshold. That has concerned me greatly, because parish councils have taken on more responsibilities as services have been cut from higher level councils. I feel that that is a great deterrent to the taking on of some really important services, such as a community library in my constituency, but concerns remain on the short-changing by some principal councils of Government funding for council tax support. The National Association of Local Councils identified more than 30 such councils this financial year, and its research shows that the number of principal councils not passing on any council tax support funding to town and parish councils will increase in 2015-16.

I have just received a holding answer to some questions that I tabled. I was told that my question on what further action the Minister will take on this issue will take a little more work. I hope that the Minister will be able to give me an answer today. Will he tell me what more can be done to ensure that principal councils pass on this funding, which is intended to be passed on? I represent parts of both rural and urban authorities, and I support the Rural Fair Share Campaign. We have had some welcome steps in the right direction, but there is a central unfairness to rural residents, which is that they receive less in services and pay more. We need much more done in that area.

[Annette Brooke]

I welcome the reconsideration by the Government of Christchurch and East Dorset councils' bid for the transformation challenge award and the allocation now of £867,500. The two councils have been working on service sharing for some time now, following a line suggested by the Government. That process has been hard for staff and a recent survey showed that staff morale is very low. I hope that this fund will mean a smoother process and some reassurances that residents in Corfe Mullen, Wimborne and Colehill in my constituency will not feel that they are on the fringes and left out.

I was very pleased when the three principal councils in Dorset were named as the first winners of the Government's transformation challenge award in October 2013. With other partners, they are working together to transform how health and social services are delivered across Dorset over the coming years, but despite the excellent work that is taking place, funding for social care remains of enormous concern in my constituency.

I decided to look at my first speech in this House on local government finance and I found that in October 2002 I said that

"in the south-west, a recent analysis shows that there is a £70 million care gap. Local authorities are warning that the social care safety net is not adequate for children, the elderly and the vulnerable."—[*Official Report*, 24 October 2002; Vol. 391, c. 452.]

Of course, I was addressing a Labour Government. The needs are rising and the problem is becoming worse, but we should acknowledge that it is this Government who have made moves to bring health and social care funding together to make services work better together and to get more for our money. Those are moves in the right direction, although of course I would like some transparency and clarity about the extra funding available through the better care fund for local authorities.

I recently met the leader of Poole borough council, Councillor Elaine Atkinson, and the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Bristol West (Stephen Williams). The council leader's concerns centred around the ranking of Poole, which is the third lowest funded unitary authority in England, and local needs. The greatest concerns were about social care, and I must praise the council leader, who is not a member of my party, for her passion for social care and for producing and providing the best possible services.

In Poole, the over-65s—that includes me—make up 21.61% of the population. That is a very hefty proportion indeed. For the rest of Dorset, the figure is 26.95%, and, interestingly, the figure is lower in Bournemouth. The demands are great and, of course, following the High Court ruling, we have extra expenditure on the deprivation of liberty safeguards. That judgment obviously affects the statutory requirements for all councils, and I am quite sure that it is important, but there is a shortage of funding. Additionally, as many Members have mentioned, there are even more pressures across children's social care. That is happening for the saddest possible reasons, but at least we are alert to what is happening out there.

With Poole always having such a low ranking, there is very little room for manoeuvre with the extra demands placed on it. There is great concern that not as much money is coming out of the better care fund locally

from the Dorset clinical commissioning group as was initially expected. I welcome the fact that Poole is to receive extra funding to help with the winter pressures of people being stuck in hospital when they are sick but do not necessarily need a hospital bed.

A point that the council leader was very anxious to make concerned the difference between Poole and Bournemouth. It is very difficult to make comparisons between different places to argue a case, but her point was that Poole is allowed to retain 25.49% of its business rates whereas Bournemouth is allowed to retain 42.46%. Obviously, that is worked out according to the existing formula. I do not doubt that the figures are correct, but I am beginning to doubt the mechanism, because on the face of it, looking at Poole and Bournemouth, I cannot understand it. I can understand it on the formula, but I think that it will be really sad if we have to wait until 2020 for the make-up of that percentage to be looked at. I would like that to be reviewed earlier.

In conclusion, I have said a lot today about social care, because I think that local government's greatest concern is that day of doom, as we have heard. The Care Act 2014 is introducing new and welcome responsibilities, but with them come great uncertainty about the scale of the costs. I think that local government has done us proud. It is important that central Government give local government the tools and resources it needs.

5.40 pm

Jonathan Ashworth (Leicester South) (Lab): I rise to make a few remarks on behalf of the city of Leicester, which I am fortunate enough to represent. In common with my hon. Friends the Members for Liverpool, Riverside (Mrs Ellman), for Derby North (Chris Williamson) and for Sheffield South East (Mr Betts)—he is no longer in his place—I represent a city that sadly often scores far too highly in the deprivation league tables, yet it has had to cope with significant budget cuts under this Government. That is why I wholeheartedly endorse the vision laid out by my right hon. Friend the shadow Secretary of State in his opening speech on the need for a fairer funding settlement.

I also endorse the shadow Secretary of State's vision for devolving more powers to local government, because although our city has huge levels of deprivation, we have tremendous potential. We are an exciting and vibrant city, with 9,000 businesses in our city centre and two first-class universities producing graduates who go on to work in the east midlands' manufacturing base and computing base. Our mayor, Sir Peter Soulsby, has been integral to our city deal and central to getting a deal that will see IBM bring 300 jobs to the city. Indeed, IBM praised the work of the city council when it announced that it was coming to our city.

Leicester's cultural life is rich. Next month we will reinter King Richard III at Leicester cathedral. While we will be putting on a celebration that is literally fit for a king, 2 miles down the road in Spinney Hills a third of children are growing up in poverty—half the children if we include housing costs. Later this year we will host rugby world cup games, which many will enjoy coming to Leicester to watch, yet 2 miles down the road from the King Power stadium, on the Saffron Lane estate a quarter of the children are growing up in poverty. Some 3,000 families across Leicester are trying to cope with

the bedroom tax. Food banks have doubled across our city over the past two years. Our Sikh gurdwaras report that the number of people turning up for free food has increased over the past two years.

However, by 2015-16 Leicester city council will have seen a real-terms cut of 45%—£95 million cut from its budget—for a city that ranks in the league tables as the 25th most deprived in the country. On the Government's own figures for revenue spending per head, it is losing £205 per person. As my hon. Friend the Member for Derby North and others have said, what a contrast that is with the losses in some of the wealthier and more well-heeled parts of the country, such as in the Prime Minister's backyard. We are seeing the ending of crisis loans and community care grants and the ceasing of funding for welfare support. In a city where there is such reliance on food banks and other providers of that ilk, I dread to think what that will mean for our city.

Mr Graham Stuart: I wonder whether the hon. Gentleman can tell us what the unemployment rate, including for young people, is now in his constituency, compared with 2010.

Jonathan Ashworth: The unemployment rate increased quite significantly under this Government, and it has now begun to come down, but in my constituency it is still above average. Is that okay for the hon. Gentleman? I concede that unemployment has come down, but in Leicester it is too high and we need to get it down further.

Chris Williamson: Would it not be true to point out also that many of my hon. Friend's constituents are on zero-hours contracts, in part-time work and in low-paid occupations? As the Prime Minister himself has said, Britain needs a pay rise. We also need to get rid of those exploitative zero-hours contracts, which the Labour party is committed to doing.

Jonathan Ashworth: In his contribution a few moments ago, my hon. Friend spoke eloquently about the need for Britain to have a pay rise and poked fun at the Prime Minister's late conversion to the need to deal with the fact that wages have been squeezed considerably under this Government. Indeed, by the end of this Parliament people will be worse off than they were at the start of the Parliament, which is unusual by historical standards.

I want to concentrate on Leicester where, like other cities, we are seeing increasing demands on our children's services. Luckily, our local authority has managed to keep our Sure Start centres open, but some services have had to be cut. We are seeing growing demand on adult social care, like other cities, yet we are trying to cope with deep cuts. We are a city with a proud, vibrant voluntary sector. Perhaps it could be argued that the big society was invented in Leicester, yet all voluntary sector organisations are seeing their grants cut and they are struggling to provide the level of services to the community that they have been able to provide for the past few years. The Government's rhetoric on the big society rather sticks in the throat when we see what is happening on the ground.

As to how the Government present the figures, my right hon. Friend the Member for Wentworth and Dearne (John Healey) and my hon. Friend the Member for

Sheffield South East did extremely well in exposing the fact that when the Government talk about spending power calculations, they are trying to disguise the cuts facing councils. The hon. Member for Southport (John Pugh), who is not in his place, made a brutal contribution referring to that as sophistry. The Government tell us that, on their spending power calculations, Leicester sees a 5.4% reduction. However, as many have pointed out, these figures are distorted by including the totality of the better care fund, a significant proportion of which is not available for local authorities to spend.

With that element removed, the year-on-year reduction in spending power for Leicester is 9.4%, so what we need is not sophistry, in the words of the hon. Member for Southport, but a fairer funding settlement for cities such as Leicester. We need a funding settlement that truly recognises the deprivation in cities such as Leicester. In Leicester—which, by the way, did what the Government want; we have a directly elected mayor—what the city mayor and the local authority need is a funding settlement that allows them to budget for the longer term. We need the devolution of genuine powers to our cities, because a city such as Leicester, with its vibrant, dynamic population, can take full advantage of those powers and make a real difference.

5.47 pm

Mr Graham Stuart (Beverley and Holderness) (Con): It is a pleasure to take part in this debate. We have heard a number of excellent speeches from both sides of the House, none more brilliantly delivered than that of the shadow Secretary of State, the right hon. Member for Leeds Central (Hilary Benn), who in the most lucid way presented a picture of a much fairer settlement for local government, if only the Labour party came to power. No one in the House has such a pleasant and agreeable manner as the right hon. Gentleman, yet beneath that surface we heard nothing to tell us about what the Labour party would do if it got into power.

Despite all the protestations from Labour Members about the dreadfulness of spending reductions for local government, we know that the Labour party is not committed to spending any more at all. So if anyone is to win, by the sound of it, it will be the local authorities that already have the largest and most generous settlements from central Government, whereas those local authorities in rural areas with an ageing population which, on average, is poorer and has a lower average income will lose out. People in rural areas already pay a significantly higher level of tax and have weaker access to services, yet they will lose out if Labour comes to power. That has not been stated categorically. Members have asked for greater transparency. We got no transparency from the Labour party today.

Tonight our job is to vote. The House decides this evening on the settlement—the distribution of funding to local government across England. It is Labour policy that in a year's time 35 or perhaps—in the Labour party's worst nightmares, and it is not that unlikely—40 Scottish National party Members of Parliament will be able to dictate the distribution of local government funding in England, despite the fact that at the general election people expressed a preference for an entirely different vision. That is possible. When there is greater devolution to Scotland, it is quite wrong that we are unable to distribute our own funds within England in a

[Mr Graham Stuart]

way that does not allow that to be dictated by those who represent people whom it does not affect. I would like to put that on the record.

As we discuss this subject, I am disappointed that I must again highlight the unfairness that my rural constituents and others across this country face in the settlement. I do not accept the Government line that this is a fair settlement for all. I recognise, though, that they inherited from Labour a funding system so skewed, so indefensible and so politically rigged that it was a shameful scandal. It was one in which, when the numbers could not be made to work out to the political preference of the then Labour Ministers, officials were asked to invent new technicalities in the system—new ways of ensuring that the money went where those Ministers wanted it to go. What did they come up with? They decided that they would use density as the weighting to drive the money where they wanted it.

The new formula had all sorts of perverse outcomes. For the most part, it delivered the additional funds to Labour seats that Ministers were aiming for, but it was totally wrong, because density, which does not link to need in any way, was set at four times the weighting given to sparsity, which does link to need. Although it served the party political purposes of Labour at the time, it also led to perverse outcomes in distribution across seats in areas represented predominantly by Liberal Democrats or Conservatives. It was fundamentally unfair, and areas of the country that are rural and have lower incomes have lost out ever since. This Government inherited a deeply skewed, morally unjustifiable funding settlement from Labour, and nothing we have heard from Labour Members today suggests that they do not plan to return to precisely the same methodologies if they get back into power.

I welcome this year's announcement of an additional £4 million for rural authorities through an increase in the rural services delivery grant, which did not exist until this coalition Government came to power and recognised the need to do something to address the inequalities in rural areas. In meetings with Ministers this year, colleagues from multiple parties have received the clearest recognition yet that the Government accept the principle that the funding system is biased against rural areas. I am grateful to Ministers who have begun to right the historical injustice brought about by the previous Government. My right hon. Friend the Member for East Yorkshire (Sir Greg Knight) wished to be present when I was speaking but was unable to be here. However, he fully supports the points that I am making on behalf of all the people in east Yorkshire.

On average, as has been said—it is worth repeating after the excellent speech by my hon. Friend the Member for Newton Abbot (Anne Marie Morris)—that rural residents pay £81 more in council tax than their urban counterparts and earn less, on average. Over time, it has been good to see Labour Members slowly taking in this fact; it has been dripping in. People in rural areas are not living in some prosperous idyll—far from it. On average, they have lower earnings than people in urban areas and face greater costs in accessing services. Yet rural residents, who pay more council tax and are poorer, on average, receive £153 less per head in central Government grant than do those, on average, living in cities.

Chris Williamson: Will the hon. Gentleman give way?

Mr Stuart: In a moment. This is not about Toxteth or areas of the most concentrated deprivation; it is about a broader picture in which it would be perfectly possible to protect the most deprived areas of, say, the hon. Gentleman's constituency while seeking to address an imbalance in the funding formula.

Chris Williamson: The hon. Gentleman talks about the income profile of rural residents being somewhat lower. Would he therefore support me in encouraging those living in rural areas to join a trade union to try to improve their living standards and incomes?

Mr Stuart: I appreciate the hon. Gentleman's point, but that would mean a further bill for a left-wing organisation and we know where that leads. He will be aware that in the past couple of years the wages of non-unionised workers have eclipsed those of unionised workers and that the TUC is, for the most part—as, indeed, is the hon. Gentleman's party—a front organisation for those who receive money from the public purse. Trade union membership does not have a great deal of relevance to those who work in the private sector, which exports across the world and generates the wealth that pays for those of us, including MPs, who are paid from the public purse. However, I would always welcome and support anyone who wished to join a trade union, if they saw fit to do so.

Although there is a smaller gap of £73 per person between rural and urban spending power, it is smaller only because it takes into account the higher council tax that rural residents have to pay. Poorer rural residents are subsidising richer urban authorities. That is worth repeating, because anyone listening to the impassioned protestations of Labour Members would think that was not true: poorer rural residents are subsidising richer urban authorities. There is no acceptable justification for that status quo.

The fact that the Government have introduced the rural services delivery grant during this Parliament and increased it every year is welcome recognition of the rural penalty. This year its value has been set at £15.5 million, or £1.20 per head. At just 1% of the shortfall in the main central Government grant, that additional money does not by itself deliver a fair deal for rural areas.

Jonathan Ashworth: Will the hon. Gentleman give way?

Mr Stuart: I will happily give way to the hon. Gentleman. Perhaps he will be able to provide us with more honesty than those on the Labour Front Bench and give the House the honest account of who the losers will be if Labour comes to power. I suspect there would be further injustice for rural residents across England.

Jonathan Ashworth: The hon. Gentleman was very keen to intervene on virtually everybody else who has spoken, so I am pleased he has eventually given way to me. If I follow his argument correctly, is he saying that the funding settlement for cities such as mine is too generous?

Mr Stuart: I am grateful to the hon. Gentleman for making that point. I had hoped that he would talk about the fact that his party would not invest any more

money in the local government funding settlement. If his reading of what his Front-Bench colleagues have said is that his area will receive more money—I think that is the case—that means that the injustice for poorer rural residents will increase. It is not the case that urban authorities in general are unfairly funded or have had disproportionate levels of cuts, because that funding was skewed in the direction of urban areas in the first place. The Labour party refuses to explain how it would have dealt with local government funding in this Parliament.

Justin Tomlinson (North Swindon) (Con): My hon. Friend is making an excellent speech. Labour has said that it would raid the new homes bonus, which is worth £6 million to my local authority and which we are getting to fund infrastructure as a reward for taking development and building the new houses we need. Frankly, it is disgraceful that Labour wishes to raid that and redistribute it to other areas. My residents will certainly not support that.

Mr Stuart: My hon. Friend is absolutely right. The hon. Member for Liverpool, Riverside (Mrs Ellman) said how deprived Liverpool is, but what she did not mention was what has happened to unemployment there, which, as in Leicester and Derby, is down under this Government. That is not because Labour has suddenly become enterprise friendly or is the result of decades of failure to promote enterprise, prosperity and wealth creation; it is because this Government have created the conditions that have helped drive down unemployment. By putting in place incentives such as the new homes bonus and understanding that incentives drive behaviour, this Government have tried to create a response in councils that will lead to the right outcomes for people.

In that way, in 20 years' time, the successors of Labour Members representing urban areas will not be shroud-waving proudly in the Chamber about how deprived their communities are; they will be celebrating the fact that their communities have been transformed and made more prosperous. That is the coalition Government's vision, but through all the years of false boom presided over by the Labour party, so many people in urban centres represented by Labour Members were left to fester. Too many people were left on dole queues, from which they are now being removed by precisely those policies, such as the new homes bonus, that encourage the right behaviour.

As my hon. Friends have said, there is a risk. Areas doing the right thing and challenging the nimbys—saying, “Look, we need housing, and we want it to be affordable; we want affordable housing and market housing; and we want housing to accommodate our young people and give them hope for the future”—need to be rewarded with the funding to put in place the infrastructure to make such developments saleable to their residents. However, Labour Members want to strip away the new homes bonus. Yet again, they just do not understand. They want everyone to take the money from the central public purse. They talk about devolution, but that in fact means more central control. They talk about improving incentives to do the right thing, but they want to strip away the new homes bonus. Their approach to local government finance is incoherent and damaging, and it will lead to a raid on the already poorly funded and inequitable settlement for people in rural areas.

The discussion today has covered social care. Like the right hon. Member for Mid Dorset and North Poole (Annette Brooke), I attended debates about care during the last Parliament. I cannot say they were massively attended, but time and again she and I faced Labour Ministers who said they were sympathetic to bringing social care and the NHS together. What did they do? Absolutely nothing. I remember, as she will, that after they had been particularly sympathetic to the direction of travel, they gave a 4% increase to the NHS and a 1% increase to social care in their next financial announcement—and they wonder why we have not created a more co-ordinated system. This Government are working to bring the NHS and social care together so that there is seamless support for an ageing population.

The ageing population is disproportionately located in rural areas, such as the East Riding of Yorkshire—including my constituency of Beverley and Holderness—which have had the largest increases in the numbers of over-65s and over-80s in the country. That drives cost, but the Labour party would allow the money to be skewed to their core areas, which on average have much younger populations and no such needs. To look at the NHS settlement as a parallel, at the end of Labour's time in office, Tower Hamlets, with its peculiarly young population, spent four times more on each cancer patient than Dorset, with a very aged population. That is gross inequity, but the first time we hear anything from Labour Members is when a Government who inherited appalling public finances seek, inch by inch, to create a little more fairness.

I want to finish in the same way as my hon. Friend the Member for Newton Abbot. I am sad that no Conservative Ministers are on the Front Bench at the moment, but I know they are assiduous readers of *Hansard*. I say to the Under-Secretary of State for Communities and Local Government, the hon. Member for Bristol West (Stephen Williams), that I hope the Liberal Democrats and the Conservative party—I would like to say this of the Labour party, but I am not holding my breath—will make a manifesto commitment to bringing in a truly fair funding formula based on need. The right hon. Member for Leeds Central talked about that, but he would not in fact implement it.

As my hon. Friend the Member for Newton Abbot said, I hope that a commitment will be made in the Budget before the election to increase the grant to at least £30 million a year. In that way, we can close the gap between urban and rural areas by 2020, recognising that people in rural communities are older, have lower average incomes and pay higher council tax, and recognising the fact that they deserve justice—at last—from whoever is in power on 8 May.

6.4 pm

Mr Gordon Marsden (Blackpool South) (Lab): Some of us might well wish the hon. Member for Beverley and Holderness (Mr Stuart) would hold his breath, but I would like to move on and talk about the impact of the cuts on my constituency. We should focus on the human issues—the lost council workers' jobs, the lost opportunities for young people, the impact on street cleaning, and the impact on those who are hit by benefit sanctions or the bedroom tax—but we must also hold the Government to account for their totally inadequate formula and calculations that have informed this year's

[Mr Gordon Marsden]

cuts. They have disguised the completely unjust treatment of our most deprived areas and failed to take into account the pressures with which our most vulnerable areas already contend.

The Department for Communities and Local Government says that, on its minimalist spending power criteria, Blackpool's funding has been cut by £114 per person, or 4.7%. According to those formulas, even that is two and half times the average cut in England. That is bad enough, but it does not reflect the real damage that is inflicted by cumulative cuts to a small unitary authority that has special factors in terms of demographics, transience and health, which have borne down further on it, not least when we include a large percentage of care and health issues.

The Government are imposing those damaging cuts when there is an ever-increasing pressure in Blackpool and an ever-rising bill to maintain services. The annual grant provided to Blackpool, the sixth most deprived council on the Government index of multiple deprivation, has fallen by about £50 million since 2010. That is about 35% of the 2010 budget.

Blackpool has also had to cope with rising demands in areas such as children's services, whether because of increased numbers of referrals from high-profile child welfare investigations, or because of transience both from outside and within Blackpool as some families have to move several times because of poverty or family break-up. To meet those demands, the council has had to cut more than £90 million, which it would normally have spent on services, to balance the budget. The human price of that has been 759 council workers losing their jobs since 2010, with a further 200 to 300 facing that threat from this year's settlement. Incidentally, all those council workers have already made significant sacrifices, this year taking five more days' unpaid leave.

It is no wonder that the leader of Blackpool council, Councillor Simon Blackburn, has said that we are entering uncharted territory, and that my residents speak at packed meetings and healthwatch panels of the thinning of the fabric that has kept Blackpool a vibrant and cohesive town even when there were major realignments in tourism and visitor numbers.

The money is not shared out fairly between the regions, as the Government claim. The LGA was quick to point out that the Government's supposed average of 1.8% cuts would be more like 8.8% in effect. Newcastle council estimates that Blackpool's official cut of 4.7% is nearer 9%. The Chartered Institute of Public Finance and Accountancy says that Blackpool's real loss of spending power has been 9.7%, double what the Government claim. It is the 11th worst-hit area of 383 in the country. No wonder CIPFA described the Government's figures as disingenuous and as underplaying the size and scope of the cuts.

Why are there discrepancies? Pooling budgets between the NHS and the council can be a valuable way of improving local services, but the Government are wrong to use that to mask the full nature of local cuts. As has already been said, money that has been spent by the NHS and placed in pooled budgets should not be counted in local budget figures. That money is not available to plug the gaps in council services. That serves only to disguise the full stress that vital local services have been put under. When we add to that the

vagaries of revenue raising from income from visitors on a year-by-year basis, as is the case in all seaside and coastal towns, and when we take into account the fact that in Blackpool, given our larger than average percentage of disabled and older people, which means that issues around morbidity as well as mortality are extremely challenging, there is something almost obscene about a sleight of hand that means the change from 2010-11 to 2015-16, when we include public health and the better care fund, is £260 per head compared with that of leafy Surrey, where there is an actual gain of £3.

We have also seen in Blackpool some perverse implications from the blunt mechanisms that determine the grant. Laudable local initiatives to replace high rise housing estates, which have struggled to provide residents with safe and secure housing, with new spread out family building have left us with the fifth lowest new homes bonus in the country. This blinkered focus on simply counting the numbers of dwellings disregards the quality of the houses. I shall not hold my breath, but perhaps the Minister can provide us with a coherent reason why Blackpool and other more deprived areas are so much harder hit than Tory shire areas.

The other issues that need to be considered are the specifics of how an authority such as Blackpool is affected. The early intervention grant has been almost entirely scrapped, with a 93% cut. There is almost a standstill because of the pressures on public health funding—this in a borough where alcohol and substance misuse problems are extremely significant. Payments for discretionary housing are down from £581,000 to £370,000, and housing benefit has been squeezed even further. The cuts are having a double whammy effect on the voluntary sector. First, they are putting more and more pressure on the voluntary sector to fill the gap. At the same time, the funding that the sector has historically received from local authorities like Blackpool has been drastically cut.

While we are on this issue, let us look at the deforming effect of the so-called reforms of welfare on budgets. The Secretary of State, on a visit to Blackpool last Friday, tried to pacify people and said that no one should be suffering, because there was a hardship fund. Well, they are suffering. My casework is full of people who are suffering. They are suffering because the voluntary sector and local authorities do not have the capacity to come to their aid. It is not surprising, therefore, that more than 12,500 respondents said no to the original local welfare provision findings from the Government, with only 17 in favour. The Government have been forced by this outcry to make last minute judgments.

I have said in this House many times that I am a firm believer in the ability of properly empowered local authorities. The Minister, in his speech, has underlined that point conclusively. As a former shadow skills and regional growth Minister, I believe that co-operation, collaboration and multi-agency agreements, and the devolution proposals that are now at the heart of Labour's policy in this area, can secure transformative change. Real localism requires respect shared between all parties. The Government who fail to understand the practical pressures being faced by local councils, who disguise the full extent of the cuts being imposed on them, and who show political favouritism to some areas over others could never be part of the creation of a bold new locally led system. Ultimately, it is the people in communities such as Blackpool who have suffered.

We would welcome more powers to stop rogue payday lenders, to limit the number of gambling outlets in high streets, to stop our pubs being driven to the wall, and to control and provide public transport that is tailored to community needs and not simply to a cartel of operators. Blackpool is an enterprising council. We have shown that in the way in which we have used, in a very positive fashion, lottery funding for our visitor, illumination and heritage initiatives.

Ultimately, objections to the unsustainable withdrawal of local funding for core council services, which we have seen again in this settlement, are treated as inconvenient obstacles to the political decisions of the Government. That cannot be satisfactory; that cannot be the way forward; and that cannot be the mantra of the new Labour Government we all hope for in May.

6.15 pm

Richard Burden (Birmingham, Northfield) (Lab): From a seaside town, we move to an inland city that also has great needs that are not being met by the settlement and the policies of the Government.

I wish to say a few words about a specific issue affected by the settlement imposed on local authorities like mine, and then to make a few points of more general significance, particularly as regards Birmingham. I was in Birmingham this morning, and for once there was some good news. For many months, school crossing patrols—lollipop men and women—have been under threat, as a result of the huge cuts being passed down to our city. It has caused massive concern among parents, schools and everybody who worries about children's safety, and I pay tribute to the unions in the city for spearheading the campaign and to our local paper, the *Birmingham Mail*, for highlighting the issue.

The good news is that the campaign has borne fruit. We are not out of the woods—there will still be fewer school crossing patrols, and there needs to be a discussion between schools and the council about what their respective responsibilities should be—but today the Labour city council confirmed that it would maintain school crossing patrols on the busiest roads where there were no other controlled crossing points and where the only other crossing point was a zebra crossing. The council has listened. In a meeting I had with it yesterday, it said it would redouble its efforts to integrate school crossing patrols in an effective overall strategy for providing safe school routes, whether that be 20 mph zones or by encouraging safe walking and cycling to schools. That is the good news, and I pay tribute to all those I have mentioned, as well as my fellow Labour MPs from the area, for spearheading that campaign.

The less good news was the response from the Secretary of State. I too am sorry that he is not in his place. Indeed, I am sorry that the Under-Secretary of State for Communities and Local Government, the hon. Member for Bristol West (Stephen Williams), has been left entirely on his own by his coalition partners—oh, he has now been joined. Anyway, perhaps he will pass on a few sentiments to the Secretary of State, who, as my hon. Friend the Member for Derby North (Chris Williamson) mentioned, made a sweeping visit to the midlands last week. When confronted with the issue of school crossing patrols in Birmingham, he said:

“We had to send someone in to look at Birmingham because it's been so badly run for quite a long time.”

In fact, his party ran it for quite a long time! He continued:

“We've made a number of recommendations and it really does need to start looking at the more important things that will bring in quite a lot of money, than start messing around with people who take kiddies across the street and keep them safe.”

How dare he? This is from the Minister who railed against the use of CCTV outside schools to deter drivers from parking where they should not—something that parents know is a problem in front of many schools. To grab a headline, he wanted to get rid of one of the tools that could keep those children safe, and he tried to force it through in his deregulation Bill, but was forced into a U-turn when his colleagues said it was important to exempt schools from his ban on CCTV. How dare he imply that cuts to school crossing patrols are simply a Birmingham problem, when we know, from research we have done, that two thirds—66%—of local authorities have cut the number of school crossing patrols since 2010? That means 1,000 fewer lollipop men and women than when the Prime Minister took office.

In 2013, the shadow Transport team obtained through freedom of information requests the following figures on road safety budgets and staffing levels in 133 local authorities. It found 92% reported having to cut their budgets from 2010-11 to 2013-14. Of those, there was an average budget reduction of over a third—42%—while two thirds of all local authorities responded by cutting staff working on road safety in the same period, and nearly half of all respondents—49%—had cut budgets for walking and cycling. A recent survey by Brake revealed that two thirds of the parents of primary school children think roads are unsafe for walking and cycling, while Sustrans has reported that about the same number of parents say their child has experienced a “near miss” on the school run. The latest figures show that in 2014 the number of children killed or seriously injured rose for the first time in 20 years. Progress on reducing casualty rates is stalling under this Government, with three consecutive increases in road deaths last year.

So how dare the Secretary of State make those comments about school crossing patrols in my city? How dare he do so when our city has lost a third of its budget since 2010—the equivalent of £161 per household compared to a national average of £47, which is far more than places such as Surrey that have seen their spending power increase? A number of hon. Members have raised that point.

For the 2015-16 financial year, we in Birmingham are facing the largest cut in history, of £100 million, at the same time as we need to spend more money on child protection and social care. More than £250 million-worth of savings are required by 2017-18, and the total between 2010 and 2018 will have been £821 million, as my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) pointed out a little while ago.

We have been urged to spend more—and rightly so—on child protection and safeguarding, but we face a Government who will the end while cutting the means to achieve precisely that. Birmingham is facing yet another above-average cash cut in spending power to 2015-16—as I say, about £161 per dwelling, which is 6%. That is more than three times the national average cut of £47 per dwelling.

Mr Graham Stuart: Will the hon. Gentleman give way?

Richard Burden: Yes, I will, but this will have to be the only time.

Mr Stuart: I am grateful. Because the hon. Gentleman's speech is so gloomy, I thought he might like to hear something more positive, which is that the unemployment rate in his constituency has seen a bigger cut still. It has halved since 2010. Is it not true that every Labour Government leave more people on the dole than when they came in, and that it is the Conservatives who put the country back together, put people back to work and put money in their pockets?

Richard Burden: I said I would give way only once to the hon. Gentleman, but I will give way again. He has looked at the figures for my constituency, so let me ask him what has happened to long-term unemployment?

Mr Stuart: The hon. Gentleman will be aware—*[Interruption.]* I will tell him. Between 2009 and 2010, the number of people who were long-term unemployed in his constituency went up from 460 to 1,090—more than doubling in the final year that Labour was in power. That was a perfect encapsulation of Labour's impact on ordinary working people: they get disadvantaged.

Richard Burden: The hon. Gentleman has perhaps missed the fact that there was a worldwide recession at that time, as a number of my hon. Friends have had to remind Conservative Members. Another theme in the hon. Gentleman's statistics is that when Labour was power before the worldwide recession, there were 25 young people in my constituency out of work for more than a year. There are now five times that number. If people are out of the labour market, they find it very difficult to get back in. Frankly, this Government's policies are doing nothing to address that problem.

Judging by what we have just heard and what we heard from the Minister who opened the debate—who knows whether the Minister now on the Front Bench will say the same when he winds up the debate?—it is clear that they still do not get it. They simply do not get it. Whether in a city, or in a town on the coast or inland, or in a rural or urban area, if needs are greater but areas face percentage cuts similar to those of more affluent areas—or, as my hon. Friend the Member for Sheffield South East (Mr Betts) who I am pleased to see just back in his place said, if the percentage cut is even greater—the former will be hit harder. Services suffer more, and real people suffer more. That is the reality that Birmingham faces.

We have heard a few times from Government Members that urban areas such as Birmingham were favoured or featherbedded in the past. Government Members are fond of claiming that anything that is not right today is somehow the fault of the Government who were in power before 2010. Birmingham was a Conservative council from 2004 until 2012, when the Conservatives lost power. I do not remember a single Conservative councillor, a single Liberal Democrat councillor or, indeed, a single Conservative Member of Parliament in Birmingham claiming during that time that their city—our city—received too much from the Labour Government. I do not remember any of them saying that we could easily afford to lose another third of our budget, and up to two thirds in the future. I do not remember any of

them saying any of that while they themselves were trebling Birmingham's debt, so let us have no more buck-passing from Ministers now.

We need a funding formula that is fairer—a funding formula that is based on the principle that those in the greatest need receive the most support. My right hon. Friend the shadow Secretary of State has outlined some of the ways in which that could start to happen, but at present we do not have a fair deal. Unfairness is at the heart of the Government's local government policies, and I am convinced that that will not change in the next few months. It will require a Labour Government after 7 May to ensure that change happens.

6.26 pm

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): It is a great pleasure to follow my hon. Friend the Member for Birmingham, Northfield (Richard Burden). Not only do we have adjoining constituencies, but when I became a Member of Parliament in 1997 I took over part of his constituency, so our work has always overlapped.

I want to talk about cities, and the future of cities. Cities do not reflect the national economy; they are the national economy, and that has never been more true than it is today. Whether we are talking about Birmingham, greater Birmingham or a combination of authorities, those big conurbations and their populations are a driving force.

In the 19th century, Birmingham exploded in size. Formerly an insignificant village, it became the fourth largest urban centre in the United Kingdom, and few of the 175,000 men and women who lived there had been born locally. Birmingham was also the most divided city in the country in the context of religion: no one Church was predominant, and the tone was set by various Protestant nonconformist denominations. It was also an aspirational community, which was proud of its innovation and enterprise, its skills and its people.

The late Joe Chamberlain made Birmingham the best-governed city in the empire, and he did so in important ways. He wanted clean water, because it was a public health good. He wanted a gas supply to modernise the city's infrastructure and raise revenue to support business rates. He wanted better housing for the people, and he wanted free primary school education, because skills were the foundation for future prosperity and well-being. This is not just some pointless history lesson; it is about the "civic gospel" that was Chamberlain's vision of cities. Every generation must rediscover its own civic gospel according to its circumstances.

These are the questions that I really want to ask Ministers. What is their vision of cities? What is their civic gospel? How do they see the future? I can tell them what my vision is. The city of Birmingham contains 1.1 million people, of whom 238,000 were not born in the United Kingdom, of whom 53% are white British—compared with a national average of 80%—150,000 are Pakistani, 65,000 are Indian, and 50,000 are black Caribbean. Of those people, 46% say that they are Christian, 22% say that they are Muslim, and 20% say that they have no religion at all. Regardless of where those people come from and regardless of where they were born, however, 86% say that they are British. It is a very young city, too, with 40% of the population under the age of 25 and 30% under 15. It also has pockets of

the most persistent unemployment, and they are very often in the very areas where we have the increase in the birth rates.

The city also trains 40,000 graduates every year, but we do not as yet hold on to the graduates we are creating. So I say: let us define the responsibilities of the city. They include education, linking schools with employers, providing public health, looking after the vulnerable, whether young or old, and providing decent infrastructure.

That takes me to the settlement, because this settlement will not allow us to do that. If the Secretary of State's vision of the town hall is that it is no more than a call centre, let us talk about that. Let us use that as the basis of saying that the Conservative Government vision of local government is so minimalist that it has statutory duties and beyond that very little extra. Let us have a debate about that. I do not think the Secretary of State is making that case, however. He is saying he has a much greater vision, including to do with wealth creation, but the funding structure simply will not allow us to do that.

I am also going to be frank now. Not all is well in Birmingham. We must acknowledge that. There have been some deep systemic structural failures in that city going back over several administrations. We have had three major reviews—Kerslake, Warner and Tomlinson. They have shown us a way forward. The city must grasp that and say, "This is our chance to come to terms with some of the problems of the past and put them right."

While I do not want to be party political, I do want to make one point. Lord Whitby built a magnificent library which will cost £1 million every month for the next 40 years before we even put in the first book or the first people of Birmingham go through the door. Interest payments on that library are costing us £1 million a month, which is more than the city of Birmingham spends in the entire year on traffic wardens outside our schools. In respect of his £188 million project, he said he was "saddened" that the city council was cutting the services and the hours. I am not just saddened; I am very disappointed. He says he is sad and he tells us through the newspapers that he could find solutions to this by involving local business. As he does not seem to be overtaxed by making speeches in the other place, perhaps he would like to broker such agreements and talk to local businesses and bring them in.

The problems of Birmingham are the responsibility of all of us, not just of that city. It is a city that is more dependent on Government grants and therefore requires high levels of expenditure, yet it has had reductions in funding year on year, the last one being 18.6%. It is growing consistently, too, which creates its own specific responsibilities.

We are not just facing cuts; as my hon. Friend the Member for Birmingham, Northfield said, we are also having to increase spending on child protection services—an extra £21.5 million—and on older people and younger adults by £6.5 million. As I said in an intervention, on the current trajectory by 2018 we will have lost two thirds of our discretionary spending. Where is the long-term structural solution coming from?

I want to make a further point. The ethnic diversity of Birmingham is also one of its strengths. Ethnic cohesion in that city is far stronger than people realise or acknowledge. I was in Manchester when the Moss

Side riots flared up. I never want to see anything like that happening in our cities again. When Haroon Jahan died in Birmingham in 2011, his father called for calm and asked the community to stand together.

I am proud of the fact that our only Jewish primary school in Birmingham has got more Muslim than Jewish children. It is a very Jewish school, but the Muslim population sends its children there. Our Catholic schools also have large numbers from the Muslim communities. We need to foster that diversity and ambition, because part of what I see as our civic future is for Birmingham to succeed in life sciences, manufacturing and technology. Our population, our young population, our location and institutions could help us to achieve that. If we do not, and if our cities fall back to the difficulties that we had in the 1980s—frankly, the kind of funding structures being offered to us are on the road to such difficulties—it will not be only a Labour city council's problem, or even a Conservative city council's problem, it will be a problem for all of us. Our cities are the lifeblood that provides everything.

Where do we go with this? Whitehall is not minded to give more money to our cities, so I do not think there is any other way but to look at independent funding streams, which give reliability and certainty that the areas generating the wealth will keep it. I am agnostic as to whether we go for land tax, stamp duty, business rates or whatever the streams are, but all the talk of devolution and returning responsibility to our cities and city leaders will go nowhere unless we make our cities our opportunities. Our cities are our strength.

I heard all that discussion about rural areas, and as a Bavarian farmer's daughter, no one needs to tell me what the countryside is like, I remember it well, thank you very much—

Mr Graham Stuart: A long time ago!

Ms Stuart: It is a long time ago, but I can still milk a cow—if the hon. Gentleman wants to take me up on that challenge, I can show him who the more rural creature is, him or me.

Mr Geoffrey Cox (Torridge and West Devon) (Con): Done!

Ms Stuart: Name the time, name the place, I am there.

However, cities such as Birmingham, ethnically diverse, young and growing, are our future. It will be to the Government's lasting shame if they do not come up with a structure that will allow us to realise a new vision for our big cities. If we do not, we will all pay the price. My ambition for Birmingham is clearly higher than the ambitions of the Government Members.

6.37 pm

Mr Andy Slaughter (Hammersmith) (Lab): What a difference a year makes. At the time of the previous debate on the local government finance settlement, Hammersmith and Fulham had a council that after eight years was increasingly at war with its own residents on housing, planning, health, education and social care. Its decisions seemed designed not only to alienate the electorate, but, perhaps because of that, to seek to

[Mr Andy Slaughter]

change it by socially engineering the borough so that the resident population or large parts of it were encouraged to move out, to be replaced either by the very wealthy or, in the case of the council template of buy-to-leave or safety-deposit box flats, by no one at all. There are tall, empty buildings where offshore money is simply dumped in west London and other places.

We are still dealing with the consequences, but it seems extraordinary that a park was being sold off in the most deprived area of my constituency. Where there had been free football pitches, people would now be charged £90 an hour. The Earls Court exhibition centre is, sadly, still being knocked down, despite the chronic lack of exhibition space in this country. It was going to be replaced by 1,300 luxury flats, with no affordable flats at all. Shepherds Bush market is still, I am afraid, under threat, but we are working hard to save that iconic, 100-year-old market that serves my constituents, which again was to be replaced by luxury flats. Charing Cross hospital was designated for demolition, also to be replaced by luxury flats, and a whole council estate, with thousands of council tenants and leaseholders having their homes demolished, was to make way for high-rise developments.

I do not know whether it was because of or in spite of that, Hammersmith and Fulham council was described by the Prime Minister as his favourite council and by the Secretary of State as the apple of his eye for its hard-line Thatcherite policies, whereby everything socially useful seemed to be on the demolition list and everything that gave the area identity was to be replaced by faceless blocks. The electorate, however, did not agree, and they evicted the council last May and replaced it with a Labour council. Had that new council done nothing and sat on its hands for four years, it would still have been a blessed relief for my constituents, but it has not been doing that—far from it.

In preparation for the debate, I asked the Labour leader of the council, Councillor Stephen Cowan, to give me a short list of the council's achievements in the past nine months. The list is too long for me to read out, even in the time I have left, but I will give some examples, because it illustrates how a council takes over from the car crash that preceded it, having not only to remedy and ameliorate the policies I talked about, but to introduce positive and progressive policies of its own, in a climate of the cuts that many right hon. and hon. Members have eloquently spoken about this afternoon.

The council set up a hospitals unit to try to save Charing Cross hospital. People may ask how a council can affect that, but we have an effective hospitals campaign which is now welcomed into the town hall and supported by the council, and we are confident that, using the powers we have, we will be able to save that hospital. One of the first things the councillors did was vote through a 10% cut in their own special responsibility allowance. The second thing they did was to save Sulivan primary school, which had become a national cause célèbre. It is one of the best primary schools in the country, according to its results, and one of the most inclusive. I have a soft spot for it because I went to a school just next door to it. It was designated for demolition and closure solely to provide a site for a secondary free school. That school has been found another site, but Sulivan survived and is thriving.

Millions of pounds in new affordable housing have been negotiated; an additional £26 million has been negotiated on extant planning consents. That is not about new planning consents, where, obviously, and contrary to the previous council, we are asking for significant amounts of social and affordable housing; it is on deals that were already done. One of the most shocking things about the previous council was that it was such a poor negotiator. Whether that is because it did not really want to take money off private developers, it could not care less or it did not want, for reasons of gerrymandering, to have social housing, I do not know, but that is an extraordinary figure. It says that we can negotiate tens of millions of pounds simply by going back to the developers, even though we have, in effect, no bargaining power other than to say, "If you want to work with us in the future, you need to show you are responsible." It is ironic that property developers are more responsible than Conservative politicians in that respect.

We also now have the largest ever number of local police funded by the council, at 44 police constables funded, which, to take up the theme of this afternoon's previous debate, makes up in some way for the cuts Boris Johnson has made in the Met; we have had a 25% increase in voluntary sector funding, with an emphasis on homelessness and social inclusion; and we have begun the programme of turning the residential streets into 20 mph safe zones. Visitors to Hammersmith a year or so ago would have seen what we described as "North Korean-style" banners hanging from every lamppost, with pictures of smiling Conservative councillors and messages like, "Grain production up 2,000%". By cutting those and the glossy magazines the Tories produced, we saved, at a stroke, £600,000 a year, which we can spend on essential services.

We did not get rid of the tri-borough, with the two neighbouring Tory councils, because there were some economies of scale there—so that is not an ideological point—but we did take back the decision-making powers from the tri-borough to ensure that Labour values would prevail in Hammersmith, unlike with the repeated cuts made in Kensington and in Westminster. We established an independent health commission chaired by Michael Mansfield, which is taking evidence now because the Health Secretary has refused consistently either to meet west London MPs or to review the appalling decision to close the four accident and emergency departments in west London. We cut the proposed rent rise for council tenants from 4.5% to 2.89%. We have started the process of buying back Hammersmith park, which had been sold.

We have given support to local food banks and taken action to tackle food poverty. We are challenging the Mayor of London's right to nationalise the northern part of the borough and turn it into a development corporation for the construction of luxury housing—I will not dwell on this matter further because I have secured a debate on it on Thursday. We have saved the Lyric theatre after the Tories disastrously mismanaged the regeneration scheme, started to introduce safer and better cycling provision, given new support to the Royal British Legion, and reduced the use of management consultants. We have introduced, for the first time, speaking rights for residents at planning committees and involved residents, through commissions on issues such as the third runway at Heathrow, in leading policy decisions.

We have taken action against the disastrous special educational needs provision, particularly the transport contract, that the Tories introduced. We have introduced housing benefit advice workers in citizens advice bureaux. There is a new openness in the way in which the council does business. Nine children's centres have been saved from planned closure. There has been action to support start-up businesses. We have trialled pedestrianisation of the North End road market, which attracted 10,000 shoppers on the day. We have blocked the Tories' proposals to reduce trade union representation, cut meals on wheels charges by 33% and cut 15 other charges. We have halted the Tories' plans—they did not reveal them before the election—to increase parking charges by 15% and we have frozen charges for school meals and 138 other charges.

We have abolished charges for home care for elderly and disabled people—we are only the second local authority in the country to do that. Last but not least on my list is that foster carers have been exempted from paying council tax, and we are, I think, the only council in London, and only one of eight in the country, to cut council tax. All of those things were done in the first nine months of a Labour council in Hammersmith, and they were done against a background of cuts in our budget. Ostensibly, there is a 4.7% cut in the financial settlement, but when ring-fenced budgets are taken into account, that is actually a cut of 10%. Hammersmith has received a cut of £286.16p per head, and that is despite being the 55th most deprived local authority in the country. That is the background against which these decisions are being made. I am proud of the record that a Labour council is establishing, and I know from the correspondence from my constituents that they also appreciate what is being done.

We are not out of the woods by any means. The baton, which was dropped by the previous Conservative council, has simply been picked up by the Mayor and the Government. Some very brave and courageous shopkeepers around Shepherds Bush market took three legal actions to try to save their livelihoods and their businesses. When they won the public inquiry against the compulsory purchase that the previous Conservative council had instituted, they thought—and we all thought—that we had saved the market and the shops. But then, giving no reason at all, the Secretary of State intervened and overturned the decision and said that the development should go ahead. Similarly, he agreed to the demolition of the exhibition centre at Earls Court and the 750 council homes on the site and allowed that premium land to be sold off at a substantial under-value.

Worst of all, a mayoral development corporation is to be set up—as I have said before I will not dwell on this matter as it is the subject of a Westminster Hall debate on Thursday—taking in the whole of the north of my constituency, where the Mayor of London intends to build 25,000 homes. As far as we are aware, none of those homes will be genuinely affordable or for local use. The Mayor has described it as a mini Manhattan. Is that the Conservative view of localism, so that where Conservative councils are rejected firmly and clearly by electorates they will simply find ways of pursuing their policies by other means, by taking over the land and overriding local decisions through the powers of the Secretary of State?

In my intervention earlier, I gave an example and I am sorry that the Minister was unable to answer the question that I was genuinely asking, and if the Minister

who is winding up cannot deal with it I would like him to get back to me on it. The discretionary housing payment is a vital lifeline in many authorities, but in none more than in London authorities, where the combined effect of the bedroom tax, the cap on local housing allowance and the cap on benefits means that many hundreds of families now cannot afford their rent. The consequence will be that they will be forced out of London, losing their jobs, being separated from their families and having to take their kids out of school. The one lifeline they had was DHP and yet for this coming year the cut for Hammersmith and Fulham is 52%, more than double the national average of 24% and substantially above the average for the rest of London, which is 35%. How can the Minister justify that as regards that lifeline, which keeps families and communities together? It is little enough on its own but, as I say, it is just another way in which the process of social cleansing continues across west London.

It is great that we have a Labour council now and it will be great to have a Labour Mayor as well next year, but my constituents are living in the worst housing conditions I have seen for 30 years in terms of overcrowding and a lack of affordability for everybody from Generation Rent through to families in council and housing association homes. The only thing that will change that situation and build the houses they need is the election of a Labour Government in May. I pay tribute again to the Labour council for doing everything it possibly can to assure the welfare of the people of Hammersmith and Fulham. It needs that additional assistance and to work in partnership with a Government who genuinely care about everybody who lives in our inner cities, not only those who can afford to buy the tower blocks of £2 million flats that are the only answer the Conservative party seems to have to the regeneration of London.

6.52 pm

Andy Sawford (Corby) (Lab/Co-op): The debate has illustrated just how clueless the Government are about the impact of the cuts imposed on local government. As we have heard, the Government have been criticised by the National Audit Office and the Public Accounts Committee for not understanding the real impact of the cuts. What is worse is that they are deliberately trying to hide how the cuts have been distributed unfairly.

We have heard how the areas of the country with highest need have received cuts up to 16 times greater than those with the lowest levels of need. Places such as Elmbridge, Waverley and Epsom and Ewell have had a funding increase at a time when local government's grant overall has been reduced by 40%. We have heard from Members such as my hon. Friend the Member for Derby North (Chris Williamson) about their authorities facing cuts of up to £50 million. The figure is even more in larger authorities such as Birmingham. In those areas, times are extremely tough and I echo the remarks made by my right hon. Friend the Member for Leeds Central (Hilary Benn) in paying tribute to the great work of councils of all parties up and down the country. In particular, I acknowledge the great work of Labour councils who, on the whole, have faced much larger cuts.

The National Audit Office found that the Government will have reduced funding to local authorities by 37% in real terms over this Parliament. The Local Government

[*Andy Sawford*]

Association says that it is a 40% reduction and the Government tell us that it is a 1.7% reduction. Nobody, but nobody, believes their figure. Even if we attempted to massage the figures by including council tax and other ring-fenced funding, as we have heard, the LGA says that that would mean an 8.5% reduction. Within that, there is double counting.

My hon. Friend the Member for Sheffield South East (Mr Betts), speaking from his experience as Chair of the Select Committee on Communities and Local Government, forensically took apart the Government's claims, highlighting the double counting and the money sitting on the NHS books that DCLG Ministers claim is available for councils. The hon. Member for Southport (John Pugh) called it sophistry. In a damning turn of phrase for a coalition MP, he said that sophistry to disguise the cuts would be cowardly, but to deny them is dishonest and dangerous. That is what is happening.

Will the Minister commit to publishing the cumulative impact of funding reductions on individual councils? The National Audit Office has requested that, and I have tabled written questions to that effect, although I received a very disappointing response today telling me that the information will not be made available. As the hon. Member for Southport quite rightly said, that is an attempt to disguise what is really happening, because those figures would expose the deep unfairness of the cuts.

My right hon. Friend the Member for Leeds Central referred to the comments of the Public Accounts Committee, the Audit Commission and the Joseph Rowntree Foundation, which has stated:

“Cuts in spending power and budgeted spend are systematically greater in more deprived local authorities than in more affluent ones”.

My hon. Friend the Member for Blackpool South (Mr Marsden), who represents the sixth most deprived area in the country, talked about the cost pressures in his area, with the rising demands on children's services, the growing elderly population, the challenge of implementing £90 million of cuts and the loss of 759 council workers. We do not denigrate those people as town hall bureaucrats in the way coalition Ministers do; they were providing a valuable public service in their communities. My hon. Friend talked about the thinning of the very fabric that has kept that community together. I recognise those remarks, as I am sure do hon. Members on both sides of the House.

We have heard today that by 2017 the city of Liverpool, the most deprived local authority in the country, will have lost over half its Government grant compared with 2010. In fact, my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman) told us that the latest estimate is 58%. That, in her words, is “devastating”. The council has taken measures to become more efficient, to generate new revenue streams and to reduce and use reserves as effectively as possible while maintaining a reasonable level of reserves, but it is also having to make cuts that are damaging people's lives. The truth is that no councillor wants to talk about that. Her great city mayor, Joe Anderson, and the councillors serving the city do not want to talk about the incredibly difficult decisions they are having to make, because they are doing their very best to keep the show on the road. However, as my hon. Friend said, older people in her

city are being deprived of care despite their growing needs. She said that at the start of this Parliament 15,000 people were receiving care and help, but now the figure is 9,000, so there is a real unmet need. That is the human cost of the cuts. That is the real tragedy.

My hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) talked passionately, as she always does, about the great city she represents. It is a diverse and young city that trains 40,000 graduates a year. She talked of her vision for the city and all the opportunities to exploit its great strengths in sectors such as life sciences, and she talked honestly about the challenges it faces, but by 2018 the council will have lost two thirds of its discretionary spend. That is a very real threat to the city's ability to make the most of the opportunities it has.

Mr Graham Stuart: Will the hon. Gentleman give way?

Andy Sawford: The hon. Gentleman has virtually made two speeches, given his 20 interventions, so I am sure that he will understand if I reply to the points that have been made rather than giving way.

My hon. Friend the Member for Birmingham, Edgbaston said—I paraphrase—that it would be to the Government's lasting shame if they do not do what they can to create the conditions in which Birmingham can succeed. It is our intention to create the conditions in which all our great cities, and all our great counties and metropolitan unitary areas of our country, can succeed. We want a devolution deal that will give opportunities to all areas of our country.

My hon. Friend the Member for Birmingham, Northfield (Richard Burden) talked about a particular issue in his constituency: school crossing patrols. I congratulate him on his campaign. I will not run down his campaign in the way that we heard the Secretary of State disappointingly has done. My hon. Friend has found a positive way forward to try to keep children in his constituency safe, and he should be congratulated on that, as should Birmingham city council.

My hon. Friend the Member for Hammersmith (Mr Slaughter) told us that in just nine months the council has set up a hospital unit to defend hospital services, saved Sullivan primary school, invested in affordable housing, funded police officers, backed the voluntary sector, cut the proposed Tory rent rise, taken action on food poverty, saved the local theatre and backed cycling—I have to say that it could soon be my favourite council, second only to Corby borough council. My hon. Friend made a powerful case for the great things that Labour councils are doing against a background of higher cuts than in Conservative and coalition areas across the country.

Having claimed that those with the broadest shoulders should bear the greatest burden, why have Ministers done the very opposite in local government? Since 1948 local government has been funded largely through a grant according to need, a principle that existed through successive Labour and Tory Governments. The idea behind it is very simple: not all areas of the country are the same; they have different needs; and it is good for our economy and our society to give the people of every area a fair chance of a good life. Decent local services provide the basis of that, so that whether a looked-after child is growing up in Newham, Newcastle or

Northamptonshire, their needs will be met. The Government have argued that the old way of doing that, which strove for fairness, lacked incentives.

The Labour Government introduced the local authority business growth incentive scheme. The next Labour Government will let combined authority areas keep 100% of business rate growth. Incentives have a role to play, but it was wrong to freeze the grant at 2013 levels and engineer a complete shift away from redistribution. The ability of areas to take up the incentives and to replace lost grant with income from them varies enormously. We know that for all sorts of reasons, in the short term, from one year to the next, the chances of generating growth in some areas is much greater than in others. To compound the unfairness, the incentives being funded are from top-slicing the grant—a further raid on the resources of councils with the greatest needs. So when the Minister replies, will he say why he thinks it is right that the spending power of Wokingham will soon overtake that of Newcastle and Leeds, which have much greater needs?

On current trends, revenue support grant will disappear entirely by 2019-20. There is a real question about the future viability of local authority services, including statutory services. We can already see the impact of the cuts—for example, the impact of the cuts to social care on the national health service. A Labour Government will end the bias against areas with the greatest needs by ensuring that the funding we have is distributed more fairly. That means a settlement that works for all authorities in all areas of the country. That will include the new homes bonus, which was criticised by hon. Members, including the hon. Member for Newton Abbot (Anne Marie Morris). It takes money away from the most disadvantaged communities and gives it to areas where new homes would have been built anyway. That is the point. The new homes bonus is top-sliced from one year to the next. It is no basis for planning ahead.

We say to every area that a fair long-term approach will be best for every local council. That is why we are committed to longer-term funding settlements and multi-year budgets, so that local authorities can plan ahead, push ahead with reform and shift from high-cost ways of doing things towards investment in preventing problems, rather than paying for them later. There has to be a better way forward than taking a huge amount of resources from the poorest areas of our country.

At the same time, we will devolve significant powers and resources to all areas of our country—not just small-time agreements with a small number of cities, but large-scale devolution across our country. We will introduce a new model of decision making and new local accountability structures, like the local public accounts committee. Labour will put devolution at the very heart of the next Labour Government, with a new English regional cabinet committee.

Today we affirm our commitment that a Labour Government will move quickly towards fair funding. We reject the deeply unfair funding changes that this Government have imposed on local councils. Taking most from the areas with the greatest need is wrong and we will vote against the motion.

7.2 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Stephen Williams): We have had 13 Back-Bench contributions to the debate.

Most of them have been thoughtful and reasonable, with Members standing up for their constituents, as our electors would expect. We have heard a lot about different areas, including the reinterment of Richard III in Leicester and the lollipop people, if I may put it that way, in Birmingham. We heard about cities and counties. The speech I found most enjoyable was that of the hon. Member for Birmingham, Edgbaston (Ms Stuart), who addressed not only the history of her great city, but the future vision. There may be a face-off between her and my hon. Friend the Member for Beverley and Holderness (Mr Stuart) as to who can milk the cow most productively. As someone who grew up in a Welsh village surrounded by sheep, I will not offer any rural contribution.

What we heard from the Opposition Benches was long on what problems there are and how awful the position is, but had very little recognition of the fact that one of the reasons for the current difficulties is the situation that we inherited in 2010. A couple of Members looked through that rear-view mirror and were in almost complete denial about that legacy. That might have been understandable in 2011 or 2012, but at this point in the political cycle, 90 days before the country goes to the polls, we expected to hear more of the vision that the hon. Member for Birmingham, Edgbaston spoke about—the solutions to funding local government in the future.

Thanks to this Government's policies of stabilising the economy, getting the public finances under control and rebalancing the economy, we are now seeing a better future for this country. Local government, like every part of the public sector, has made a significant contribution to getting to where we are. As my right hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke) said, councillors from all parties should be congratulated on that. The Government continue to need to make difficult decisions to put the public finances on to a sustainable path. In that context, it is inevitable that councils, which account for a quarter of all public spending—this year they will spend about £115 billion-worth of taxpayers' money—will have to operate with reduced budgets.

Let me assure the House that, contrary to claims that have been made, in this settlement, like those before it, councils with the greatest needs and the highest demand for services still get the most funding. Indeed, the 10% most deprived local authorities in England receive 40% more spending power per head than the 10% least deprived. Several questions were asked about different authorities. Let me take the top and the bottom as examples. Hackney is the most deprived local authority area in England, and its spending power per dwelling will be £3,706.89, while Hart—I am putting together the district and county services and comparing like with like—will receive £1,854.57. At the top and the bottom, we can see that need is still reflected within the system.

Mr Betts: Under the Government's projections, in two years' time, Sheffield, Liverpool, Manchester and Newcastle will have lower spending power per head than Wokingham. Is that fair?

Stephen Williams: That would indeed seem rather odd on the face of it, but we are talking about the settlement now, not making projections about the future.

[Stephen Williams]

What happens in future will be a matter for the next Government, in whatever configuration they are, and we will have to see where we are at that point.

Several hon. Members talked about additional resources for rural authorities. We recognise the challenges that those authorities may face in delivering services to their communities. My right hon. Friend the Member for Mid Dorset and North Poole and my hon. Friends the Members for Beverley and Holderness and for Newton Abbot (Anne Marie Morris) made a powerful case. We have listened, and that is why, for the ongoing settlement, we are adding £15.5 million for the most sparsely populated rural areas. My hon. Friend the Member for Beverley and Holderness said that poverty is found in rural areas as well as in urban areas. Indeed, the only area of the country that still has objective 1 funding from the European Union is Cornwall—not one of our big cities.

Mr Graham Stuart: I am grateful to my hon. Friend for his comments about rural areas. Labour Members have not said anything about unemployment. In the shadow Minister's constituency, there has been a drop in unemployment of more than 60%. In Liverpool, Riverside, the figure is more than 45%. Contrary what the hon. Member for Birmingham, Northfield (Richard Burden) said, long-term unemployment is also down in his patch. That is the reality that underlies this debate. That is what the Government are doing, though Labour Members said that there would be 1 million more unemployed. We have had to fix the mess that the previous Government left behind.

Stephen Williams: That is absolutely right. Contrary to the predictions made by the shadow Chancellor, in particular, that unemployment would sail to over 3 million and we would have disorder in the streets, it has in fact fallen dramatically, certainly in my constituency of Bristol West, where it is dramatically down on the 2010 figures.

We are providing an additional £74 million to support upper-tier authorities to help them to respond to local welfare needs and to improve social care provision. We have deliberately shifted the emphasis from keeping councils dependent on grant to providing them with the tools they need to grow and shape their local economies. For Britain to prosper, every part of the country needs to fulfil its potential. That will not happen if councils remain entirely dependent on Whitehall. We have set up a system that rewards councils that go for growth: those that are supporting businesses, attracting investment, and helping to create jobs. Councils that are open to new business will see the benefits of that growth through a retention of their business rates. Those that support new house building are rewarded through the new homes bonus. Many councils, of all parties, agree that these measures are having a positive impact on their ability to deliver better outcomes in their areas.

That is not all. Contrary to the impression that we are somehow drawing the heart out of local communities through this funding settlement, we have to see it in the context of resources that have been given to local areas. For instance, £12 billion is being given to local enterprise partnerships in England to spend on local economic priorities. Those growth deals will help to train young people, create thousands of new jobs, build thousands

of new homes and start hundreds of infrastructure projects. We will have had six rounds of the regional growth fund, spending £2 billion helping innovative businesses to grow, and through the £90 million coastal communities fund, which also helps rural authorities, we are investing in jobs and growth in our coastal towns.

As well as growing their economies, the best authorities are transforming the way they do business. We are supporting them as they do so, achieving real savings and, importantly, improving outcomes for the people who use local services.

In November, we announced the latest round of successful bids to the transformation challenge award. We will provide about £90 million support for 73 projects that will improve services and ultimately save the public sector more than £900 million. Councils must demonstrate a readiness to learn from each other and from projects proven to develop change elsewhere.

We are committed to helping local places deliver more integrated local public services that improve outcomes for everyone. A good example of that is the better care fund in relation to health and social care. Initially we had hoped that £3 billion would be pooled locally, but we were pleased to see the figure increased to £5 billion. Several Members said that that was double counting, but that £5 billion, spent by the NHS and local government, is overseen by health and wellbeing boards, with local councillors taking the lead in shaping integration between social care and the national health service.

There can be no doubt that councils are rising to the challenge. Every council has issued a balanced budget this year. The majority of residents remain satisfied with the way their council runs things, which is testament to the great skill that authorities have shown; I pay tribute to them for all their efforts. Councils continue to have significant spending powers—as I have said, they have more than £112 billion this year—but they must satisfy local taxpayers that they are using every pound of their money to best effect to deliver efficient public services.

Finally, to rise to the challenge put down by the hon. Member for Birmingham, Edgbaston, I think that all three main parties in England are moving at different paces. My party probably got there first, in coalition, and our coalition colleagues have also embraced localism and regional growth. We see a strong future for local government—with cities driving their local economies and counties having the opportunity to do so, too—with more powers, more responsibility and an end to the situation where England is the most centralised state in Europe.

Question put.

The House divided: Ayes 286, Noes 190.

Division No. 151]

[7.13 pm

AYES

Adams, Nigel	Baker, Steve
Afriyie, Adam	Baldwin, Harriett
Aldous, Peter	Barclay, Stephen
Amess, Sir David	Barker, rh Gregory
Andrew, Stuart	Barwell, Gavin
Arbuthnot, rh Mr James	Bebb, Guto
Bacon, Mr Richard	Beith, rh Sir Alan
Baker, rh Norman	Bellingham, Mr Henry

Benyon, Richard
 Beresford, Sir Paul
 Binley, Mr Brian
 Birtwistle, Gordon
 Blackwood, Nicola
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Bottomley, Sir Peter
 Bradley, Karen
 Brady, Mr Graham
 Brake, rh Tom
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brooke, rh Annette
 Browne, Mr Jeremy
 Buckland, Mr Robert
 Burns, Conor
 Burns, rh Mr Simon
 Burrowes, Mr David
 Burstow, rh Paul
 Burt, rh Alistair
 Byles, Dan
 Cable, rh Vince
 Campbell, rh Sir Menzies
 Carmichael, rh Mr Alistair
 Carmichael, Neil
 Chope, Mr Christopher
 Clappison, Mr James
 Clark, rh Greg
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colville, Oliver
 Cox, Mr Geoffrey
 Crockett, Mike
 Crouch, Tracey
 Davey, rh Mr Edward
 Davies, David T. C.
 (Monmouth)
 Davies, Glyn
 Djanogly, Mr Jonathan
 Dorrell, rh Mr Stephen
 Doyle-Price, Jackie
 Drax, Richard
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Jonathan
 Evans, Mr Nigel
 Evennett, Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Farron, Tim
 Featherstone, rh Lynne
 Field, Mark
 Foster, rh Mr Don
 Francois, rh Mr Mark
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Gale, Sir Roger
 Garnier, Sir Edward
 Garnier, Mark
 Gauke, Mr David

George, Andrew
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Grayling, rh Chris
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Hague, rh Mr William
 Halfon, Robert
 Hames, Duncan
 Hammond, Stephen
 Hancock, rh Matthew
 Hands, rh Greg
 Harper, Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heath, Mr David
 Heaton-Harris, Chris
 Henderson, Gordon
 Hendry, Charles
 Herbert, rh Nick
 Hinds, Damian
 Hoban, Mr Mark
 Hollingbery, George
 Hollobone, Mr Philip
 Hopkins, Kris
 Horwood, Martin
 Howarth, Sir Gerald
 Howell, John
 Hughes, rh Simon
 Hunt, rh Mr Jeremy
 Hunter, Mark
 Huppert, Dr Julian
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, Gareth
 Johnson, Joseph
 Jones, Andrew
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kirby, Simon
 Knight, rh Sir Greg
 Kwarteng, Kwasi
 Lamb, rh Norman
 Lancaster, Mark
 Lansley, rh Mr Andrew
 Leadsom, Andrea
 Lee, Jessica
 Lee, Dr Phillip
 Leech, Mr John
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, Brandon
 Lewis, Dr Julian
 Liddell-Grainger, Mr Ian
 Lilley, rh Mr Peter

Lloyd, Stephen
 Lopresti, Jack
 Lumley, Karen
 Main, Mrs Anne
 Maude, rh Mr Francis
 May, rh Mrs Theresa
 McCartney, Jason
 McCartney, Karl
 McIntosh, Miss Anne
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 McVey, rh Esther
 Menzies, Mark
 Metcalfe, Stephen
 Miller, rh Maria
 Mills, Nigel
 Milton, Anne
 Mitchell, rh Mr Andrew
 Moore, rh Michael
 Mordaunt, Penny
 Morgan, rh Nicky
 Morris, Anne Marie
 Morris, David
 Mosley, Stephen
 Mowat, David
 Mulholland, Greg
 Mundell, rh David
 Munt, Tessa
 Murray, Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newmark, Mr Brooks
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 O'Brien, rh Mr Stephen
 Offord, Dr Matthew
 Ollerenshaw, Eric
 Opperman, Guy
 Paice, rh Sir James
 Parish, Neil
 Patel, Priti
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Pickles, rh Mr Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Prisk, Mr Mark
 Pritchard, Mark
 Raab, Mr Dominic
 Randall, rh Sir John
 Reckless, Mark
 Redwood, rh Mr John
 Rees-Mogg, Jacob
 Reid, Mr Alan
 Rifkind, rh Sir Malcolm
 Robathan, rh Mr Andrew
 Robertson, rh Sir Hugh
 Robertson, Mr Laurence
 Rogerson, Dan
 Rosindell, Andrew
 Russell, Sir Bob

Rutley, David
 Sandys, Laura
 Scott, Mr Lee
 Selous, Andrew
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Shepherd, Sir Richard
 Simmonds, rh Mark
 Simpson, Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Julian
 Smith, Sir Robert
 Soubry, Anna
 Spelman, rh Mrs Caroline
 Spencer, Mr Mark
 Stanley, rh Sir John
 Stephenson, Andrew
 Stewart, Iain
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Mr Graham
 Stunell, rh Sir Andrew
 Sturdy, Julian
 Swales, Iain
 Swayne, rh Mr Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thurso, rh John
 Timpson, Mr Edward
 Tomlinson, Justin
 Tredinnick, David
 Truss, rh Elizabeth
 Turner, Mr Andrew
 Uppal, Paul
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Walker, Mr Charles
 Walker, Mr Robin
 Walter, Mr Robert
 Watkinson, Dame Angela
 Webb, rh Steve
 Wharton, James
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, Mr John
 Wiggin, Bill
 Williams, Mr Mark
 Williams, Roger
 Williams, Stephen
 Williamson, Gavin
 Willott, rh Jenny
 Wilson, Mr Rob
 Wollaston, Dr Sarah
 Wright, rh Jeremy
 Wright, Simon
 Yeo, Mr Tim
 Young, rh Sir George

Tellers for the Ayes:
 Lorely Burt and
 Mr Ben Wallace

NOES

Abbott, Ms Diane
 Abrahams, Debbie
 Alexander, rh Mr Douglas

Alexander, Heidi
 Ali, Rushanara
 Allen, Mr Graham

Anderson, Mr David
 Ashworth, Jonathan
 Austin, Ian
 Bailey, Mr Adrian
 Bain, Mr William
 Barron, rh Kevin
 Beckett, rh Margaret
 Begg, Dame Anne
 Benn, rh Hilary
 Benton, Mr Joe
 Berger, Luciana
 Betts, Mr Clive
 Blackman-Woods, Roberta
 Blears, rh Hazel
 Blenkinsop, Tom
 Blomfield, Paul
 Blunkett, rh Mr David
 Bradshaw, rh Mr Ben
 Brennan, Kevin
 Brown, Lyn
 Brown, rh Mr Nicholas
 Brown, Mr Russell
 Burden, Richard
 Byrne, rh Mr Liam
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Caton, Martin
 Champion, Sarah
 Chapman, Jenny
 Clark, Katy
 Coffey, Ann
 Cooper, Rosie
 Cooper, rh Yvette
 Corbyn, Jeremy
 Crausby, Mr David
 Cruddas, Jon
 Cryer, John
 Cunningham, Alex
 Cunningham, Mr Jim
 Cunningham, Sir Tony
 Danczuk, Simon
 Darling, rh Mr Alistair
 David, Wayne
 De Piero, Gloria
 Denham, rh Mr John
 Donohoe, Mr Brian H.
 Doran, Mr Frank
 Dowd, Jim
 Doyle, Gemma
 Dromey, Jack
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Fitzpatrick, Jim
 Ffello, Robert
 Flint, rh Caroline
 Flynn, Paul
 Fovargue, Yvonne
 Francis, Dr Hywel
 Galloway, George
 Gapes, Mike
 Gardiner, Barry
 Glass, Pat
 Glindon, Mrs Mary
 Goodman, Helen
 Green, Kate
 Greenwood, Lilian

Gwynne, Andrew
 Hain, rh Mr Peter
 Hamilton, Mr David
 Hancock, Mr Mike
 Hanson, rh Mr David
 Harman, rh Ms Harriet
 Harris, Mr Tom
 Healey, rh John
 Hepburn, Mr Stephen
 Hermon, Lady
 Hillier, Meg
 Hilling, Julie
 Hodgson, Mrs Sharon
 Hoey, Kate
 Howarth, rh Mr George
 Irranca-Davies, Huw
 Jamieson, Cathy
 Jarvis, Dan
 Johnson, Diana
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Susan Elan
 Kane, Mike
 Kaufman, rh Sir Gerald
 Keeley, Barbara
 Kendall, Liz
 Khan, rh Sadiq
 Lammy, rh Mr David
 Lavery, Ian
 Lazarowicz, Mark
 Lewis, Mr Ivan
 Love, Mr Andrew
 Lucas, Caroline
 Lucas, Ian
 Mactaggart, Fiona
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Marsden, Mr Gordon
 McCann, Mr Michael
 McCarthy, Kerry
 McClymont, Gregg
 McDonald, Andy
 McDonnell, John
 McFadden, rh Mr Pat
 McGovern, Alison
 McGovern, Jim
 McGuire, rh Dame Anne
 McInnes, Liz
 McKechin, Ann
 McKenzie, Mr Iain
 Meale, Sir Alan
 Mearns, Ian
 Miller, Andrew
 Mitchell, Austin
 Moon, Mrs Madeleine
 Morden, Jessica
 Morrice, Graeme (*Livingston*)
 Morris, Grahame M.
 (*Easington*)
 Mudie, Mr George
 Murphy, rh Mr Jim
 Murphy, rh Paul
 Murray, Ian
 Nandy, Lisa
 Nash, Pamela
 O'Donnell, Fiona
 Onwurah, Chi
 Owen, Albert
 Pearce, Teresa
 Qureshi, Yasmin
 Reed, Mr Jamie

Reed, Mr Steve
 Reeves, Rachel
 Reynolds, Emma
 Reynolds, Jonathan
 Robertson, John
 Rotheram, Steve
 Roy, Mr Frank
 Ruane, Chris
 Ruddock, rh Dame Joan
 Sarwar, Anas
 Sawford, Andy
 Seabeck, Alison
 Shannon, Jim
 Sharma, Mr Virendra
 Sheridan, Jim
 Shuker, Gavin
 Skinner, Mr Dennis
 Slaughter, Mr Andy
 Smith, Angela
 Smith, Nick
 Smith, Owen
 Spellar, rh Mr John

Straw, rh Mr Jack
 Stringer, Graham
 Stuart, Ms Gisela
 Thornberry, Emily
 Timms, rh Stephen
 Turner, Karl
 Twigg, Derek
 Twigg, Stephen
 Vaz, Valerie
 Walley, Joan
 Watts, Mr Dave
 Williams, Hywel
 Williamson, Chris
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Ms Rosie
 Wood, Mike
 Wright, David
 Wright, Mr Iain

Tellers for the Noes:
 Nic Dakin and
 Bridget Phillipson

Question accordingly agreed to.

Resolved,

That the Local Government Finance Report (England) 2015-16 (HC 1013), which was laid before this House on 3 February, be approved.

LOCAL GOVERNMENT FINANCE

Resolved,

That the Referendums Relating to Council Tax Increases (Principles) (England) Report 2015-16 (HC 1014), which was laid before this House on 3 February, be approved.—(*Kris Hopkins.*)

DEFERRED DIVISIONS

Motion made, and Question put forthwith (Standing Order No. 41A(3)),

That, at this day's sitting, Standing Order No. 41A (Deferred divisions) shall not apply to the Motion in the name of Mr David Gauke relating to the Counter-Terrorism and Security Bill: Money (No. 2).—(*Damian Hinds.*)

Question agreed to

COUNTER-TERRORISM AND SECURITY BILL: MONEY (NO.2)

Queen's recommendation signified.

Resolved,

That, for the purposes of any Act resulting from the Counter-Terrorism and Security Bill, it is expedient to authorise the payment out of money provided by Parliament of expenditure incurred under or by virtue of the Act by any Minister of the Crown in connection with any proceedings relating to temporary exclusion orders.—(*Stephen Williams.*)

COUNTER-TERRORISM AND SECURITY BILL: PROGRAMME (NO.3)

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

That the following provisions shall apply to the Counter-Terrorism and Security Bill for the purpose of supplementing the Orders of 2 December 2014 (Counter-Terrorism and Security Bill (Programme)) and 6 January 2015 (Counter-Terrorism and Security Bill (Programme)) (No. 2):

Consideration of Lords Amendments

(1) Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement at today's sitting.

Subsequent stages

(2) Any further Message from the Lords may be considered forthwith without any Question being put.

(3) The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—(*Mrs May.*)

Question agreed to.

Counter-terrorism and Security Bill*Consideration of Lords amendments*

Mr Deputy Speaker (Mr Lindsay Hoyle): I must draw the House's attention to the fact that financial privilege is involved in Lords amendments 1, 2, 9, 21 and 32. If the House agrees with them, I shall ensure that the appropriate entry is made in the *Journal*.

Clause 1SEIZURE OF PASSPORTS ETC FROM PERSONS SUSPECTED
OF INVOLVEMENT IN TERRORISM

7.27 pm

The Secretary of State for the Home Department (Mrs Theresa May): I beg to move, that this House agrees with Lords amendment 1.

Mr Deputy Speaker: With this it will be convenient to take Lords amendments 2 to 39.

Mrs May: On the day the Counter-Terrorism and Security Bill was last considered by this House, news of the appalling events in Paris and the brutal murders at the office of Charlie Hebdo were still unfolding. What followed was a two-day manhunt for those responsible, a horrific attack on a Jewish supermarket and further murders of innocent people. Those attacks were yet another reminder of the very grave threat we face from terrorism, a threat that we have discussed in this House on many occasions. I am certain that everyone in this House is committed to ensuring that the police, MI5 and others have the powers and capabilities they need to keep the public safe. That is why we brought forward the Bill and sought its swift progress through Parliament.

Since the Bill was sent to another place, it has been the subject of robust scrutiny. A number of substantial amendments have been made to ensure that these new powers will deliver the optimum capability for our agencies, and to reassure the public that they will be used appropriately and proportionately. They were all Government amendments, which were broadly welcomed by their lordships, and I hope and expect that they will find similar favour in this House. I will now turn to the amendments themselves.

Two amendments were tabled by the Government to part 1 chapter 1 of the Bill, which concerns the temporary seizure of travel documents from individuals reasonably suspected of wishing to travel overseas to engage in terrorism-related activity. Amendments 1 and 2 make provision for civil legal aid to be made available where appropriate at the hearings of applications in England, Wales and Northern Ireland to extend the 14-day time period in which an individual's travel documents may be retained. This is an issue in which the Joint Committee on Human Rights took considerable interest. Legal aid is already available for judicial review proceedings in England and Wales, and in Northern Ireland, subject to individuals' meeting the statutory means and merits tests.

Turning to temporary exclusion, as I have made clear to this House at earlier stages, the Government are absolutely committed to the appropriate and proportionate use of this power. As my hon. Friend the Minister for Security and Immigration indicated on Report, we carefully considered the constructive suggestions from David

[Mrs May]

Anderson, the independent reviewer of terrorism legislation, on the matter of judicial oversight, and following that consideration, we tabled amendments to introduce oversight of the power in line with his recommendations. Specifically, the amendments propose the creation of a permission stage, before the imposition of a temporary exclusion order, and a statutory judicial review mechanism to consider the imposition of the order and any specific in-country requirements.

Pete Wishart (Perth and North Perthshire) (SNP): I thank the Secretary of State for giving way so early, but is not consideration of these issues the job of elected Members—those who bothered to go to the electorate—not that affront to democracy down the corridor whose Members have taken it upon themselves to form Government business?

Mrs May: The very reason we are debating the amendments is that the House has an opportunity to consider them, so the hon. Gentleman's argument is completely false.

During the permission stage, the court would have the power to refuse permission for the order where prior permission was being sought, and in retrospective review cases, it would have the power to quash the order. During the statutory judicial review, the court would have the power not only to consider in detail and quash the specific in-country requirements placed on an individual, but to consider whether the relevant conditions for imposing the temporary exclusion order were and continued to be met. It could quash the whole order or direct that the Secretary of State revoke it. The amendments will ensure effective judicial scrutiny of the power, and I trust they provide sufficient reassurance to the House on this important issue.

Mr Dominic Grieve (Beaconsfield) (Con): That does provide me with the reassurance I sought at an earlier stage, and I am grateful to my right hon. Friend for having listened carefully to the representations made here and in another place. They are most welcome and I believe will add considerably to the Bill's legitimacy.

Mrs May: I thank my right hon. and learned Friend for his comments and recognise that he raised these issues and questioned the original proposals when they were debated in this place.

Richard Fuller (Bedford) (Con): Alas, I am not quite at the same stage of happy reassurance as my right hon. and learned Friend the Member for Beaconsfield (Mr Grieve). Will my right hon. Friend reassure me that the additional judicial step will not mean that, in the time we understand it will take for a return to be made, people can get back into the country while legal proceedings are ongoing? The purpose was to say to those with a family member subject to terrorist infiltration that if they went abroad it would be a one-way ticket. My concern is that this additional legal step might stop that in some cases.

Mrs May: As my hon. Friend will recall, we have retained the initial decision by the Secretary of State, but, as with the legal process for terrorism prevention

and investigation measures, it would then be for the court to consider whether it was right for the Secretary of State to have taken that decision. That process would be followed and then the order would be served, so I do not think that the timing issue, which he is concerned about, would arise.

Jeremy Corbyn (Islington North) (Lab): If the person against whom the order is sought is outside UK jurisdiction, how would they appeal and what recompense would there be if the appeal is successful and the conviction quashed?

Mrs May: The whole point is that such people will be outside the country. The aim of a temporary exclusion order is to ensure that when they return to the UK, they do so on our terms, which is why their passport would not be available to them and they would have to be issued with temporary travel documents. As I indicated to my hon. Friend the Member for Bedford (Richard Fuller), the process of judicial oversight would have to be followed before the order is placed on the individual. As I said, these are important additions to the Bill reflecting the concerns expressed by right hon. and hon. Members at an earlier stage.

I now come to amendments 10 and 11, the aviation, shipping and rail security amendments, which provide for direct parliamentary scrutiny of an authority-to-carry or no-fly scheme made or revised by the Secretary of State. Any such scheme would be subject to the affirmative procedure. These amendments act on a recommendation made by the Delegated Powers and Regulatory Reform Committee.

Amendments 28 and 29 bring the aviation security powers in the relevant schedule into force on Royal Assent rather than at a later date by order. This includes strengthened powers to request information from the aviation industry and issue security directions, with a penalty regime to enforce them. The threat to aviation from terrorist groups is well documented and continues to evolve. We already work closely with foreign Governments and airlines, as well as UK operators, to make sure that the necessary security measures are in place and are being implemented effectively. These measures will enhance our ability to do so. I therefore hope the House will agree that it is right for these strengthened powers to be available at the earliest opportunity.

There was an extensive debate in the other place on the Prevent duty set out in chapter 1 of part 5. Most notably, debate took place on the potential impact on freedom of speech and academic freedom in universities. The Government listened to those concerns, and amendment 16 ensures that further and higher education institutions must, when carrying out the Prevent duty, have particular regard to the duty contained in section 43(1) of Education (No. 2) Act 1986 to secure freedom of speech.

Mr David Heath (Somerton and Frome) (LD): I hope to say a few words on this subject later if I get the opportunity to do so, but will the Home Secretary tell me whether subsection (3) of the new clause proposed by amendment 16, which applies the duty to ensure freedom of speech and academic freedom to the Secretary

of State herself in drawing up the guidance, will have a material effect on the draft guidance she has already issued?

Mrs May: The draft guidance has been subject, as my hon. Friend knows, to consultation. We received a significant number of responses to the draft guidance, and we are going through those responses in order to make changes as appropriate. The point of building this directly into the Bill is that it makes it very clear to those exercising this duty that we are introducing for universities under Prevent that they must have “particular regard”, as it says, to the issues of freedom of speech and academic freedom. This makes it absolutely clear that the Prevent duty is not overriding, to put it that way, the academic freedom that we all accept our universities should have.

Robert Neill (Bromley and Chislehurst) (Con): Can the Home Secretary assure me that when she considers the responses to the consultation, the final document will be so cast that it does not, albeit inadvertently, impede the work of genuine, benign and well-intentioned student bodies such as Christian unions and other groups that are active within our universities?

Mrs May: I can give my hon. Friend that assurance. There is no intention to make any impact on the sort of benign organisation to which he refers.

Nicola Blackwood (Oxford West and Abingdon) (Con): The Home Secretary is generous in giving way on this point. I am sure she can understand the concerns raised locally with me, a university MP, and I welcome the renewed emphasis on freedom of speech and on the stronger scrutiny for Parliament in amendment 16. Can she assure me that the guidance will be sufficiently clear for universities to have no uncertainty about their responsibilities under the new legislation?

Mrs May: I thank my hon. Friend for giving me an opportunity to make it absolutely clear that we intend the guidance to be clear. We have produced the guidance for consultation; as I said, we are considering the responses to it; and we are looking at areas where we need to clarify the guidance. It is important for universities, notwithstanding academic freedom and the need to secure freedom of speech, also to recognise the duty of care they have to students. That is why I believe it absolutely right for universities to be within this legislation and within the Prevent duty that is being put into statute. We will, of course, make the guidance clear, so that universities can operate appropriately.

Mark Field (Cities of London and Westminster) (Con): I very much agree with my right hon. Friend’s view on the issue of freedom of speech. Vice-chancellors and others who are in control of our universities are worried about their ongoing duties, so can we ensure that the guidance will not fall into place and further duties will not be placed on our universities until such time as the clarity of the guidance is manifest, even if that means waiting for a further academic year?

Mrs May: There is a reason why we are putting the Prevent duty on a statutory basis, and there is a reason why the Bill has gone through Parliament slightly more

quickly than would normally be the case. We have made it clear that we have issued guidance for consultation, and that we will respond to the consultation and revise the guidance. We have also made it clear, in the amendments, the particular regard that universities must have to freedom of speech and academic freedom. However, as I have said, I think that universities must also recognise their duty of care to students. I hope that, if students are being radicalised on their campuses, universities will get to know about it and take some action.

Several hon. Members *rose*—

Mrs May: I have been very generous in giving way, and I should now like to make a little more progress. Let me simply say to my hon. Friend the Member for Cities of London and Westminster (Mark Field) that the duty is that which is in the legislation, and that the guidance will be revised in accordance with our response to the consultation. The Secretary of State will also be required to have particular regard to freedom of speech and academic freedom when issuing guidance, or when giving a direction to an educational body that has failed to discharge the duty.

Lords amendment 17 allows the Secretary of State to nominate suitable monitoring authorities for further and higher education institutions, and obliges relevant bodies to provide them with such information as they require, including information about the steps being taken to improve performance. We fully expect institutions to co-operate with the authorities, but there may be rare cases in which institutions do not co-operate. Lords amendment 18 provides for the Secretary of State to give directions to relevant further and higher education bodies when they have failed to supply information, and the Secretary of State can, if necessary, seek a mandatory order from the court to enforce any such directions. Lords amendments 14 and 15 provide that the guidance underpinning the duty will be subject to the affirmative procedure, which will ensure further scrutiny of it before it takes effect.

There are a number of more minor amendments to this part of the Bill and the corresponding schedules. Lords amendments 12 and 13 would ensure that, if further bodies are made subject to the Prevent duty in the future, there will be greater flexibility to make it possible to focus on particular functions of the authorities, while Lords amendment 19 makes it clear that functions exercised outside Great Britain are not subject to the duty. Lords amendments 34 to 39 tidy up entries in the schedules listing the Prevent specified authorities and the Channel panel partners. Lords amendments 26 and 30 allow the Government to amend those schedules by order at any time after Royal Assent, subject to Parliament’s approval of the changes.

The amendments to part 7 relate to the remit of the independent reviewer of terrorism legislation and his relationship with the proposed privacy and civil liberties board. They reflect the extensive debate that has taken place in both Houses, and the views that have been expressed by David Anderson QC. Lords amendments 21, 22, 25 and 27 make changes to the statutory remit of the independent reviewer to include areas of counter-terrorism legislation that are currently not subject to independent oversight. They also allow for a greater degree of flexibility in the reporting arrangements relating to the Acts that are within his purview. Lords amendments 23

[Mrs May]

and 24 make it clear that the independent reviewer will chair the privacy and civil liberties board, which in turn will operate under his direction and control.

Dr Matthew Offord (Hendon) (Con): I have received several e-mails from constituents who are worried about the speed with which the Bill will be implemented. The Home Secretary has allayed some of my fears, which will enable me to support the Bill, but will she tell us more about the policy and civil liberties board, and about when it will come into effect?

Mrs May: I will say a little more about the board later in my speech, but I can tell my hon. Friend that, as certain matters will have to be dealt with, it will not come into effect in the immediate future. As for the amount of time that has been given to the Bill, it has indeed had a faster track through Parliament than a normal Bill, with the agreement of the Opposition. There has, however, been considerable debate both in the House of Commons—and the Committee stage was taken on the Floor of the House—and in another place. Yesterday, during the final debate in another place, a number of their lordships expressed their gratitude for the amount of time that had been made available and the amount of scrutiny that had taken place. So I think there has been sufficient scrutiny.

7.45 pm

While I recognise that concerns have been expressed about the privacy and civil liberties board, it is worth reflecting on David Anderson's most recent comments on these matters:

"if skilled and practical people are appointed to the Board, content to work under the Reviewer's direction, the capacity for independent review will be improved."

I should also draw the attention of hon. Members to his acknowledgement published on his website and dated 31 January that

"the Government has listened to what I have been saying, and put forward changes which should significantly improve the ability of the Independent Reviewer to do an effective job."

Julian Smith (Skipton and Ripon) (Con): On the point of people's concerns about privacy, we now have a Select Committee, which has done a detailed report on Lee Rigby and has shown it is scrutinising Parliament and the intelligence services, and we now have the civil liberties board. We have tremendous oversight in this country, and is it not now time that we say we have got good control of our intelligence services and we need to let them get on and do the job?

Mrs May: My hon. Friend makes an important point. Our country has one of the strictest legal structures for dealing with these kinds of matters. We also have significant oversight through the role of the various commissioners and the independent reviewer of terrorism legislation and through the enhanced capabilities of Parliament's Intelligence and Security Committee, which has, through its Woolwich report, shown how it can use those powers to scrutinise in detail what has taken place and report to the public. Our intelligence agencies do a very good job for us every day of the week, and we need to ensure they can carry on doing that job with appropriate oversight, which I think we have in place.

On the privacy and civil liberties board, as I said in response to my hon. Friend the Member for Hendon (Dr Offord), there is further work to be done because we have to consider the responses to the recent consultation on it before bringing forward regulations to establish the board, but I trust the amendments we have made will reassure the House about the Government's approach to these important issues.

The range and significant nature of these amendments demonstrates the approach that the Government have taken on this Bill. With the support of the official Opposition, we have agreed a timetable to ensure that it will be enacted at the earliest opportunity, but we have also ensured that our proposals have been subjected to robust analysis, and we have listened to the full range of views from all sides of both Houses. The Bill has certainly benefited from that scrutiny.

I welcome the fact that these measures have broad cross-party support, and I am grateful to all hon. Members, and particularly the Opposition Front Bench, for the constructive approach that they have taken throughout our consideration of this Bill.

As I have made clear previously, we are in the middle of a generational struggle against a deadly terrorist ideology. The first duty of Government is to keep the people of Britain safe and this Bill will help us to do so. The amendments made in the Lords will improve the provisions, and strike the right balance between our rights to privacy and security. I invite the House to agree them, so that we can enact this legislation without any further delay.

Mr David Hanson (Delyn) (Lab): We, too, welcome the Lords amendments. The Home Secretary was right to commence her remarks by reminding the House of the events in Paris and the ever-present threat of terrorist activity on these shores. It is for that reason that we took a constructive approach to the Bill; we believe there is a threat, and it needs to be effectively managed, and we in Her Majesty's Opposition give the Home Secretary the support she needs for the work of the police, MI5 and others, which she has sought to give extra powers to in this Bill.

We are also keen to respond to the positive comments made last year by David Anderson, the reviewer of terrorism of legislation. We are grateful that the Home Secretary has listened to the comments made by Mr Anderson, and indeed by the other place.

The Bill was introduced into this House at the end of November. There was no pre-legislative scrutiny or public consultation on most of its provisions and it finished its Commons stages on 7 January. I understand why the Home Secretary has moved quickly on these matters, but the fact that 39 amendments were made in another place and have come to this Chamber shows that some serious issues have had to be reflected on during the passage of the Bill.

We welcome the thrust of the amendments made by the Government, because they are a series of concessions to points made not only in another place—I take the point made by the hon. Member for Perth and North Perthshire (Pete Wishart) about that—but in this House

Julian Smith: Does the right hon. Gentleman regret, as I do, that the amendments tabled by the noble Lord King that sought to bring back the draft Communications

Data Bill, or all the elements of it, did not make it back to this House? Does he agree that we need to move forward with that as soon as possible?

Mr Hanson: We need to look at and deal with that issue. Five years ago, in my last year as a Minister in the Home Office, I was briefed as the Minister for Policing, Crime and Counter-Terrorism on the need for such a Bill, so we do need to examine the matter. Whoever wins the election in some weeks' time, the next Parliament will have to return to that issue. In fact, I think it would have returned to it in this Parliament had it not been for the Liberal Democrats—but let us not find division where there is none this evening.

We welcome the measures agreed to by the Home Secretary. We need strong terrorism powers and to accept that the rise of ISIL and associated groups represents an exceptional threat, but we also need to look at how we manage such powers within the confines of ensuring that we uphold the principles of democracy in this country. On the temporary exclusion orders, therefore, we welcome the principle of judicial oversight being accepted following amendments in another place. In this House on 2 December the shadow Home Secretary, my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper), rightly pointed out that there was such judicial oversight for terrorism prevention and investigation measures, and stated that we would be tabling amendments on that very principle. The Home Secretary said to me in Committee on 15 December that such oversight was not necessary and that for her to have the power to make that decision should suffice.

Not only Opposition Members but Government ones, such as the right hon. and learned Member for Beaconsfield (Mr Grieve), the hon. Member for Cities of London and Westminster (Mark Field) and others, made the point that we need to uphold democracy and the right of appeal and oversight at the same time as tackling the threat head on. The debate continued on Report and, indeed, the Opposition tabled an amendment to achieve the objectives that the Government are now accepting following amendments in another place. Both Government parties voted against the earlier Labour amendment, but now support proposals that, broadly speaking, do exactly the same thing. It is a significant U-turn by the Government, but welcome all the same. The case for judicial oversight has been clear all along, and the conditions now in place are welcome.

Her Majesty's Opposition also fully support the Prevent strategy changes made by the Home Secretary this evening. Labour developed Prevent when in government, and my right hon. Friend the Member for Salford and Eccles (Hazel Blears) was key to that at the time. It is important for us to have a statutory basis for Prevent. The Bill introduces the obligation on public bodies to implement Prevent and to follow statutory guidance. We supported that in principle, but, again, we made it clear that we wanted to press strongly on the guidance, on the nature and drafting of which my hon. Friend the Member for Kingston upon Hull North (Diana Johnson) made some key comments. We tabled some amendments, which the Government have now accepted, on the guidance being subject to parliamentary approval. That amendment was drafted by the Labour party and supported by Universities UK. We also supported in another place specific protection for universities' obligation to uphold

freedom of belief. I welcome the fact that my hon. Friend made those points, that Labour Members have made the points in another place, that the House of Lords has agreed the amendments and that the Government have now accepted them.

We support the creation of the privacy and civil liberties board, but there was significant confusion about its role as introduced in the Commons. Yet again, we raised that issue in this place and in another place, and the Government have now accepted some of the points made and have clarified, particularly, the interaction of the board and the independent reviewer. That will address some of the capacity problems faced by the independent reviewer.

It is also important that we have accepted the amendments on the authority-to-carry scheme. That is a vital power but most of the detail and how it will impact carriers has been left to secondary legislation. The Government have now accepted that these detailed regulations will need to have proper parliamentary scrutiny, and, again, that is welcome.

There was not a great deal of division between the Government and us on the principles of the Bill before it left this place, but we did want to see some strengthening, and those strengthening measures have been put in place. I wish not only to pay tribute to my hon. Friend the Member for Kingston upon Hull North and my right hon. Friend the Member for Normanton, Pontefract and Castleford for raising those issues here, but to thank Lord Rosser and Baroness Smith of Basildon for raising and dealing with those issues in another place. Serious consideration has been given in the House of Lords and this Bill is the better for it. I am pleased that the Home Secretary has accepted those amendments, and she will have our support on them tonight and on the implementation of the Bill in due course.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Lindsay Hoyle): May I just say to Members that we do not have much time, but if we can be brief, we will get every Member in?

Mr Heath: As I said on Report, it is extraordinarily difficult to get the balance exactly right between the security of the citizen and of the realm and the accretion of powers by the state. I pay tribute to the Home Secretary and her colleagues in the Department for listening carefully to the things said about this Bill by Members on both sides of the House. All the amendments we have received from the other place, many of them stimulated by our discussions in this House and now back before us, improve the Bill rather than make it worse. That is not to say that there are not areas where I might have gone a little further than the Government amendments in the Lords, but let us recognise that it has been improved.

I particularly welcome—this was the deal breaker—the introduction of judicial oversight of the temporary exclusion orders. I honestly do not understand why the right hon. Member for Delyn (Mr Hanson) believes it would be better for the House to have supported an Opposition amendment that was inadequate to the task rather than the Home Office's own amendment, which we were promised on Report and which has now been produced in the Lords.

Mr Hanson: The reason I made a point of that was not about the amendment, but about the principle of the amendment initially, which is important.

Mr Heath: That is not the way Third Reading and Report work; what we put into the Bill then is the Bill—it is not a question of principle at that stage. The principle was that the Home Secretary accepted our arguments, she has brought this back and I am grateful to her. I am also grateful to her for the changes to the privacy and civil liberties board.

The one area where we still have a mess, despite the welcome improvements, is on the draft guidance on places of higher education. Of course I welcome the explicit references now in the Bill to “freedom of speech” and “academic freedom”, but introducing those as something to which both the universities and the Home Secretary need to have particular regard means that we have an incomplete hierarchy of priorities between that and the guidance in the draft guidance. That makes it difficult for vice-chancellors and others to assess exactly where their duties lie.

The saving grace lies in amendment 14, which means that the guidance will come before this House for consideration. The reason I specifically asked the Home Secretary what changes she would make to the draft guidance as a consequence of subsection (3) of the new clause in amendment 16 is because there is a clear implication, if that means anything at all, that there will be changes made on that basis. It cannot simply be done in response to the consultation process; there needs to be something that emerges from that process. I look forward to seeing the draft guidance revisited, reissued and then coming before this House for final decision. However, I make a plea to the Home Secretary not to have something that is too bureaucratic or to have hurdles that are impossible for large universities to jump. I have to say that I would be quite incapable of telling a university where I was speaking what I was going to say two weeks in advance—I do not know what I am going to say when I stand up to make a speech.

Dr Julian Lewis (New Forest East) (Con): Or even afterwards.

Mr Heath: Indeed. I really do hope that we have something that is workable, that addresses specifically, and on a risk basis, the issues that the Home Secretary seeks to address, and that does not introduce a duty that is inaccessible.

Mrs May: Perhaps I can give my hon. Friend a little further reassurance. My noble Friend Lord Bates made it clear in the other place that we would be amending the guidance, and I have made that clear, too. This issue of speakers providing two weeks’ notice of what they are going to say is precisely something that we will clarify as not necessary.

Mr Heath: That is a very helpful reassurance from the Home Secretary. I am grateful to her for what she has said. On that basis, I shall now sit down.

8 pm

Hazel Blears (Salford and Eccles) (Lab): First, I should like to place on the record my thanks to the Minister for Security and Immigration, the hon. Member for

Old Bexley and Sidcup (James Brokenshire), who is not in his place this evening, for his conduct of the debate on this Bill; he has been open, inclusive and generous. Very often, he has listened and genuinely responded to the points that all Members have made. I also wish to thank him for coming to a roundtable discussion that I organised two weeks ago. He made an excellent contribution among a group of academics, practitioners and people from think-tanks about how we can do some practical work around tackling extremism and radicalisation. I will let him have a report of that discussion this week, and I look forward to continuing the dialogue with Government about what we can do in practical terms to make this situation better than it is at the moment.

I wish to comment briefly on amendments 14 and 16, which relate to part 5 of the Bill and the Prevent programme. Like every other Member, I welcome amendment 14, which provides for parliamentary scrutiny of the guidance. I am delighted that the Government have now accepted that. It will be through the affirmative resolution procedure, and it will enable proper detailed scrutiny and debate of the matters that are in the guidance.

I have now had the opportunity to read the guidance. On Second Reading and in Committee, I kept saying to the Minister, “When will we see the guidance?” He implored me to be patient, saying that the issues I was raising would be addressed in that guidance. Well, I have been as patient as I can be, but I remain concerned about two issues that the guidance seeks to address. The first matter I raised in debate was that much of the Bill is couched in terms of dealing with individuals who are in danger of being radicalised and drawn into terrorism. There was very little, if anything, about the need to work on a broader basis with communities to build the resilience of communities to the extremist message and to galvanise communities into being actively engaged on this agenda. I am afraid that the guidance, as I have read it, is still completely focused on individuals.

This afternoon, I read the guidance in great detail, even to the point where I did a word search on it. It is 39 pages long and has 178 paragraphs and—I hesitate to say this to the House—the words “parent” and “family” do not appear once in that guidance. I would think that families and parents are absolutely on the front line of trying to prevent our young people from being drawn into extremism. I know that the Home Secretary will know that mothers, sisters and women in those communities can play a life-changing role in safeguarding the future of our young people, and yet nowhere in the guidance is there any mention of families and parents.

Nicola Blackwood: The right hon. Lady is making a very important argument about increasing community resilience. Does she agree that one of the most important ways that we can do that is by improving critical engagement with online content, which is one of the most pervasive forms of radicalisation?

Hazel Blears: I absolutely agree with the hon. Lady that online radicalisation has become increasingly important as technology has developed. Many young people are drawn into the most horrific websites and see the most horrendous content, which inevitably affects how they view these issues. I personally believe that the service

providers have a great responsibility on this agenda and would like them to be much more active. Google, for example, has done some excellent work on gangs and I would like to see it replicate that work for the counter-terrorism agenda. We need a more inclusive conversation with the service providers on all these issues.

Richard Fuller: Does the right hon. Lady agree that we should not focus too much on the individual, as it is that individual who is at risk and who cannot put the circumstances into context in making decisions? Secondly, does she agree that communities are dispersing around the country and if we do not equip families to have those conversations, the strategy will not be as effective as it could possibly be, given those changes?

Hazel Blears: I agree, and I do not think that the two are mutually exclusive. We need to tackle individuals and we need action plans for individuals, but individuals live in families and in communities. We therefore need a much more holistic engagement programme.

Dr Julian Lewis: Unfortunately, the right hon. Lady is stepping down as a Member of this House very soon and I only hope that her voice will not be stilled on such topics in other arenas. Does she agree that although there has been a welcome change in that Ministers from the Prime Minister downwards are now talking about the underlying perverted ideology at the root of radicalisation, we need to back up that new rhetoric with arrangements to counter that perverted ideology?

Hazel Blears: My hon. Friend has a proud record of having pursued these issues with such determination and tenacity that he has, perhaps, had no small influence on the Home Secretary and the Prime Minister in talking about the long-term generational struggle and the need to deal with ideology.

I want to return to the point made by the hon. Member for Oxford West and Abingdon (Nicola Blackwood) about resilience, as that is the second issue that I am concerned about. I have read the guidance very carefully and the first mention of building community resilience is in paragraph 175 of 178, on page 39. It is about the police and it states:

“The success of Prevent work relies on communities supporting efforts to prevent people being drawn into terrorism and challenging the extremist ideas that are also part of terrorist ideology. The police have a critical role in helping communities do this. To comply with the duty, we would expect the police, working with others, to build community resilience”.

There is no objection to community resilience in principle in the guidance, yet it takes us 175 paragraphs before we talk about the need to do that. The Home Secretary is looking at me quizzically, but this is the guidance as we see it now and when it is revised, as I hope it will be, I hope that there will be a stronger emphasis on families, parents and communities. I have made those points consistently and I asked the Home Secretary to reflect carefully on that.

Fiona Mactaggart (Slough) (Lab): Within those communities, there is a hunger to be engaged and a worry that at the moment the terms of engagement seem to be determined completely by the police and not sufficiently by families. I had a meeting with a group of Muslim mums in my constituency who asked for better

education on how they could understand what was going on on the internet. We need a non-police-led element to this Prevent work as well.

Hazel Blears: My hon. Friend makes a point that is based on experience and it is all the more authentic and powerful for that.

These issues are not mutually exclusive. The police have a role to play and have an important security role, but other agencies and people in the community can equally make a big contribution.

The second point that I have raised consistently is about ideology. I am more reassured about ideology and paragraph 4 of the guidance, right at the front of the document, states that one of the objectives is to respond to the ideological challenge. Paragraph 17 talks about the need to train front-line staff so they are aware of the ideology and what they can do to push it back. I have asked again during the passage of the Bill how much resource will go into the area. We have £120 million to deal with the increased threat, but how much will go into the Prevent agenda? It is very important for people out there to know that. There is a hunger for training, support and capacity building among all the agencies that will have to carry out that duty. We need to offer some reassurance that that capacity and guidance will be in place.

My final point is about freedom of speech. I know that many Members have made their points on that already. The noble Lord Bates made a neat attempt to try to make the division between having due regard to and having particular regard to. I am not sure that I would envy him the prospect of litigating on that basis, because it seems to me to be a bit of a philosophical exam question. I know that the Home Secretary will look at that guidance again and make it as practical as possible, but reconciling those two formulations seems to me to be intrinsically difficult. I do not think for one moment that I am capable of reconciling that; that would require a greater philosophical brain than mine. Perhaps it will eventually come to judges. If the Home Secretary could say a little more about that, that would be very welcome.

Finally, will the Home Secretary publish all the responses to the consultation? That would help us all significantly in seeing the direction of travel. She has said that this is an ongoing generational struggle, as indeed has the Prime Minister. He said last week that the shadow will hang over our generation for many years to come. We are all engaged in trying to ensure that we tackle the problems we face. I will certainly seek to make whatever contribution I can to this agenda now and in future.

Yasmin Qureshi (Bolton South East) (Lab): On Second Reading, I and a number of other Members talked about the need for judicial or legal oversight of temporary exclusion orders and of the removal of passports and documents. I am pleased that some judicial or legal oversight has now been provided, but I am still a little disappointed about the number of days that a person's passport can be held before that can effectively be challenged in the courts. I am also concerned that temporary exclusion orders are still closed proceedings, which means a person will not necessarily know what is being said against them. The *ex parte* nature of these proceedings is fundamentally wrong.

[Yasmin Qureshi]

It has been said that any application for an exclusion order or to take someone's documents will be intelligence-led and based on proper evidence. If that is the case, why is everybody frightened of proper judicial or legal oversight? That would not be by the method of judicial review, but in a proper, straightforward way, for example by going to the High Court to argue why a person should be excluded, or why they should not be on the managed programme, or why their documents should be taken. Proper legal aid should be provided for all those purposes as a matter of right, not as a matter of discretion.

On Prevent, I have to say that I disagree not only with the Home Secretary, but with my party and with what has happened previously. Prevent was brought in on a voluntary basis in 2007. I am afraid that some people think that they can introduce these kinds of things and then sit back and say, "Right, that's going to deal with the whole issue of radicalisation." That view is based on a fundamental flaw in the argument, which is that somehow this is all based on ideology. It is not based on ideology, or on a perverted ideology; there are other reasons why these things happen. It is completely wrong to think that simply by monitoring people in nurseries, schools, colleges, universities, hospitals and doctors' surgeries we will be able to identify who might make the big leap from having a socially conservative view of something to going out to commit suicide and injure and maim other people.

I am very disappointed that that has not been looked at critically in this House. There seems to be universal acceptance here that Prevent is some kind of panacea; it is not. A number of organisations have said the same. A Demos report from 2010 recommended that the Government should dismantle the preventing violent extremism programme. The Intelligence and Security Committee's report following the murder of Fusilier Lee Rigby in 2013 said that the Government's counter-radicalisation programmes are not working.

8.15 pm

Baroness Eliza Manningham-Buller, the former director of MI5, who should know what she is talking about, said recently when the Bill was debated in the House of Lords:

"However, it seems to me that Prevent is clearly not working. . . It also follows, therefore, that I am not convinced of the value of putting Prevent on a statutory footing. I am out of date. The Government may be able to convince me but I cannot see how legislation can really govern hearts, minds and free speech."—[*Official Report, House of Lords*, 13 January 2015; Vol. 758, c. 752.]

Other researchers have reached similar conclusions. Mark Sageman, who was a CIA counter-terrorist officer, looked at 500 so-called radicalised persons and concluded that programmes such as Prevent had no effect on them and that religious ideology was not the motivation for those people to go on to commit serious criminal offences. Studies in this country by MI5 also conclude that such offences are not to do with ideology and result from other things.

I know I am going to be lynched, because whenever somebody expresses such opinions, everybody else has a go at them. What is happening internationally, what is happening in the political world out there has a bearing on some of that behaviour. That is not the total explanation,

but it is part of the equation. To ignore that and concentrate on ideology is to look at the problem through a prism.

We know what we are talking about. We are talking about the Muslim community and it is thought that people commit an offence because of ideology. Putting Prevent on a statutory basis is one of the worst things that could happen. Even the voluntary scheme was not a good idea. I have spoken to some of the people who have been taken away to the so-called radicalisation unit. What sort of questions were they asked? Questions such as, "Were you against the Iraq war? What do you think of the middle east situation? Did you go to the Iraq war demonstration?" Millions of people in this country would answer yes to those questions. Does that mean that we should all be subjected to a programme to deradicalise us? No.

We are heading towards a McCarthyite state, where everybody will be spying on everybody else, where nursery teachers, school teachers, hospital nurses, doctors and everybody else will say, "My friend said something that may be critical of someone or something. That means I have to report them to the local authority or the police." That person will then be arrested, taken away and questioned.

I shall give an example of a woman who worked in a hospital. She went off to do umrah—hajj—in Saudi Arabia. When she came back, she was wearing a headscarf and she started praying a bit more. What happened? Her manager apparently reported her to the Prevent people and suggested they have a chat with her. It turned out that, in her opinion, she had become a little more religious. That kind of thing will happen, and it has been happening in recent years. All it has done is cause people to feel angry and to feel that they are being spied on. That is not a British value. It is not how we do things in Britain. British values do not entail spying on our next-door neighbour or the person next to us and reporting them.

With the regulations being put on a statutory footing, there will be more and more picking on people, which will not help anyone. It will not make anyone safer. If Members think that holding a socially conservative view about particular issues means that people are going to commit suicide and kill everybody around them, Members do not understand the real situation out there. I mean that very respectfully. We are going to have a McCarthyite state where people spy on each other, and that is not right.

People who commit such offences are criminals and should be dealt with. Anybody who saw the two criminals who killed Fusilier Rigby would have seen that they were frothing at the mouth. It is clear that they were mental. Many educational psychologists and others who have studied people who become radicalised and commit criminal offences say that those people are often educationally deprived, economically deprived and have mental health issues. It is those issues that we should address. Concentrating on Prevent will not stop all the problems. Whatever is happening internationally and what those people are doing will continue.

Dr Lewis: I appreciate the passion with which the hon. Lady is making her point and I agree with a lot of what she says about the fact that the people who commit those terrible crimes are unbalanced and unstable. That was

true of the criminals who killed Lee Rigby, but it is precisely because they were unbalanced and unstable that they were susceptible to a particular extreme interpretation of a religious ideology. Therefore the two things interact. It is not quite as simple as she says.

Yasmin Qureshi: I do not agree with that. One of the murderers of Fusilier Rigby quoted, “An eye for an eye and a tooth for a tooth.” That comes from the Old Testament, not from the Koran. We cannot start saying that this is somehow linked with religious ideology. These are just confused, mentally disturbed people.

Dr Lewis rose—

Yasmin Qureshi: I am sorry, but I have only a little time, and I have something to say that is different from what everybody else has said, so I would like to be able to take the opportunity to say it.

People do not seem to appreciate that a lot of these people are mentally unbalanced and have other issues. The Prevent programme has shown that spying on young people, taking them in and questioning them incessantly simply traumatises them—I have spoken to some of them. It does not help them in any way, shape or form, and it makes them even more frightened to say anything. Programmes like Prevent, in channelling people’s thoughts or what they say, are effectively stopping them discussing things. If I come across somebody who has a certain view and take the law enforcement agencies or the local authorities to them, they will clam up and we will not hear anything that they have to say. These things are completely counter-productive. The former director general of MI5, the noble Baroness Eliza Manningham-Buller, is not somebody who does not know what she is talking about. She and a number of people like her have said that Prevent does not work and we do not need it. If people do not want to listen to me, why cannot they listen to people like her and intelligence officers who have been involved in these kinds of things and say that ideology is not the reason behind them?

Finally, I want to talk about an aspect of the Bill that I hope the Home Secretary will reassure me about—part 4, on ships and aviation. I hope that these provisions will not end up stopping people from a particular country being able to travel to this country. Some of my constituents have expressed the fear that if certain parts of part 4 are applied, the way that the law is currently worded could allow people to say that because people from one particular country are coming here with some issues and challenges—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I hesitate to interrupt the hon. Lady, but perhaps she does not realise that this is a very short debate. I trust that she will soon be coming to a conclusion.

Yasmin Qureshi: I thank you for your indulgence, Madam Deputy Speaker.

I hope that the way the provisions in part 4 are put together will not lead to airlines or countries saying, “We will not allow people from this particular country to travel here.” I hope that reassurance will be provided in the guidelines that are produced later on.

I know that what I am saying may be different from the conventional view of some people in this House. However, as somebody who talks to young people all the time and deals with people who commit criminal offences, defending and prosecuting, I have a very good knowledge of the criminal justice system and the people who often come into it. Most of them are unhinged and most have problems. Prevent is the worst possible thing to put on to a statutory footing. It will criminalise people. I do not often agree with Peter Hitchens of the *Daily Mail*, but I agreed with his article of 15 January where he said that these kinds of things are going to lead to people being banged up, and in 10 years time we will ask how that happened. It happened, I am sorry to say, because not enough people in this House got up and said that Prevent is a bad idea and the whole process of looking at these things is wrong.

John McDonnell (Hayes and Harlington) (Lab): My local mosque is extremely progressive, but I was invited to visit it on Monday because it has concerns about the Bill. Perception is sometimes as effective as reality and they feel that the Muslim community is under suspicion and that this Bill is targeted at them.

I understand what has been said about the speed at which the Bill has gone through, but I do not think that the wider community has caught up with the debate or why there is a sense of urgency. On the Bill’s implementation, it is absolutely critical that we engage at local level and allow the community to lead, rather than just the police. I completely agree with the argument about the involvement of families and mothers in particular, but that involvement has to be resourced as well. There is a real feeling in my community that these measures are targeted at Muslims in a way that will infringe on their religious freedoms and divide the community rather than unite it.

I agree with my hon. Friend the Member for Bolton South East (Yasmin Qureshi): real care needs to be taken in how the Bill is implemented at the local level. In my area, we are bringing all the mosques and agencies together to talk through the detail of the Bill, not only so that people can be brought up to speed, but, more importantly, so that we as a local community can drive the initiative, rather than its being seen as something that is being done to the Muslim community by the state.

Jeremy Corbyn: My hon. Friend the Member for Bolton South East (Yasmin Qureshi) made some very important points. I have two concerns about the Bill, which unleashes worries about civil liberties in this country. The first relates to the effective banning of people from either travelling from or returning to this country. That will open a can of worms, the effects of which we will suffer for many years to come. Surely the principle of holding nationality is that a person should be free to return to the country of which they are a national.

My second concern relates to freedom of speech. I recognise that the House of Lords has tried to improve the question of freedom of speech in universities, but I draw this House’s attention to the letter signed by 500 professors in *The Guardian* on 2 February. It pointed out that the issue is fraught with enormous difficulties. On the one hand, the Prevent strategy is being imposed on universities, but at the same time it is being insisted that they have freedom of speech.

Racism, anti-Semitism and Islamophobia are all awful things—

8.27 pm

One hour having elapsed since the commencement of proceedings on consideration of Lords amendments, the proceedings were interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83F), That this House agrees with Lords amendment 1.

Question agreed to.

Lords amendment 1 accordingly agreed to, with Commons financial privileges waived.

The Deputy Speaker then put forthwith the Question necessary for the disposal of the business to be concluded at that time (Standing Order No. 83F).

Lords amendments 2 to 39 agreed to, with Commons financial privileges waived in respect of Lords amendments 2, 9, 21 and 32.

Business without Debate

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

FINANCIAL MANAGEMENT

That this House takes note of European Union Documents No. 12213/14 and Addenda 1-6, a Commission Report: Protection of the European Union's financial interests—Fight against fraud 2013 Annual Report, and unnumbered Document, the European Court of Auditors' 2013 Annual Reports on the implementation of the budget and on the activities funded by the Eighth, Ninth and Tenth European Development Funds; agrees that budgetary discipline and robust financial management at all levels remains crucial, including to support domestic efforts to tackle the deficit and debt, especially given the continuing fiscal constraints and fragile economic recovery across the EU; believes that it is unacceptable that EU budget expenditure has not been granted an unqualified Statement of Assurance by the European Court of Auditors for the twentieth year; supports the Government's efforts to press the Commission for a clear action plan to address the European Court of Auditors' recommendations relating to the European Development Fund; and urges the Government to continue to engage with other Member States and the Commission to drive for urgent improvements designed to facilitate an error rate below the European Court of Auditors' materiality threshold.—(*Damian Hinds.*)

Question agreed to.

DELEGATED LEGISLATION

Madam Deputy Speaker (Mrs Eleanor Laing): With the leave of the House, we shall take motions 8 to 12 together.

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

POLICE

That the draft Protection of Freedoms Act 2012 (Code of Practice for Powers of Entry and Description of Relevant Persons) Order 2015, which was laid before this House on 8 December 2014, be approved.

NORTHERN IRELAND

That the draft Northern Ireland Assembly (Elections) (Forms) Order 2015, which was laid before this House on 8 January, be approved.

That the draft Local Elections (Forms) (Northern Ireland) Order 2015, which was laid before this House on 8 January, be approved.

That the draft European Parliamentary Elections (Forms) (Northern Ireland) Regulations 2015, which were laid before this House on 8 January, be approved.

REPRESENTATION OF THE PEOPLE, NORTHERN IRELAND

That the draft Parliamentary Elections (Forms) (Northern Ireland) Regulations 2015, which were laid before this House on 8 January, be approved.—(*Damian Hinds.*)

Question agreed to.

Madam Deputy Speaker: With the leave of the House, we shall take motions 13 to 18 together.

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

ELECTRICITY

That the draft Electricity Supplier Obligations (Amendment & Excluded Electricity) Regulations 2015, which were laid before this House on 19 January, be approved.

That the draft Electricity Market Reform (General) (Amendment) Regulations 2015, which were laid before this House on 19 January, be approved.

That the draft Electricity Capacity (Amendment) Regulations 2015, which were laid before this House on 19 January, be approved.

LEGAL SERVICES

That the draft Legal Services Act 2007 (The Law Society) (Modification of Functions) Order 2015, which was laid before this House on 8 December 2014, be approved.

POLICE

That the draft Police and Criminal Evidence Act 1984 (Codes of Practice) (Revision of Code A) Order 2015, which was laid before this House on 5 December 2014, be approved.

INVESTIGATORY POWERS

That the draft Regulation of Investigatory Powers (Communications Data) (Amendment) Order 2015, which was laid before this House on 10 December 2014, be approved.—(*Damian Hinds.*)

Question agreed to.

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

PUBLIC HEALTH

That the draft Smoke-free (Private Vehicles) Regulations 2015, which were laid before this House on 17 December 2014, be approved.—(*Damian Hinds.*)

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until tomorrow (Standing Order No. 41A).

Madam Deputy Speaker: With the leave of the House, we shall take motions 20 to 26 together.

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

PUBLIC SERVICE PENSIONS

That the draft Firefighters' Pension Scheme (England) (Consequential Provisions) Regulations 2015, which were laid before this House on 17 December 2014, be approved.

That the draft Teachers' Pension Scheme (Consequential Provisions) Regulations 2015, which were laid before this House on 17 December 2014, be approved.

That the draft Police Pensions (Consequential Provisions) Regulations 2015, which were laid before this House on 17 December 2014, be approved.

That the draft Armed Forces Pension (Consequential Provisions) Regulations 2015, which were laid before this House on 17 December 2014, be approved.

That the draft Public Service (Civil Servants and Others) Pensions (Consequential and Amendment) Regulations 2015, which were laid before this House on 17 December 2014, be approved.

That the draft National Health Service Pension Scheme (Consequential Provisions) Regulations 2015, which were laid before this House on 17 December 2014, be approved.

ROAD TRAFFIC

That the draft Passenger and Goods Vehicles (Recording Equipment) (Downloading of Data) Regulations 2015, which were laid before this House on 8 January, be approved. —(*Damian Hinds.*)

Question agreed to.

PETITIONS

Accident prevention measures for Redbridge roundabout

8.29 pm

Mr Lee Scott (Ilford North) (Con): I have a petition signed by 676 people declaring that they are extremely concerned, as I am, at the high level of reported accidents—averaging one per week—as well as the potential for fatal accidents at the Redbridge roundabout, which is a major junction of the M11, the north circular and the A12. There needs to be urgent action to stop what has become a nightmare for residents of the area and anyone travelling through it.

The petition states:

The Petitioners therefore request that the House of Commons urges the Government to direct Transport for London to install traffic lights at the Redbridge Lane East junction or to at least put measures in place (such as adjusting the existing traffic light timings) so that at least 6 or 8 cars can safely get onto the roundabout on each traffic light cycle.

Following is the full text of the petition:

[The Petition of residents of Ilford North,

Declares that the Petitioners are extremely concerned at the high level of reported accidents (which averages at one accident per week) as well as the potential for more fatal accidents on the Redbridge roundabout (LBR); further that this is a major road junction on the east of London which carries heavy traffic from the M11, North Circular Road and the A12; further that it is reputed to be one of the busiest and most dangerous road junctions in Europe; further that all connecting roads on the gyratory have traffic lights apart from one road, Redbridge Lane East; further that traffic from Redbridge Lane East is unable to safely join this constantly busy roundabout and only two or three cars can enter the roundabout on each cycle of the lights; further that this causes up to 45 minute delays on reaching the roundabout, generates pollution levels above safe limits, causes inconsiderate driving by frustrated drivers and results in stress and anxiety experienced by drivers contemplating taking the high-risk strategy of attempting to get across the roundabout without having

an accident; and further that a local petition on this matter in the Ilford North constituency and the surrounding area was signed by 2187 individuals.

The Petitioners therefore request that the House of Commons urges the Government to direct Transport for London to install traffic lights at the Redbridge Lane East junction or to at least put measures in place (such as adjusting the existing traffic light timings) so that at least 6 or 8 cars can safely get onto the roundabout on each traffic light cycle.

And the Petitioners remain, etc.]

[P001432]

Green belt land in Redbridge

8.30 pm

Mr Lee Scott (Ilford North) (Con): I have a petition signed by 4,864 people to save the Oakfield site, which covers playing fields and a sports area on green-belt land. Sadly, the London borough of Redbridge has put out to consultation a proposal to build homes on the site. There are brownfield sites in the area that have not yet been built on and should perhaps be looked at as a matter of urgency before the proposal is even considered. The proposal must be thrown out: it is a rape of our countryside and our green-belt land, and it is a misuse of land needed by children and adults for recreational purposes.

The Petitioners therefore request that the House of Commons urges the London borough of Redbridge to reconsider any proposal to develop the Oakfield site for housing, and further request that the House of Commons urges the Government to reject any requests to remove green-belt status from Oakfield.

Following is the full text of the petition:

[The Petition of the Save Oakfield Site (SOS) campaign group,

Declares that the precious, high quality sports field known as Oakfield has twelve full size and nine junior size grass football pitches and four cricket grounds as well as two large pavilions which together act as an inclusive social hub contributing to community cohesion; further that the Petitioners believe that there are proposals to concrete over this irreplaceable green belt land and to destroy the pavilions; further that this would be a massive and irreversible loss to the residents of the Borough of Redbridge, to the many sportsmen and sportswomen in the surrounding London Boroughs and in the County of Essex and beyond, and to the many voluntary and other organisations that provide services to local schools and the wider public; further that the London Borough of Redbridge has planned to seek de-classification of green belt status for Oakfield; further that the Petitioners believe that these plans have occurred without good reason following a flawed process; further that at a time when sport is seen as the Olympic Legacy and as the solution to ever-increasing obesity in the nation, removal of such facilities represents a loss of opportunity for exercise for the existing and growing number of potential users and increases the risk of ill health and will also put further strain on NHS resources; further that the Borough Council would be failing to supply conveniently located, good quality playing fields to satisfy the current demand and the likely future demand in line with the policy of Sport England; further that the proposed development of the stated 800 units of

[Mr Lee Scott]

housing on the site will increase already chaotic traffic congestion to intolerable levels and will increase the local pollution level which currently exceeds the rate that is identified as acceptable by the EU and the WHO and will reduce safety without contributing anything significant to social and key-worker homes; and further that all this is based on population projections for the Borough that extrapolate from past trend analysis to produce unrealistic, unfounded and unfair housing demands on the Borough in relation to other London Boroughs and national Government demographic policies.

The Petitioners therefore request that the House of Commons urges Redbridge Borough Council to reconsider the decision to develop the Oakfield site for housing and further request that the House of Commons urges the Government to reject any requests to remove green belt status from Oakfield.

And the Petitioners remain, etc.]

[P001433]

Transport (Tees Valley)

Motion made, and Question proposed, That this House do now adjourn.—(Damian Hinds.)

8.31 pm

Andy McDonald (Middlesbrough) (Lab): I sought this debate on transport in Tees Valley to voice my concerns about how the discussion is developing on the need for greater investment in our transport infrastructure, and on the need for rebalancing our economy both in geographical terms and in terms of a greater focus on our manufacturing industries.

By way of introduction, Tees Valley may be more than 200 miles away from Westminster, but that is no excuse for the concerns of our region being as far away from the considerations of Downing street and Whitehall as they are at present. Last year, I asked the Prime Minister about the huge disparity in spending on transport infrastructure between the north-east and the south-east, and how the needs of the Tees Valley were neglected. In his response, he talked about the Tyne and Wear metro, the Tyne crossing and the A1 between Newcastle and Gateshead, but said not a single word about Tees Valley. I hope this evening to fix the location of Tees Valley better in the Government's collective memory.

Much attention has been paid recently, and quite rightly, to the One North initiative of our great northern core cities of Manchester, Liverpool, Leeds, Sheffield and Newcastle, and to the transport for the north announcement made just a few weeks ago, which involves the same players, while the Chancellor has talked of an HS3 rail link between Manchester and Leeds, all of which has been set against the backdrop of the northern powerhouse.

All that is to be welcomed, but in this debate I want to explore the current limitations placed on such discussions, and ask whether these matters should be the sole prevail of the self-named core cities. I want to dispel the myth perpetuated by some that the north ceases at the M62. There is a great deal more to the north than that, and I submit that if we are truly to talk of a northern powerhouse and the interconnectivity of our economic engine rooms, it is essential to consider all of the north. In doing so, it is imperative that the role of Tees Valley should be properly considered.

I will concentrate in the main on rail infrastructure. It is telling that modern Middlesbrough came into being as a direct result of the creation of the railways and the founding of the Stockton and Darlington Railway Company to serve as the river access point for receiving coal from the Durham coalfields on the banks of the River Tees for onward shipping. Middlesbrough was subsequently propelled into the industrial revolution by becoming the site of the explosive iron and steel industry. It was described by Gladstone as the "Infant Hercules", and it soon became the fastest-growing town in European history. Despite that railway heritage, Middlesbrough, which is now at the heart of a conurbation of some 660,000 people, is the largest conurbation in the UK without a direct service to the capital.

There are far too many aspects of the economic powerhouse of Tees Valley for me to cover in the time available, but the sub-regional transport needs must be seen in the context of the Tees Valley's industrial and commercial might.

Alex Cunningham (Stockton North) (Lab): I congratulate my hon. Friend on securing the debate, which is crucial to Teesside and the wider Tees area. I appreciate that he is concentrating on rail, but the Tees Valley local enterprise partnership reminded us today that we have no major road network and are forced to rely on secondary roads such as the A19 and the A66, which impacts on our ability to attract jobs. Does he agree that, as well as direct rail routes to London with electrification on the lines, we need 21st-century roads, including another Tees crossing, if we are to serve Teesside properly?

Andy McDonald: I wholeheartedly agree with my hon. Friend, who is absolutely right. One glance at a road atlas will show the complete absence of blue roads—motorways. We need one or two of them in our region.

The industrial might of the Tees Valley is a key component of the north-east of England's manufacturing prowess. London apart, our region is the only one in the UK that consistently makes a positive contribution to our balance of payments. We lead the way in advanced manufacturing and export-led growth.

Tees Valley's integrated chemical complex at Wilton, Billingham and Seal Sands is the biggest in the UK and second-largest in Europe. It sits alongside the steel industry—two vital foundation industries side by side. The Tees Valley economy contributes significantly to the north. It contributes some £11.5 billion of gross value added to the national economy every year. We have a thriving digital and creative industries cluster, which grew faster than that in any other LEP area in 2014. We have a 280,000-strong highly skilled work force, and a small businesses base of more than 14,500 firms.

We also have the UK's third largest port, Teesport, which provides an international gateway, distributing products across the country and abroad. As a contemporary sign of its vitality and importance, PD Ports has just signed a seven-year contract with Sahaviriya Steel Industries for the continued shipping of its steel products.

Our leading colleges, our universities and national knowledge centres are at the forefront of skills development and innovation. Tees Valley also has an international airport, albeit one that is crying out for investment and redevelopment—we look to Peel airports to better develop the airport services—and we have direct road and rail routes to key locations across the north.

There is a consensus on the importance of reducing the UK's trade deficit and rebalancing the economy. If that is to be achieved, it is important that Tees Valley and its mighty industries play their full role. Exciting developments in the energy-intensive industries hold great potential for our region and our country. Strictly subject to the science being right and there being verifiable safeguards, hydraulic fracturing and coal gasification have enormous potential for our future energy and industrial requirements. There is not time this evening to go into the detail, but subject to those safeguards, the future could be truly exciting. The major beneficiaries from the syngas so derived are the energy-intensive industries, and none more so than those on Teesside.

I must mention the Teesside Collective, a pioneering infrastructure project comprised of a cluster of leading industrial players—BOC, Lotte Chemical UK, SSI and GrowHow—which offers a compelling opportunity for

the UK to progress its industrial and environmental interests at the same time. Work is already under way for the development of a business case for deploying industrial carbon capture and storage in the Teesside cluster. It will be completed later this year. Tees Valley is in the right place at the right time to become the industrial carbon capture storage leader in Europe. It is therefore essential that the Government provide the necessary support that such key foundation industries need, which in turn will allow our manufacturing industries to compete on a global stage. Good rail and road infrastructure for freight and passengers is essential to all of that.

On 17 January, the Secretary of State for Transport attended the launch in Leeds of Transport in the North, a body of regional leaders tasked with drawing up and delivering a comprehensive programme of strategic investment to transform the north's infrastructure, and helping to maximise growth. I argue that, if that particular body is to properly speak on the transport needs of the north, it is wholly inappropriate if Tees Valley does not sit alongside the five cities on the board.

James Wharton (Stockton South) (Con): I congratulate the hon. Gentleman on securing what is a very important debate. I think across the House we can all agree that it is in the interests of the areas we represent to talk up Teesside and the great things happening there: steelmaking is back, train-making is coming and investment is coming in. This is a very important cross-party point: Tees Valley LEP needs to be represented, as those other bodies are, to give our area the strong voice it needs. I want to voice my support and to make it very clear that this is something that unites MPs from different parties, and council leaders and groups, in support. We need to ensure our voice is strong and heard.

Andy McDonald: I thank the hon. Gentleman for that intervention. I think we are speaking with one voice for Tees Valley and I am grateful to him for his support.

Quite simply, the Tees Valley transport infrastructure, opposite the existing and future needs of businesses and communities, is lacking in key areas, and those deficits need to be addressed if we are to capitalise on the terrific potential of our region. Undoubtedly, Tees Valley is not configured like the self-styled core cities, but it has its own unique configuration and status that warrants a seat at the table. The Minister will be aware of the excellent inclusive outcomes that have been achieved in the governance arrangements for Rail North, and I hope he will agree with me that it would be entirely sensible to take that sort of inclusive approach in terms of the board of Transport for the North. I urge the Minister to take the necessary steps to ensure that Tees Valley has a seat.

It is regrettable that the state cannot currently compete alongside private companies for rail franchises, but putting that argument to one side for another day I am nevertheless pleased that on the awarding of the new franchise the business case has been won for the reintroduction of a direct Middlesbrough to London rail service, so I need not repeat it. Clearly, the economic growth that this will deliver is unarguable. The disappointment is that the service will come into being only in five years' time in 2020. I wish to place on record my thanks to the Under-Secretary of State for

[*Andy McDonald*]

Transport, the hon. Member for Devizes (Claire Perry) for meeting me to discuss this matter last week. I would like to think that she was persuaded by the veracity of the case for accelerating the start of the service. I hope that Virgin East Coast can find ways and seize whatever opportunities present to bring forward the start date of the service.

Turning to a matter that concerns Network Rail, just over a year ago the main entrance to Middlesbrough station was closed because of structural difficulties with the Victorian cloister buildings that sit underneath the station main car park. This means there is now no vehicular or indeed pedestrian access to the station from the main southerly aspect, because of the inherent dangers. A year on, plans are now being progressed to board up the frontage, install signage and prepare alternative parking arrangements while architects and engineers go about preparing plans for reconstruction and development. All well and good, but this is all simply far too slow. The people of Middlesbrough deserve better than this. They pay their taxes, unlike some HSBC super wealthy customers. I can only look on with envy at the £895 million redevelopment of Reading station. It looks fantastic and is entirely fit for purpose in the modern railway age. Back in Middlesbrough, however, progress is painfully slow. The town's people are incredibly patient—they've had practice. Indeed, while Dresden, Frankfurt and Berlin were all rebuilt in the aftermath of the second world war, Middlesbrough railway station's beautiful glass and steel-domed roof was destroyed by the bombs dropped by the Luftwaffe in 1942 and we are still waiting for it to be put back. I urge the Minister in turn to press home the need with Network Rail for much greater urgency and I plead for better communication. It surely cannot be too much to ask for there to be a dedicated website to explain directly to the public what the problem is, what they are doing about it and how long it will all take to put right.

Turning to Darlington railway station, which is the sub-region's east coast mainline hub, there are significant encumbrances, but their resolution will facilitate significant developmental opportunities. I am confident that my hon. Friend the Member for Darlington (Jenny Chapman) will not mind me trespassing, but the entrapment of the local west-east line out of Darlington station, between the north and southbound lines of the east coast, causes immense difficulties in terms of managing the competing traffic demands. It is also a source of congestion and delay for the east coast service itself. The accepted solution is to move the local line from its current configuration and relocate it free of the mainline crossover. Not only will that improve both local and long-haul services, it will free up a major commercial developmental opportunity within the station itself.

All that was brought into stark reality for me just two weeks ago, when changing trains from the King's Cross Darlington train for the Darlington-Middlesbrough train. The local train was a Pacer train—perhaps one of the worst in the fleet with the metal-framed bus seats. There was a problem with the points, and there were no trains in or out of Darlington for more than an hour. On a bitterly cold evening, the choice facing passengers was to step out on the freezing platform or to wait in their seats and suffer the dreadful poisonous diesel fumes coming into the carriages. That these are our travelling

conditions some 200 years after George Stephenson created the first passenger railway in the very town of Darlington simply beggars belief.

My plea to the Minister is that we get rid of these cattle trucks as quickly as possible and replace them with some decent forms of transportation. David Higgins, the CEO of HS2, has himself said that if the good people of the south of England were asked to tolerate such appalling rolling stock, there would be riots. The time for change is long past. I know that the Secretary of State has been pressed on this, but they need to go, and to go quickly.

With more than 70% of major local businesses internationally owned, we remain globally competitive by offering effective transport links and resilient infrastructure. Undoubtedly, rail connectivity needs to be improved, and electrification across the north of England is crucial to this objective. While the TransPennine and Northern franchises have yet to be awarded, it is absolutely essential for the vitality of Tees Valley, the entire northern region and the UK as a whole that good and direct links be preserved and developed right across the north to include direct services from Middlesbrough to Leeds, Manchester and Liverpool.

The argument for electrification has long since been won. I shall not recite the environmental and economic justifications, but the benefits to Tees Valley would be enormous. Much is said about the interconnectivity of our core cities, and rightly so. We have to address that issue, but the same principle applies to interconnectivity within regions such as the north-east and sub-regions such as Tees Valley. It currently takes up to one hour and 36 minutes to travel between Middlesbrough on the Tees and Newcastle on the Tyne—a distance of 40 miles by road between the two major conurbations; and it takes 53 minutes to travel from Saltburn to Darlington by way of a bone-shaking Pacer that has no part in modern-day transport in one of the richest countries on the planet. Mo Farah would give it a good run for its money! I know that the electrification taskforce will report imminently, but I trust that the Minister will agree that the case has been more than made that electrification from the east coast main line from Northallerton through to Teesport is a top priority.

The concept of the Tees Valley metro has been on the stocks for some considerable time, but only electrification of the existing sub-regional network could make it feasible. A light rail or tram system would be transformational for Tees Valley.

The way in which bus services are currently delivered is encapsulated in the stories I hear when I speak to Avanta, which is charged with delivering the Work programme. It tells me that far too often it can source entry level work at places such as Teesport and elsewhere across Tees Valley, only for it to prove impossible for the client physically to travel to such places of work at the times the businesses need them and/or to get home again. Quite frankly, we do not have a public transport system worthy of the name.

My constituents in places such as Berwick Hills tell me of the lack of buses to get to the hospital. It is essential that when powers are devolved to combined authorities they include the re-regulation of buses, in the way that benefits London, and mandatory comprehensive transport coverage for accessing health services and other key destinations. A truly integrated transport

system must be one where bus, road and rail services coalesce around the needs of our businesses and communities.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): My hon. Friend makes an excellent point about the bus service through Park End. This follows the recent news of the closure of the medical clinic in Park End, which also served his constituents in Berwick Hills. Not only are primary health care services being cut, but access to secondary health care services is being reduced as a result of the bus service terminations.

Andy McDonald: My hon. Friend makes a good point. People need to get to hospital when they are ill or visiting relatives, and they need to get to work at the time their businesses need them and then get home again.

Almost finally, roads warrant an entire debate of their own, but as my hon. Friend the Member for Stockton North (Alex Cunningham) said, Tees Valley is crying out for an additional road crossing over the Tees. Several plans have been prepared over the years, and I would urge the Minister to have his officials consider them.

In conclusion, Tees Valley has a proud history of major contribution to the economic vitality of this country, and not only does it continue to make that contribution, but the capacity for even greater achievement is immense. However, that vast potential can only be realised if the Government understand and respond in appropriate terms. In addition, I ask that the core cities realise that the northern powerhouse story is not just about creating a London of the north, but about building interconnected communities and economies that provide inclusive prosperity for all.

8.49 pm

Mr Iain Wright (Hartlepool) (Lab): I thank my hon. Friend the Member for Middlesbrough (Andy McDonald) for giving up some of his time to allow me to make a number of very brief points. I wholly agree with what he said about the governance of the transport board, which penalises, excludes and isolates our region from the rest of northern transport policy and procedures. I also agree fully about the importance of proper investment in our rolling stock. The Pacer trains to which he referred are unacceptable and no longer used in the rest of the country, so they should be considered unacceptable and unusable in Middlesbrough, Hartlepool and on to Newcastle, as well.

I shall concentrate, as I have on many occasions, on the inadequacy of our bus service. As my hon. Friend said, only re-regulation will provide a co-ordinated proper bus service for our region. In the past week, I have received correspondence from the principal of Hartlepool college, who said that inadequate transport provision meant that potential students from Teesside, North Yorkshire and South Durham were not able or could not afford to get to the college. Apprentices aged 16 or 17 from Hartlepool might not be able to take up the opportunities in Wilton or elsewhere.

Ensuring that the transport system, particularly the bus network, matches the routes to learning and employment, as well as ensuring that we can avoid social exclusion, are crucial. At the moment, that does

not happen on Teesside. I therefore ask the Minister what he will do to ensure that we can provide a cheap, reliable and co-ordinated bus and transport network across Teesside so that people in our area have the opportunity to achieve their potential and make sure that the population and industrial potential are matched.

8.51 pm

The Minister of State, Department for Transport (Mr John Hayes): I congratulate the hon. Member for Middlesbrough (Andy McDonald) on introducing this debate. He reminded me, as I am sure he will have reminded you, Madam Deputy Speaker, of Hegel. It was Hegel who said:

“Nothing great in the world has ever been accomplished without passion.”

The hon. Gentleman’s passionate advocacy of the interests of his constituents and indeed of Teesside more generally certainly made an impression on me—and, I am sure, on other Members.

I do not disregard the significance of Teesside. I could hardly do so, given that when I was a Minister at the Department for Business, Innovation and Skills, the hon. Member for Hartlepool (Mr Wright), who has contributed to this debate, brought a group of businessmen from Tees Valley, who themselves illustrated, indeed personified, the very range of innovative industries that the hon. Member for Middlesbrough has described tonight. I am well aware of the character of the innovation taking place there and of the need to provide the right kind of transport infrastructure to support it.

I have a very long and impressive speech, but I shall not have time to deliver it. I know that that is a disappointment to you, Madam Deputy Speaker, and to the whole House. I shall, however, make a commitment to include anything I cannot cover in a letter that I will send to the hon. Members who have contributed to this evening’s proceedings. However, I would like to deal now with some of the specific points that the hon. Gentleman raised.

As I say, we recognise that effective transport plays a key role in stimulating growth across the country, creating a more balanced economy, connecting communities and enabling people to access jobs, services and leisure in the way described in the contributions we have heard. That is why we have determined to reverse the effect of some of the neglect in respect of infrastructural development that has characterised previous regimes. Members will be pleased to know that I am not going to be more partisan than that, but I wanted to make that point at the outset.

I know that the hon. Member for Middlesbrough will recognise and, I hope, acknowledge the importance of the road investment strategy that we have put in place. This is a long-term funded commitment, looking at the national road network in an innovative way, based on empirical analysis of the benefits we get from the money we spend. It secures both plans and money through to 2021. It is a £15 billion investment—probably the biggest road investment programme since the 1970s—and the north, including the north-east, will benefit from it, as the hon. Gentleman will know.

The hon. Gentleman mentioned Tees Valley in connection with logistics, environment interests, the creative industries and so forth, and I am aware that the connectivity he described is vital. A major new scheme

[Mr John Hayes]

will be taken forward on the A19. My hon. Friend the Member for Stockton South (James Wharton) has campaigned on this for some time, and I was pleased to see his parliamentary neighbour, the hon. Member for Stockton North (Alex Cunningham), joining his campaign to make those improvements.

Major new schemes, the Norton to Wynyard schemes, will be implemented on the A19. Along with two previously announced schemes on Tyneside—the A19 coast road and A19 Testos schemes—they will raise the A19 to expressway standard from Yorkshire to north of Newcastle. The widening of the A19 Billingham bypass in Teesside to three lanes between the A139 and the A689 will also include replacement of the concrete surface with low-noise surfacing. These investments will complement the Highways Agency's pinch point schemes, which are already under way at two key junctions on the A19, and will smooth the way along the entire route, delivering more reliable journey times and reducing congestion and pollution.

Alex Cunningham: Will the Minister give way?

Mr Hayes: I will happily give way.

Alex Cunningham: Those who travel from the junction at Norton, where I live, on the A19 at 8.30 in the morning just join a queue for the next half hour. The real question is this: can we look forward to another crossing over the River Tees in the next programme that the Government plan?

Mr Hayes: I suggest that the hon. Gentleman apply for an Adjournment debate on just that issue, so that we can explore it in the depth that it deserves. As the Minister responsible, I should be delighted to respond to such a debate.

The roads investment plan also reflects the conclusions of the six feasibility studies announced in June 2013, which examined the case for improvements on the A1 and in other key national corridors.

In the time available to me, I shall depart from my script in order to deal specifically with some of the points made by the hon. Member for Middlesbrough, and, hopefully, give him good news. I share his view of the work that is being done on the Victorian cloisters at Middlesbrough station, and I will ensure that we pursue Network Rail so that the matter is dealt with speedily. Indeed, I will go further than that. The hon. Gentleman spoke about the roof which was destroyed in 1942. I wonder if we might consider the feasibility of doing something about that too, in the longer term.

I agree with the hon. Gentleman that a seat at the "Transport for the North" table for his area would be appropriate. He makes a persuasive case. I shall need to take it up with the Secretary of State, but I know that he is sympathetic to it, and I think that we should go ahead with it speedily. I also think that the hon. Gentleman is right about direct services to Middlesbrough, and I do not see why we should not consider the further improvements that he suggests as soon as the Government's

improvements to the east coast main line—on which I enjoy the privilege of travelling very frequently—have been completed.

Phil Wilson (Sedgefield) (Lab): Will the Minister give way?

Mr Hayes: I hope that the hon. Gentleman will forgive me if I do not. I am very short of time.

The hon. Member for Middlesbrough also made a persuasive case about rolling stock, and I shall be happy to look at that as well. As he will appreciate, such matters need to be considered in the round, but I agree with him that people deserve a chance to travel on trains that are fit for purpose.

Generosity has taken hold of me. I will give way to the hon. Member for Sedgefield (Phil Wilson) after all.

Phil Wilson: I am grateful to the Minister. I wonder whether he will raise with his Treasury colleagues an aspect of air passenger duty which affects Durham Tees Valley airport and the other airport in the north-east, namely its devolution to Edinburgh. It would be very beneficial if the Government gave some thought to what could be done to ensure that there is no loss to the regional airports in the north-east.

Mr Hayes: As you know, Madam Deputy Speaker, the breadth of my grasp and the length of my vision know few bounds, but we have no time to explore that issue in detail this evening.

The hon. Member for Middlesbrough made some important points about buses. As he will know, bus travel is dear to my heart. He advanced the interesting argument that no adequate public transport was available to provide access to health services, and to hospitals in particular. Again, I share his view. The situation is similar in my own constituency, where bus services serving the new Johnson community hospital have been restricted. I am fighting a similar campaign in my constituency, and I think we should look closely at this. It seems to me to be important that particularly the sick and vulnerable should be able to get to those services readily and easily and affordably, and the relatives and people who care for them and want to visit them, too.

Those are all areas where I think we can make progress. We can do so on the basis that the hon. Gentleman brought these matters to the attention of the House this evening and, as he will know, we can only do so because this Government have created an economic turnaround. Through our long-term economic plan, we are creating sufficient resource to be able to look at all these matters. Were it not for the determination shown by the Government not only to think strategically about transport in respect of rail, buses and roads in the ways I have outlined, but to do so on the basis of a credible, rational long-term economic plan, none of what the hon. Gentleman has asked for, or I—I hope reasonably, moderately, in a non-partisan way—have agreed would be possible.

Question put and agreed to.

9.1 pm

House adjourned.

Westminster Hall

Tuesday 10 February 2015

[MR PHILIP HOLLOBONE *in the Chair*]

Allied Steel and Wire (Pensions)

Motion made, and Question proposed, That the sitting be now adjourned.—(*Damian Hinds.*)

9.30 am

Mr Philip Hollobone (in the Chair): Kicking off this morning's proceedings on the important topic of Allied Steel and Wire pensions is Mr Gordon Henderson.

Gordon Henderson (Sittingbourne and Sheppey) (Con): Thank you, Mr Hollobone—it is a real delight to see such a cheery face in the Chair for a debate so early in the morning.

I want to raise an issue that has been of concern to a group of my constituents for the past 13 years. That group comprises ex-ASW workers who lost their pensions when the company went into receivership in July 2002 and was declared insolvent the following year. Of course, it was not just ASW workers in Cardiff and Sheerness who faced the loss of their pensions in that era, when a large number of final salary pension schemes were wound up. Indeed, 40,000 people were affected at the time, and many more have been affected since. However, I would like to concentrate most of my remarks on members of the ASW pension plan or the ASW Sheerness Steel Group pension fund, which were defined-benefit payment schemes based on final salary and length of service.

Many of those workers lived in my constituency, and they were treated disgracefully. Their story really starts following the raid on the Mirror pension scheme by Robert Maxwell, which led to the introduction of legislation in 1997 with the intention of ensuring that all company pension schemes were correctly funded and protected. The benchmark used was the minimum funding requirement. Pension schemes had to be funded to a level that met the MFR. Therefore, a scheme funded to 100% of the MFR would be properly funded and safe—or so most people believed. However, nothing was further from the truth. In fact, should a scheme funded at 100% of the MFR have been wound up, it would have bought only about 60% of the expected benefits.

The problem was that there was nothing in the legislation to force the higher levels of funding needed to deliver the expected pensions. The MFR was heavily criticised by the parliamentary ombudsman in the report "Trusting in the pensions promise". The reality was that companies were penalised through increased taxation if their pension schemes were funded at more than 10% above the MFR. Pension funds considered able to finance full pensions were deemed to be overfunded. That led many companies to introduce pensions holidays during the 1990s. That included ASW, whose pension scheme was very healthy, standing at about 130% of the MFR. To avoid taxation, the company introduced a pensions

holiday for several years, during which it made no contributions to its pension fund. It eventually reduced the scheme to just over 100% of the MFR.

When the ASW pension plan and the Sheerness Steel Group pension fund were terminated in 2002 and started to be wound up, it was found that there were insufficient assets to meet the schemes' liabilities. Under the legislation in place at the time, if there were insufficient assets when a scheme was wound up, the employer was required to make up the difference, but an insolvent company such as ASW might not be able to do that. In such cases, those assets that were available had to be distributed in accordance with a statutory priority order—a provision introduced in 1997 under the Pensions Act 1995. Normally, that ensured that existing pensioners got all their due pension, but active and deferred scheme members might get only a small proportion of their entitlement. The proportion of their promised pension to which ASW workers were entitled was about 40%.

As hon. Members can imagine, that was a huge shock to the ASW workers in my constituency, particularly because, before the Sheerness Steel Group pension fund was wound up, the Government had assured them and many other workers that their pensions were safe. One Government booklet on occupational pensions posed the following question:

"How do I know my money is safe?"

It obligingly gave the following answer:

"Occupational pension schemes in the private sector are set up under trust law. The trustees must run the scheme in the interests of the members and in line with...trust law...the trust deed (a legal document) and rules; and...specific laws about pensions."

It went on to explain:

"Although your employer pays into the scheme and may be a trustee, the assets of the pension scheme belong to the scheme, not to your employer. As a scheme member, you are protected by a number of laws designed to make sure schemes are run properly and to make sure funds are used properly."

Like workers in many other companies, ASW pensioners believed what they were told. If they had not been given those assurances, they might have transferred to a different scheme, although it is worth noting that independent financial advisers were told by the pension regulator at the time not to transfer people out of "safe" final salary schemes.

Helped by my predecessor in Sittingbourne and Sheppey, Derek Wyatt, and by my right hon. Friend the Member for Thornbury and Yate (Steve Webb), who is now the Pensions Minister, ASW made a complaint to the parliamentary ombudsman, whose subsequent report stated that the general public had every reason to believe that their occupational pensions were safe, because of statements repeatedly made by the Department for Work and Pensions and because of other Government actions.

The then Government rejected that report and took no action. The Pensions Action Group initiated a judicial review of that rejection, and the High Court found in its favour. The Government appealed the ruling, but the Appeal Court upheld the High Court judgment. In 2003, the Government sought to improve protection for members of pension schemes by proposing to introduce the Pension Protection Fund, a levy-based scheme that eventually came into being in April 2005. However, the PPF did not provide protection for workers who had lost pension rights before the legislation came into force.

[*Gordon Henderson*]

Following considerable pressure from hon. and right hon. Members on both sides of the House and determined campaigning from the Pensions Action Group, the Government eventually introduced the financial assistance scheme in 2004. The FAS promised 90% of earned pension to workers who had lost their pensions before the introduction of the PPF. However, 90% of an earned pension was not the same as 90% of an expected pension based on any particular scheme, such as that in which ASW workers had invested. Compensation payments were much lower, so for the Government continually to quote a 90% figure was, at best, disingenuous. The FAS also provided little inflation protection. In addition, a £26,000 payments cap was introduced, badly affecting people with good salaries, such as steel workers, and particularly those with long service.

When the PPF was eventually introduced in 2005, it acted like an insurance scheme funded by pension funds and without the input of any Government money.

David Simpson (Upper Bann) (DUP): I congratulate the hon. Gentleman on bringing this important issue to the House. What he has described thus far is almost a mirror image of a number of cases in my constituency, where adequate funding was not in place to deal with pensions and insolvency. After 15 years, families in my area are still suffering the aftermath of that. The attitude is that the funding of pensions was not regulated properly. Does he agree?

Gordon Henderson: Yes, I certainly do, and I will come to the problems relating to that.

Like the FAS, the PPF gives 90% of earned pension, and it gives protection against inflation for employment post-1997. That indexation ensures that protection under the PPF is much better than protection under the FAS, because it improves over time. Under the FAS there is very little post-1997 inflation protection, and the pre-1997 pensionable service has no inflation protection at all, even though most of the ASW workers in my constituency had paid for indexation with enhanced contributions to the Sheerness Steel Group pension fund. For most ASW FAS members, the pre-1997 element of their pension represents the majority, if not all, of their pensionable service.

I want to give an example of what that means in practice to a typical employee at the steelworks—and, I am sure, to constituents of the hon. Member for Upper Bann (David Simpson) who have been affected. Someone who joined the pension scheme in 1980, with an anticipated retirement date in 2010 at the age of 62—the Sheerness steelworkers' retirement age—and a salary of £30,000 a year in 2002, would have expected when he retired in 2010, after 30 years of service, to receive a pension equal to 30 sixtieths of at least a £30,000 salary, which would equate to £15,000 a year. However, by the time the steelworks went into liquidation in 2002, that worker had only 22 years of service, so his pension entitlement would have been 22 sixtieths of £30,000, or about £11,000 per annum. However, the FAS paid only 90% of that amount, which is £9,900 per annum.

The FAS then applied limited inflation protection, at 2.5%, but only for service post-1997 until the steelworks went into liquidation—about 4.5 years in total. The

employee would therefore have inflation protection on just 4.5 twenty-seconds of £9,900, which equates to £2,025—that sounds a bit complicated, and I have the figures before me which makes it easier for me, but trust me, they are right. However, there would be no inflation protection on the remaining 17.5 twenty-seconds, which would have been £7,875. The maximum indexation that the employee would get was therefore 2.5% of £2,025, which is £50 per year. That is equivalent to a total indexation of about 0.5% maximum over the full amount of the pension.

Jonathan Evans (Cardiff North) (Con): My hon. Friend may recall that a couple of years ago I obtained an Adjournment debate on this very issue, which affected constituents of mine who were ASW workers. What they tell me endlessly is that when the very arrangements he describes were outlined before the last election, all politicians made it clear to them that it was an injustice, which would be corrected. The fact that it has still not been corrected undermines the Government's record on pensions generally, in my constituents' view.

Gordon Henderson: I fully accept that, and I want to talk about the reasons why the Government have been unable to pursue the matter.

In the example I have been outlining, that typical worker, having expected a pension of £15,000 but with an actual FAS pension of £9,900 and a maximum of 0.5% indexation compared with an average inflation rate over the relevant years of more than 2%, lost an awful lot of money.

An ASW pensioner told me recently that he received his first FAS payment in 2006 and reckons that today it is worth only about 80% of its initial value—which was, of course, only 90% of his actual entitlement. That person calculates that he is actually getting about 75% of his entitlement, a figure that reduces year by year. That is why the DWP-quoted figure of 90% is misleading. The brutal truth for ASW pensioners is that the longer their service, the more negative the effect on their income the lack of proper indexation is. The PPF uses very similar rules, but as the number of years since 1997 is increasing, the multiplier becomes more favourable. There have been 18 years since 1997, so someone with 20 years' service going into the PPF now will have inflation protection on 18 twentieths, or 90%, of his pension; and only two twentieths, or 10%, will be without protection. Those proportions will become more favourable as time progresses. Under the FAS, indexation is very limited, whereas under the PPF, as each year goes by, the amount of post-1997 service increases and, through Pensions Act disclosure requirements, PPF members are kept fully informed about funding levels and about what would happen if their employer became insolvent.

There is another problem under the FAS, in connection with the period between members reaching retirement and the May 2004 date, when the FAS was introduced. Anyone affected by that gets nothing from the FAS for that period; yet that is not the case under the PPF scheme. Ministers in the previous Government insisted consistently that the country could not afford to provide pre-1997 indexation to ASW pensioners under the financial assistance scheme. However, the very same Government bailed out Northern Rock and fully protected the pensions of the employees and well as investors' funds. The

Government also offered a 100% bail-out to UK investors in Icelandic banks, despite the fact that those investors were fully aware of the risk in such investments. Subsequently, the Government bailed out other British banks to prevent their bankruptcy and fully protected the final salary schemes of the employees. That smacks of double standards.

Furthermore, on the question of the affordability of pre-1997 indexation, £2 billion is being transferred to the Treasury from residual pension scheme assets from failed companies. The total FAS costs are estimated at the same figure of £2 billion, albeit spread over a number of years, and there should be more than enough to fund indexation for ASW pensioners pre-1997. It is likely also that the final costs of the scheme will be well below the original estimate, because more than 10,000 people who were eligible for FAS payments have died since its introduction.

I want to raise one other matter: overpayment of FAS payments. Some ASW FAS members have been overpaid because of errors by either the scheme's trustees or FAS staff. Almost none of those members knows how the calculations that led to the overpayments were done, and they are unable to check whether the FAS payments were right or not. When the FAS discovers an overpayment, it imposes an inequitable repayment plan; it is harsh and unfair. In some cases the repayment plan results in the total loss of pension payments, as happened to one of my constituents, who raised the matter with me at a recent advice surgery. He alleges that the FAS never even contacted him to negotiate a suitable repayment plan. Instead it simply stopped his pension entirely and without warning. That simply cannot be right.

Another problem with those repayment plans, which, let us remember, are to recover overpayments resulting from mistakes by the FAS, not the pensioners involved, is that because the way they are calculated—a bit like an annuity—members can actually repay significantly more than the overpayment itself. That, too, cannot be right.

I must admit that, unlike my right hon. Friend the Member for Thornbury and Yate, I am no expert on pensions. When writing this speech, I relied heavily on the help of my friend and constituent, Andrew Parr, who is himself an ASW pensioner who has been badly let down by the financial assistance scheme. However, although I am no pensions expert, I recognise injustice when I see it. I genuinely believe that ASW pensioners in my constituency have been hard done by, and I urge the Government to take the following action to improve the situation for ASW pensioners: first, reconsider the decision not to provide pre-1997 indexation to ensure that ASW pensioners receive the inflation-proof pensions for which they paid; secondly, increase the FAS payments cap to help long-service pensioners; and thirdly, look again at the way that overpayments are calculated and recovered.

ASW pensioners have never given up their fight for justice. Working with the Pensioners Action Group, they have campaigned tirelessly, lobbying MPs, demonstrating at party conferences and staging protest marches. In March 2006, I was honoured to join ASW workers from my constituency on a march in Cardiff, and in November of the same year, I marched down Whitehall with the very same workers. My speech today is a reminder to the Government that the protests will continue until ASW pensioners get the justice they deserve.

9.51 am

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate the hon. Member for Sittingbourne and Sheppey (Gordon Henderson) on bringing the issue of FAS pensions to the attention of the House once again.

As the hon. Gentleman set out eloquently, this has been a burning issue for some time. He made it clear that the Pensions Action Group will continue to campaign to see the full value of their pensions restored. No one who walks the pensions road or takes the pensions brief can be unaware of the strength of feeling about the issue. Over the past few years, as shadow Pensions Minister, I have met representatives of the Pensions Action Group and of trade unions—including Community, which I met last week, and Unite, a significant number of whose members were affected by the collapse of the steel workers' pension scheme.

Let me say a little about where I think the issue has come from and where it stands. The previous Government took action and put in place a system to ensure that those who lost their pensions received 90% back, with a cap at just under £30,000. I have the sense that, particularly in the past 18 months or so, there has been growing anger among campaigners about promises that they think were made before the previous election by parties who came to power but did not meet those promises.

Members of the Government parties have been outspoken about the failure to meet the promises that were made. The hon. Member for Cardiff North (Jonathan Evans) was clear that the indications given to pensioners—that the missing element would be restored to them on a change of Government—have not materialised. He said that in a polite and decorous way, but that was his point.

One of the campaigners in the Pensions Action Group, John Benson, went as far as to say that the group had been betrayed by the coalition. I do not know whether that is true, as I entered this House in 2010, but it speaks to the difficulties that the issue raises.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): I pay tribute to the hon. Member for Sittingbourne and Sheppey (Gordon Henderson) for securing this debate. I must declare an interest, as I am a member of the Community trade union and I was a former regional industrial officer for it, although I did not work in the areas where Allied Steel and Wire were based. We were part of a large campaign, and the previous Government were challenged in the European Court of Justice. Perhaps my hon. Friend wishes to comment on the fact that the Government have not applied article 8 of the European insolvency directive, which the European Court of Justice said would entitle the steel workers to full compensation.

Gregg McClymont: No one can doubt the attention that Community has paid to making that case for its members, who suffered great detriment as a result of the collapse of these pension schemes.

I know from the discussions that I have had that there was a strong sense that there would be further action, given the promises made by the parties that are now in government. Actually, given the current situation, the

[*Gregg McClymont*]

previous Government's substantial intervention stands as the signal contribution from the state to alleviating the detriment suffered by members of those schemes. Since 2010, there has been no advance on the agreement reached under the previous Government. Of course, that agreement has virtues—up to 90% is a lot more than nothing. It is a big difference.

Community and Unite have acknowledged to me that the previous Government's intervention made a substantial difference. Of course it did. Those who lost their pensions now receive up to 90% and a cap at approximately £29,300—I cannot remember the precise number; I think it is £29,348. That is a significant advance, but those people had a strong feeling that they would get more if there was a change of Government; perhaps that speaks to the differences between opposition and government. None the less, promises were made, and those who made them should account for why they have not been fulfilled.

The Minister for Disabled People (Mr Mark Harper):

I am listening carefully to the hon. Gentleman. He may be getting to this, so he will have to forgive me if I am jumping the gun. Given the tone of what he is saying, is he making a commitment on behalf of the Opposition to make a significant financial improvement to what is on the table?

Gregg McClymont: That is the difference between what a responsible Opposition do and what appears to have happened before 2010.

Mr Harper: So it is just words.

Gregg McClymont: The Minister says it is just words, but the words that those campaigning for the parties that are now in government used have not materialised into any action. The difference between the Government parties and Labour is not only that the previous Government actually acted, but that we are a responsible Opposition and we will not promise things that we do not intend to deliver.

Tom Blenkinsop: The perfect example of that, to which the Minister must pay attention, is the difference between the Conservative party's pre-election promises about Equitable Life and what was delivered. We need to bear that in mind because it is an ongoing case, much like this one. We are talking about the lives of individual workers who laid down their deferred income on the understanding that they would receive it.

Gregg McClymont: Yes. We are dealing with individual workers' lives, and it is incumbent on political parties not to promise things in their search for votes that they do not intend to deliver. That is the big difference between the Government and the Opposition.

I have met a number of times with the pensioners affected by this issue, and the impact on people's lives is enormous. The previous Government acted—it was not just words. Understandably, that action has not met all the expectations of those whose pensions disappeared. A significant part of their pensions has been restored, but not all. Understandably, those affected feel an enormous

sense of injustice, but it is incumbent on us all to use words carefully, to make sure that actions speak louder than words and to take on board the points made today.

The hon. Member for Sittingbourne and Sheppey, who rightly brought this issue before the House, mentioned the Pension Protection Fund, comparing it with the FAS. The PPF is another welcome development: it ensures that if someone is saving into a company pension, they can have confidence that that pension promise will be met, whatever circumstances the company finds itself in. He was right to draw a distinction between the financial assistance scheme approach and the PPF.

The issue of overpayments has repeatedly been brought to my attention and adds to the agony, if I may use that word—I think it appropriate—of the situation. Not only is one's full pension not restored, but that individual then finds through no fault of their own that they are asked to repay money because of mistakes made in calculations. Any sensible Government would look at that.

I find it curious that the Minister for Pensions is not responding to today's debate—I do not know why he is not. We were in a Committee together earlier; perhaps he is not here because of the potential for that Committee to overrun, but it would have been nice to have him stand up and explain the Government's approach. I looked at what he has said on this issue. He has referred to the fact that the Government are paying out £2 billion, I think, but of course that system was put in place by the previous Government. There has been no advance under the coalition.

Let me finish by making a broader point. When individuals save into a company pension scheme, it is understood that that pension will be paid out in full when individual savers retire. That is understood to be part of the compact between employers and employees. What emerged in the 1980s and 1990s really brought home the necessity of putting in place a system that protects against the non-fulfilment of that pension promise.

Although it is easier for us, as politicians, to step back a little and make this point, the system now is clearly much better than the situation in the '90s. That, however, is cold comfort to those who have not received their full pension. Having regularly met the representatives of the Allied Steel workers, let me say that Labour understands both the necessity of continuing the campaign and the injustice felt at not receiving the full pension that is due. We will continue to listen closely to the campaigners, but we will not promise something that we are not sure we can deliver. We have learned that lesson from watching the parties who are now in government.

Tom Blenkinsop: I just want to add a point to my hon. Friend's good summing up. Without industrial vigilance, this campaign would not even have started in the first place. The lion's share of the funding for taking the legal case to the ECJ back in 2006 came from the trade union movement. Without collective bargaining in workplaces, there is no ability to be vigilant about any employer who tries to perform any sort of industrial acrobatics to get out of the payments that they owe their employees.

Gregg McClymont: Yes, and I want to finish by paying tribute to the campaigns run by the Pensions Action Group and the trade unions. Through those

campaigns, this issue has remained near the top of the pensions agenda. I repeatedly receive submissions on it and that repeatedly results in conversations and dialogue with the various parts of the campaign.

In my understanding, and from meetings with the campaigners and those affected, that search will continue until the full payment of the pension due is realised. Although I am not going to stand here in opposition and promise something that I am not sure I can deliver, I will say that it was the last Government who put in place the system that does exist. That surely stands for something next to the honeyed words of the Government.

10.5 am

The Minister for Disabled People (Mr Mark Harper):

It is a great pleasure to serve under your chairmanship, Mr Hollobone. I pay tribute to my hon. Friend the Member for Sittingbourne and Sheppey (Gordon Henderson) for securing the debate.

The hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Gregg McClymont) referred to my right hon. Friend the Minister for Pensions. I should be clear that my right hon. Friend, like the shadow Minister, was scheduled to be in a Committee considering regulations for an hour and a half, so he prudently ensured that a Minister was available from the Department to answer this debate. Due to the fact that the regulations were clearly excellent and that the Opposition had very few questions and did not challenge them, the Committee unexpectedly finished early. However, the Pensions Minister had secured my cover for this debate, which is why I am here and he is not. I am sorry that that is so disappointing to the shadow Minister.

I thank those Members who have contributed to the debate, as well as other Members and those outside the House who worked to establish the financial assistance scheme in the first place. The scheme ensures that people who were members of schemes that went into wind-up prior to the introduction of the Pension Protection Fund will get some financial help, which they otherwise would not.

It is also worth saying—the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East acknowledged this point—that I understand the views of all the pensioners who have been affected, but the fact is that the pension schemes that were wound up without sufficient funds in them to pay those pensions mean that those pensions effectively do not exist and have been lost. Without the financial assistance scheme, there would not be the funds to pay those pensioners either in part or at all, so they would be in a far worse situation. What we are discussing is the amount of help people can expect from the Government, and of course, there is no Government money; what we are talking about is the amount of money that taxpayers more generally are prepared to make available.

My hon. Friend the Member for Sittingbourne and Sheppey made the point about what people could expect. My understanding is that the financial assistance scheme has always promised that people would get 90% of their expected pension accrued at the point of winding-up, subject to a cap. That is obviously not the same as the amount that someone who had continued their working life would have expected had the scheme been fully funded. My understanding is that that is not what

the Government ever promised. When the previous Government set up the financial assistance scheme, they promised 90% of what would have been accrued at the point of wind-up, and I think that is what has been delivered.

My hon. Friend referred to the cap, whereby when someone was entitled to a higher level of pension, the FAS caps the amount of assistance paid. That cap was put in place to target the payments on the lowest-paid pensioners. The cap was £26,000 for anyone who began to be paid before April 2007. It is increased annually and is now £33,454, and the amount paid depends on the level of cap in place when the payments begin. For example, a person whose payments began in 2012-13 would have a cap of £31,873, which is more than twice the average occupational pension in the UK in the same period.

When the changes to the PPF cap legislation were made, the Minister for Pensions said that he was considering whether a similar change could be made to the financial assistance scheme. He continues to keep the matter under review and is having discussions with his Treasury colleagues about whether that is doable and affordable. No doubt he will keep the House fully informed on the progress of those discussions.

One point made by my hon. Friend the Member for Sittingbourne and Sheppey and others was about indexing what was accrued before 1997. The FAS reflects the statutory requirement on all schemes, which is to index post-April 1997 accruals in line with the consumer prices index, capped at 2.5%. My hon. Friend the Member for Sittingbourne and Sheppey did not think that was in line with the PPF, but in fact it is. The PPF has the same indexation post-April 1997, which is CPI, capped at 2.5%. The PPF also pays 90% of the expected pension, so the FAS is in line with the PPF. It would be difficult to argue that the FAS, largely funded by the taxpayer, should be more generous by paying to index pre-1997 accruals than the PPF, which is partly funded from a levy on pension schemes.

If we did index the pre-1997 accruals, that would not be inexpensive. It was estimated in 2010 that providing indexation on all assistance to all FAS recipients in line with the retail prices index, as it was then done, capped at 2.5%, would cost an extra £845 million of taxpayers' money. That would be the net present value. If we accept that the money available is limited, a choice has to be made. We could provide more generous indexation, which would benefit those pensioners who live longer, but the cost of doing that is that we would pay a smaller percentage of pensions at the beginning. I think the scheme has made the right judgment.

I want to cover one point on the cost. I listened carefully to my hon. Friend and I have heard the point before about the value of the assets of schemes transferred into the FAS being broadly similar to the cost of the scheme. That is not right. In December 2007, the Government announced a significant extension to the FAS. That was funded by a combination of the money transferred in from schemes that were not wound up, which was an estimated £1.7 billion, and an increase in the taxpayer contribution, taking the total taxpayer contribution to the FAS to £12.5 billion. The net sum from the taxpayer to stand behind this pension promise was nearly £11 billion. I think that is very significant.

[Mr Mark Harper]

The hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East is right to say that the promise was made by the previous Government, but of course this is an ongoing commitment, which is being met and stood behind by the present Government. It is an ongoing commitment for taxpayers today and it is a very significant cost. It clearly is not covered by all the assets being transferred in, because if all the assets being transferred in matched the cost of delivering the promise, there would of course be no need for a financial assistance scheme in the first place. The whole point is that the assets in the pension schemes do not, for all sorts of reasons, fund the promises that were made.

On the issue of funding, I listened very carefully to the hon. Gentleman, who seemed to be giving the impression that the Opposition were going to do something significant. I simply wanted to probe him on that and be clear that he was not making any financial commitments. I am not aware that my party made any financial commitments that we have gone back on. Indeed, the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop), who is no longer in his place, referred to Equitable Life. I will be brief on this, Mr Hollobone, because I am getting slightly off the subject of the debate, but as the point was made, let me say that my party did make some commitments on Equitable Life—I followed that very closely, because I have constituents who were affected—and we have delivered on what we promised to do for Equitable Life annuity holders. I have had lots of correspondence with Ministers and with my constituents, and we absolutely have delivered on that, so I do not quite know what point the hon. Gentleman was making.

I was not sure, either, where the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East was going with the promises that my party makes. I was listening carefully and I did not hear any specific promise that we were alleged to have gone back on. We have stood behind the very significant commitment that the previous Government made, which is an ongoing commitment, and we have done that in the context of inheriting a very difficult financial situation—in the words of the former Chief Secretary to the Treasury, there was no money left.

This is a significant commitment. It was the right commitment for the previous Government to make, and this Government have honoured the commitment even in the very difficult financial circumstances that we inherited. We are right to have done so, but it does mean—this is where I agree with the hon. Gentleman—it is difficult to justify putting even more taxpayers' money into a scheme to do the things that my hon. Friend the Member for Sittingbourne and Sheppey and his constituents want. I completely understand that, but we have to recognise that other taxpayers would have to foot the bill.

Gordon Henderson: I accept everything that my hon. Friend the Minister has said, but does he not accept that there is a principle involved? The principle is very clear: the Government of the day misled people into believing that their occupational pension would be safe and was safe to invest in. That is what the parliamentary ombudsman, the High Court and the Court of Appeal

decided—that those pensioners had been misled—and therefore it is morally wrong for any Government, of whatever complexion, to use finance as a reason for not giving those people justice.

Mr Harper: Following on from that point, I think, having read through the detail of the case, that what my hon. Friend says is exactly why a financial assistance scheme was set up in the first place, and very significant amounts of taxpayers' money were put into it. As I said, the total commitment from the taxpayer is now about £12.5 billion and about £1.7 billion has come in from the schemes that were not wound up. That is a very significant commitment from the taxpayer in order to provide protection for pensioners who are not getting support from pension schemes because those schemes were not adequately funded to meet the promises that had been made.

My hon. Friend said that a number of pensioners in the schemes covered by the FAS have died over time and that in some way reduces the cost. It does not, because the calculation of the total cost will have taken into account the age profile of the pensioners and the expected number of deaths—that is the rather brutal science in which actuaries are involved. That factor will have been taken into account in the costings, so no extra money arises from the fact that some pensioners in schemes covered by the FAS are, sadly, no longer with us.

My hon. Friend made a point about workers who became pensioners before the FAS was first announced, in May 2004. As is normal with all Government schemes, assistance payments are not backdated to before the announcement date, so anyone who became a pensioner before May 2004 gets assistance from that date only. The same applies to the PPF: it does not pay compensation for any period before it was introduced.

I listened carefully to my hon. Friend's point about overpayments. Because a scheme does not know at the beginning of the winding-up process the exact value of the assets it has and what each member is entitled to, it pays interim pensions—its best guess of what the member will get when the scheme does wind up. At the end of the winding-up, the scheme balances its payments, paying less in the future if a person has been overpaid during the winding-up period. Where possible, the FAS balances overpayments and underpayments once it has the full data, which is the same as the approach taken by schemes. During the winding-up period, the FAS tops up any interim pension to 90% of the expected pension, based on data provided by the scheme. I understand that it used to be 80%, but in response to representations from the various groups, the then Government raised the limit to 90%. That narrows the margin for error, so if there is an error in the data provided by the scheme, that increases the chances of having to recover an overpayment.

The reason why the overpayments are not simply written off is because the FAS is largely funded by the taxpayer. The Department uses the guidance "Managing public money", which is issued by the Treasury. That is the same guidance used when, for example, the Government overpay benefits and have to recover them. The FAS does what the schemes would do to recover overpayments: it turns the amount that has been overpaid into a notional annuity and deducts it from the assistance due, so that over the individual's lifetime, they will receive the correct amount.

I listened carefully to my hon. Friend, and I think he said that one of his constituents did not receive good communication from the FAS about the fact that they had been overpaid and that the overpayment would be recovered. I am sure that my hon. Friend will correct me if I am wrong. If that is the case, there is no excuse for poor communication. If I have correctly understood that that came as a surprise, it would be helpful if he wrote to the Minister for Pensions, if he has not done so already, so that we can look into that breakdown of communication.

Gordon Henderson: May I clarify that point? My constituent's complaint was that he is aware of other people in similar situations whom the PPF contacted to negotiate a repayment plan to ensure that it recovered the money over time, but he was not given that opportunity. I have already written to the PPF to ask why it did not negotiate, and why it immediately stopped his pension entirely. That was his point; he was not given an opportunity to negotiate and say, "Right, I will pay off x amount per month."

Mr Harper: I am grateful to my hon. Friend for that clarification. He has already written to the scheme, so I will draw his comments to the attention of the Minister for Pensions. It may be helpful for the Minister to look at the case and perhaps write to my hon. Friend about it, because it is difficult to go into the specifics of an individual case in an Adjournment debate.

My hon. Friend rightly raised the subject in his role as Member of Parliament for his constituents. He acknowledged in his speech the assistance he has received from those in his constituency who have campaigned on the matter. I recognise that he and those whom he represents are probably disappointed by what I have had to say. However, I hope he understands that, given the very significant contribution that taxpayers rightly continue to make to the financial assistance scheme, there is a limit to the amount of support that taxpayers can give. I fear that it will not, therefore, be possible to deliver the things that he has requested, given the circumstances that we still face in the public finances because we are dealing with the legacy that we inherited from the previous Government.

Mr Philip Hollobone (in the Chair): I thank all hon. Members who took part in that important debate for covering all the issues pithily and succinctly. The next debate is not due to start until 11 o'clock, so I will suspend the sitting until that time. However, if the participants arrive a few minutes early, we will start when they arrive. The sitting is, therefore, suspended until about 11 o'clock.

10.23 am

Sitting suspended.

Contaminated Land (Householder Responsibility)

11 am

Mr David Heath (Somerton and Frome) (LD): It is a pleasure to serve under your chairmanship, Mr Hollobone. I am particularly pleased to have secured this brief debate on an issue that affects perhaps only a limited number of people, but in a substantial way: the liabilities of householders when contamination is found on their land, whether that is their home or business. I will deal in particular with domestic householders and their property, which is governed by part 2 of the Environmental Protection Act 1990, as amended by the Environment Act 1995. I look back on the 1990 Act with some fondness, as I was at that time employed as a consultant by the World Wildlife Fund to help it with the passage of that Bill and therefore had a lot of dealings with it. It contained a very important principle: where land is polluted, it is right that the polluter pays to clean up what he or she caused.

The 1990 Act provides for what is termed a class A person: the polluter, or someone who knowingly allows land under their control to be polluted, and provides that, in the first instance, they should pay for any remedial action. It also introduces a separate, class B person—the so-called "appropriate person"—if the class A person cannot be identified or is no longer in existence. They are the current owner or occupier of the land.

That causes a potential difficulty, which was drawn to my attention in the first instance by Dr Jeff Downing, who was the contaminated land officer for South Somerset district council. He came to see me in a personal capacity as a constituent because he was so worried about the consequences of his work for a particular couple who lived in my constituency. He saw a problem with the system and he wanted me to find whether there was any way to alleviate that. I am particularly grateful to Dr Downing, who no longer works for South Somerset and has moved to another council, for his help in spelling out the situation and how the arrangements were working against the principles of natural justice and perversely in public policy terms.

Dr Downing drew my attention to the situation of a retired couple in Langport—I will not mention their names because I have not got their explicit agreement to do so and I do not want to embarrass them in any way—who, following an inspection from South Somerset district council, found that their house and garden had contaminated land from former gasworks. They were completely unaware of that and they could not have not been aware—there had been no failure of appropriate searches when they bought the property some time ago—so it came as a complete bolt out of the blue that they were the proud owners of contaminated land.

The difficulty arose that the cost of removing that contamination was substantial: the estimates on the first assessment were about £260,000 to £270,000. That sum was well beyond their means; in fact, I suspect it was well beyond the value of their house, so there was no question of using a charge on the house or some other mechanism even if that were fair.

Dr Downing pointed out that the arrangements contain certain inflexibilities. First, the council has a statutory obligation to search and identify contaminated land. It

[*Mr David Heath*]

has no discretion on that and certainly if a suspicion of contaminated land is reported, it has to investigate and add that to its records. Secondly, once it has identified such land, it has a statutory duty with a small professional discretion about the nature of the contamination to register that land as contaminated land. Thirdly, it has a statutory obligation to ensure that remedial action, normally removal of the contaminated soil, takes place if, in its opinion—this is the only area where I think it has significant discretion—there is a significant possibility of significant harm: the so-called SPOSH, an inelegant acronym on which it applies its professional judgment. However, such discretion is purely professional; it has to make a judgment on potential significant harm and if it thinks that there is potential significant harm, it must take action.

If all those tests, in which the council has little discretion, are passed, costs—they are significant in this case—must fall on someone and, in the absence of a class A polluter, they fall on the householder. In this case, despite the best efforts put into finding the successors connected to the original industrial activity, the couple were found to be liable.

In each of those steps along the way, the council cannot take into account the circumstances of the person on whom the liability falls, save for the very last step, which is whether they waive any part of the cost of remedial action. That has happened on occasions in the past few years by use of the contaminated land grant, provided by the Government through the Department for Environment, Food and Rural Affairs. The difficulty lies in the fact that that grant has been shrunk and will disappear completely by April 2017.

There will be two consequences. First, if no funding is available for the removal of contaminated land—a public good—to help people who had no direct involvement in the polluting but find themselves victims of circumstances beyond their control, that will be a manifest injustice. That is simply not right. Secondly, councils could subvent the costs of remedial work from their own funds. However, that is difficult—I would say impossible. Dr Downing told me, “There are probably still hundreds of properties that are affected by pollution where this may apply in one small district council area alone.” That is a massive capital sum, well beyond what the local authority can reasonably bear. That is difficult in itself, but it also provides a massive disincentive to the authorities to carry out the statutory duty we want them to perform, which is to look assiduously for pollution and deal with that effectively for the safety of the environment and the local population. The system has a built-in disincentive.

I suspect that when the decision was made—the Minister knows that I know only too well the Department’s budgeting difficulties, both currently and over the past few years—there was perhaps a thought that the contaminated land grant had served its purpose. It is, after all, 15 years since the regulations and statutory guidance came into effect. The Department perhaps thought that most of the contaminated land had been identified and dealt with, but in reality, as I am told by someone who deals with the matter face to face and day by day, that is not the case. A lot of unidentified contaminated land still needs to be dealt with. If that was the Department’s assumption, it was incorrect. It

might have been thought that the £500,000 available in the current year was sufficient, but it clearly is not. Spread across the whole country, that money is nowhere near enough. I quoted a figure for one single garden in one single property, and 10 such properties have been identified already in the area that I am describing.

We have a significant problem of public policy. I wrote a little while ago to the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for North Cornwall (Dan Rogerson). I received a response from Lord de Mauley. I am grateful for his letter, which was sympathetic and clearly recognised the difficulties that my constituents found themselves in, but at the end of the day it provided scant support. One thing may have happened in the interim, but Lord de Mauley said that my constituents are having the cost met by the district council. I am not convinced that that is the case, and I am trying to establish whether it is, but let us not rest the case on their circumstances. I hope that it is the case, but the last I heard from the council, it was looking at a loan or other means of spreading the cost, rather than removing the cost from the couple. The more important point is that nothing is available this year.

Lord de Mauley’s letter states that the property “meets the criteria for a priority category 3 site...but does not meet the criteria for a priority category 1 site requiring urgent remediation. We are therefore unable to offer funding for remediation this year as the contingency fund has been fully allocated to higher priority sites.”

I understand the idea of priority, but it does not help under the circumstances. Lord de Mauley continues:

“the Environment Agency has approved in principle the provisional sum of £50,000 contribution to the remediation.”

That is certainly welcome, but goes nowhere near meeting the total cost. I accept that the cost might be driven down further, were there a competitive tendering process. We are not quite at that stage yet, but there appears to be a substantial gap between the cost as originally estimated and the support that may or may not be available.

To return to where I started, I am not yet convinced that I have a solution for people who are extraordinarily and quite reasonably worried about whether they will lose their entire life savings, the value of their house and more to meet a circumstance that is of no direct benefit to them other than the fact it would make their house saleable again. This is the Catch-22, of course: if contaminated land is not removed once it has been identified, there is still a problem because the land is unsaleable, so its owner has lost the value anyway. It is a conundrum. The couple are worried that they still face a substantial bill that they are not sure they can meet. That is a huge worry for a couple on a fixed income with no obvious means of finding alternative borrowings.

There is also the wider question, because the case demonstrates a clear failing in the architecture of the system. The system was always based on the idea that those who caused the pollution dealt with the pollution. It was never intended to penalise those who unknowingly occupy that land much later on and find themselves saddled with an enormous bill. Where those circumstances applied, it was always assumed that the local council would have the support of public funding to make good the land in question in the public interest. Remove the contaminated land grant and a massive loophole in the

system is created that threatens to make the whole thing not function properly and, in the process, cause many who find themselves in such circumstances sleepless nights and a great deal of concern, and that is entirely unjustified.

I ask the Minister to look again at the situation—I appreciate that it is not his direct responsibility, so he will need to talk to colleagues in the Department—and potentially go back to the Treasury and say, “This is a capital grant. It is not a revenue grant, although it is paid out of departmental revenue.” We as a country need to identify the problem so that those who in all innocence find themselves facing it are not put in the same position as my constituents. Most of all—laying aside that equity issue for those individuals—if we want public policy to work properly and if we want councils to look for this land, identify it and deal with it, we cannot give them a massive disincentive to doing so, because frankly it will not work. I look forward to the Minister’s response.

11.17 am

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (George Eustice): I congratulate the hon. Member for Somerton and Frome (Mr Heath) on securing the debate. I assure him that representing as I do a seat with towns built on the sites of 18th and 19th-century tin mining, I am well aware that contaminated land is still an issue in many parts of the country and that it has in no way gone away. The idea that it has is not the driver behind some of the changes we have made.

Contaminated land is a complex area and can cause hardship and anxiety for people, particularly where their homes are involved. The case that the hon. Gentleman mentioned, where he suggested the cost could be £270,000, very much demonstrates that point. An estimated 90% of the remediation of contaminated sites is market-driven and occurs under the planning regime, but there will continue to be sites that are not suitable for further development, but require remediation.

I was interested to hear about the hon. Gentleman’s involvement in the passage of the Environmental Protection Act 1990. As he knows, the contaminated land regime, as set out in part 2A of that Act, provides a risk-based approach to the identification and remediation of land where contamination poses an unacceptable risk to human health, property or the environment. Responsibility for identifying that contaminated land rests with the local authority, as set out under part 2A. Changes made to the part 2A statutory guidance in April 2012 have resulted in a more risk-based approach to identifying and remediating contaminated land, meaning that more resource can be directed to those sites most in need. From our discussions with local authorities, we know that the new statutory guidance is proving helpful to them and has helped to simplify a complex area.

Part 2A, as the hon. Gentleman pointed out, is based on the principle of polluter pays. That means that liability will always be apportioned in the first instance to the company or person that caused the pollution or knowingly permitted it to be caused. However, it is not always possible to identify the polluter. In some cases, the pollution was caused long ago, and the company responsible may since have folded. When that happens, the costs of remediation can fall to the site owner or the

occupier of the land. That might be the local authority itself, but it can also be individual private householders. Crucially, however, local authorities are required to take into account the hardship that may be caused if all costs, or partial costs, are to be apportioned. When local authorities are reaching decisions over cost apportionment, hardship must be considered on a case-by-case basis, with regard given to the principles set out in the statutory guidance.

Turning to the hon. Gentleman’s constituency matter relating to the Whatley gasworks in Somerset, I understand that in the case of the home owner on that site, no liable polluter could be identified. Although the Department for Environment, Food and Rural Affairs was unable to offer further funding this year, as the contingency fund was allocated to higher-priority sites, I can confirm that in previous years, capital grants totalling almost £90,000 have been issued for the same site to cover the costs of investigation. The hon. Gentleman was unclear about this, but my understanding is that, in the end, the local council agreed to bear the costs of remediation because it determined that hardship would be caused to the householders who owned the affected property had they been made to pay. I know that he questions whether that is the case, and I am more than willing to clarify that point after the debate, but my understanding is that the costs will be borne in this instance.

A related point about part 2A is that it is clear that where a class B person owns and occupies a dwelling on contaminated land, the council should consider waiving or reducing the costs of recovery if the person did not know and could not reasonably have been expected to know that the land was contaminated when they bought it. My understanding is that the people in the case raised by the hon. Gentleman did have a survey carried out when they purchased the property many years ago, which is also a mitigating circumstance.

Mr Heath: The local authority has been as helpful as possible in this case and did identify both of those factors as arguments for waiving the fees. Nevertheless, it expressed concern that a number of other properties around the district council area will end up in similar circumstances. That would mean a substantial capital sum mounting up very quickly, which would be difficult for a small district council to support.

George Eustice: I understand the hon. Gentleman’s point and hope to reassure him in a moment when I discuss some of the other things that we are doing to move from looking only at the hazard of contaminated land to a more risk-based approach. From 2012 onwards, we have taken a number of steps to ensure that councils do not unnecessarily identify sites that may well have some contamination but are not a priority. I am pleased that the case he has raised appears to have been resolved satisfactorily; however, he has put his finger on an important point, because other sites might be affected.

As I said at the start of my speech, it is important to recognise that an estimated 90% of the cleaning up of contaminated land in England and Wales is carried out through the planning system under the national planning policy framework. The Government encourage the focus on a market-based approach to dealing with contaminated land. One of the financial incentives provided by Government to encourage the re-development of

[George Eustice]

contaminated land is land remediation relief, which allows companies to claim back corporation tax on 150% of the costs of dealing with contaminated land and is intended to influence developers' decisions positively by increasing the profitability of redevelopment projects. We should also note that the existing environmental permitting regime for the current activities with the greatest potential to cause contamination is designed to ensure that no new part 2A contaminated sites are created.

As the hon. Gentleman pointed out, the capital grant scheme is being phased out. I know that local authorities were disappointed when DEFRA announced in December 2013 that the contaminated land capital grants scheme would be closed. The phasing out of the grants scheme is regrettable, but it reflected a necessary shift to a more sustainable approach in the face of pressures on the public finances, of which the hon. Gentleman will be well aware, having been a DEFRA Minister himself. The cornerstone of our new approach was the revised guidance that we issued in 2012 that has saved local authorities and businesses money by giving much more clarity over how to decide whether affected sites need to be remediated.

In March 2014, we published DEFRA-funded research to develop new screening levels that will help public authorities and developers to screen out low-risk land from the need for further investigation and so prevent unnecessary remediation works. The crucial thing is to ensure that there is no obligation on local authorities to search for sites that might not be of particularly high risk and should not be a priority, thereby creating a potential liability for householders. By adopting a more risk-based, less hazard-based approach to these issues, we have helped to address some concerns.

The screening values that we published sit alongside DEFRA research that was published in 2012 on the normal background concentrations of contaminants. That forms part of a toolkit for use by the contaminated land sector that will help to ensure that pragmatic, evidence-based decisions can be taken, thereby reducing costs while ensuring a high level of protection to human health and the environment. DEFRA continues to support the national experts panel on contaminated land, the remit of which is to advise local authorities on difficult decisions under part 2A at more complex contaminated sites. The panel is available as a free resource for local authorities to access, and is intended to help where it is unclear whether a site should be determined as contaminated under part 2A. Case studies on the output of the panel's work will be published so that all local authorities can benefit from the lessons learned.

In conclusion, we remain committed to ensuring that the appropriate policy tools are available to support local authorities in carrying out their duties under part 2A. Local authorities that require help and advice about how best to manage affected sites should obtain advice from industry experts where necessary. Authorities should also try to work with the owner of the land to see what benefits could be gained via the land remediation relief scheme. Although there will always be difficult cases that require more detailed consideration, the changes that we have introduced to the contaminated land management regime since 2012 have stimulated growth, enabled previously abandoned sites to be developed and returned to productive use, and delivered significant benefits for the economy while maintaining a high degree of protection for human health and the environment.

I congratulate the hon. Gentleman again on bringing this debate before the House. I hope I have been able to allay some of his concerns, both on the individual case that he raised, which I understand has now been resolved, and more widely.

Mr Heath: I am most grateful to the Minister for giving way at this point. In the course of the debate, I have been advised that the matter has not yet been resolved. It might be a matter of loan or of grant, but the household concerned is still not absolutely clear about where the funding will come from.

George Eustice: In which case that is a disappointment, because I thought that we had found a solution. After the debate, I will discuss the case with my noble Friend Lord de Mauley, with whom I know the hon. Gentleman has previously corresponded. As I said, the local authority could show forbearance on a couple of grounds and waive the costs: first, on the grounds of hardship, for which there would seem to be a good case, given the high costs; and secondly, on the grounds that there was no reason why the householders should have known or had reason to know about the contamination, given that they had a survey conducted when they purchased the property. We will look further at the case and see whether a resolution can be found.

Mr Philip Hollobone (in the Chair): I hope that, owing to the efforts of the hon. Gentleman and the good intentions of the Minister, this matter can be cleaned up for the hon. Gentleman's constituents as soon as possible. I thank both participants for their contributions.

11.29 am

Sitting suspended.

Introduction of a Maximum Wage

[MR GARY STREETER *in the Chair*]

2.30 pm

Mr Iain McKenzie (Inverclyde) (Lab): It is a pleasure to serve under your chairmanship again, Mr Streeter. I am pleased to have secured this debate, because in these continuing and challenging times financially, when austerity is still biting from the deepest recession we have known, it is fitting that we should look at fairness of wage. In these difficult times, we see many struggling, including hard-working families, with the cost of living crisis across the UK today. That is why I want to focus on one of the obstacles to fairness: the pay gap between the bosses of Britain's biggest companies and their average employees, which has become even greater over the past couple of years.

I cite analysis by the High Pay Centre think-tank, which revealed that in 2013 the average FTSE 100 chief executive officer received remuneration worth 143 times that of the average employee in their firm. Previously, the average ratio was 47 times. That analysis provides examples of excessive pay gaps. At Associated British Foods, which owns Primark, the gap between the pay of the chief executive and the average worker's salary was 361 times. In the hospitality conglomerate Whitbread, the gap was 415 times. The Next boss was awarded pay worth 459 times that of the average employee—although I should add that, to his credit, he distributed his bonus to the staff. Worst of all was the pay gap at the media company WPP, where the chief executive officer took home a pay package nearly 800 times bigger than his employees'.

That is why people say we need a maximum wage to complement the minimum wage. What people are now identifying with is the need for maximum pay ratios within companies and across sectors to put an end to chief executive officers getting paid many hundred times what their average-earning staff are paid. The reason people are so upset at these figures is because rising wage disparities are one of the key drivers of inequality. We need to tame extremely high levels of pay among executives, because it is one of the factors that has encouraged risk-taking behaviour, leading to crisis, and it has often been found to hinder, not aid, the overall productivity of a company.

Capping excessive pay is not anti-business. There is nothing pro-business about letting a small group of chief executive officers take far larger rewards than their shareholders or staff. If anything, it is the executive pay racket that is anti-business. Some may choose to argue for the enforced pay ratio on practical or economic grounds. Mine is unashamedly a moral position: it is fundamentally unfair for the pay gap to be so wide. History has taught us that our society fares worst when there is such a gap between our rich and poor. Today, that gap has never been wider. We know that rising income inequality is shaped by the increasing concentration of income at the top end of the income distribution, and a likely cause in the UK is simply that leading executives and those who are head-hunted demand bigger and bigger salary packages.

Salary packages are listed in the "Name and shame" list for Fat Cat Tuesday, which is the name that the High Pay Centre has given to the first Tuesday in January, which this year was 6 January. Believe it or not, by 6 January this year, bosses of Britain's biggest companies had already made more money in 2015 than most workers in the country will earn in the entire year. Surely that, more than anything, highlights the problem of unfair pay ratios in the UK.

The High Pay Centre calculated that the average FTSE 100 chief executive was paid the equivalent of nearly £1,200 an hour, based on earnings calculated in the previous year, meaning that the average CEO can earn more in two days than the average employee earns in a whole year. The huge hourly rate even assumes that FTSE bosses work three out of four weekends, work 12-hour days, and take fewer than 10 days' holiday a year. For top bosses to rake in more in two days than their staff earn in a year is clearly unfair at any time, but in these difficult times it is a downright insult and a financial racket if ever we saw one.

Mr Jim Cunningham (Coventry South) (Lab): Has my hon. Friend noticed that there seems to be a trend in this country, particularly at executive level, for rewarding failure? We have seen a number of cases in the past. More importantly, although the Prime Minister is now calling for pay increases, saying that inflation is at about 0.5%, the reality is that the purchasing power of wages has dropped by about 6%, so there is a long way to go to catch up. I notice too that what the Prime Minister is talking about is voluntary, and he is talking about the private sector, not the public sector. We have poverty wages and employers being subsidised by the benefits system. What does my hon. Friend think about that?

Mr McKenzie: My hon. Friend makes some very good and poignant points. We have seen several chief executives walk away from failure—abject failure—with handsome salaries and even handsome bonuses. It is difficult in these times, with the cost of living crisis, for hard-working people to stretch their budgets. We are seeing a decrease in real spend for them, and their income is being supplemented by the benefits system. That is probably why the cost of welfare is rising year on year.

What we have seen over the past couple of years is that, although chief executive officers' pay went up by 73%, the FTSE hardly moved. It is still no higher than it was a decade ago and it is impossible to argue that FTSE companies are twice as well run as they were a decade ago or that bosses are twice as important as the workers. In fact, executive pay has become, as I said, a kind of racket, with a small club of non-executives voting themselves huge pay rises and ignoring their shareholders.

So what does this unfairness look like? The average UK salary was £27,000 in 2013. It rose to £27,200 in 2014, an increase of only £200. At the same time, the average pay for a CEO rose by almost £500,000, and the average CEO was taking home £4.72 million. All this is happening against a backdrop of austerity, zero-hours contracts and increasing visits to food banks throughout the country. Alarming, more than a third of UK workers on the minimum wage cannot even afford to shop where they work. Estimates of the number of people employed on zero-hours contracts are said to be in the region of 622,000 up and down the country.

[Mr McKenzie]

Is the wage gap just our problem? No, because last November, 66% of Swiss voters rejected an initiative that would have capped the compensation of a company's top executives at 12 times the wage of its lowest-paid workers. I accept, and I could envisage, that a cap that low might equally be rejected across the United Kingdom; but that does not mean that something less severe and more thoughtfully crafted could not work. Limiting a chief executive officer's pay to, say, 100 times the minimum wage would still allow top executives to be handsomely rewarded.

However—here is the best part—if the chief executive officers wanted a pay increase, they may be more willing to throw their weight behind a campaign to boost the minimum wage. As was pointed out by the Swiss politicians who debated this in 2013, this level of unfairness can damage the social fabric and indeed democracy itself. Put quite simply, any economic model that does not properly address inequality will eventually face a crisis, harming long-term economic growth and welfare. Concern about the gap between the super-rich and everyone else has reached its highest ever level, contributing to a wider anger and the perception of a self-serving elite.

Mr Jim Cunningham: We have had a recent example of this issue with Citylink. At least 1,000 drivers were contracted to that company and could not work for anyone else. They are still waiting to be paid. More importantly, they do not qualify for redundancy pay. That is the level to which employment legislation has taken people. My hon. Friend mentions democracy and fairness; does he agree that things are becoming more and more unfair for people in the workplace?

Mr McKenzie: I wholeheartedly agree with my hon. Friend. I will go on to indicate some ideas that could be added to that of a maximum wage to assist people in the workplace.

As I said, 80% of the public are said to support Government action to reduce the gap between the high and the low and middle-income earners. Growing differences in pay are neither fair nor proportionate, producing widening income discrepancies in Britain. When bosses make hundreds of times as much money as the rest of the work force, it creates a deep sense of unfairness. Income inequality is a threat to the economy. I predict dire consequences if the worsening gap remains unchecked. Britain's executives have not got that much better over the past couple of years. The Government need to take more radical action on top pay to deliver a fair economy that ordinary people can have faith in.

What can be done? The minimum wage was recently voted the most successful Government policy of the past 30 years by members of the Political Studies Association. Could a maximum wage prove equally popular? I believe the time has come for the idea to be seriously debated. It is worth noting that a maximum wage can be set one of two ways. There could be a straightforward maximum, so that no one can earn more than a set sum—for example, £1 million—either set in legislation or enforced through a 100% tax rate kicking in at the chosen point, to make sure that it is the top income. Alternatively, there could be a maximum pay ratio, so an employee in an organisation cannot earn more than x times what the lowest or the average paid employee earns.

The average pay of a FTSE 100 chief executive officer has rocketed from around £1 million a year in the late 1990s, which was about 60 times the pay for the average UK worker, to closer to £5 million today, which is more than 170 times the average worker's pay. The idea of a maximum wage in difficult times is not new. During the second world war, President Roosevelt issued an executive order limiting corporate salaries to no more than \$25,000 per year. FDR believed that if men were putting their lives on the line for just \$60 per month, the rich should be required to make some sacrifice too.

Perhaps we should not employ such a rigid cap to tackle corporate excess, but instead raise the idea of a maximum pay ratio, so that the highest paid employee of an organisation would not be allowed to earn more than a fixed multiple of the amount earned by lowest paid. That would undoubtedly be a radical step, but would a democratically enacted maximum pay ratio of, for example, 75:1 really be that extreme in a society that uses zero-hours contracts and relies on food banks?

Around 80% of the public support a requirement for executive pay to be tied to the pay of the average-paid employee. Some forward-looking organisations already operate such a policy unilaterally; for example, John Lewis has capped the ratio at 75:1 and the TSB at 65:1. Pay for top executives increased from £4.1 million to £4.7 million between 2012 and 2013, and inequality is predicted to rise in the coming years. The Government's tinkering with shareholder scrutiny has had little effect, so it is time to contemplate bigger reforms, and pay ratios could be part of those. Worker representation on company boards should also have a role to play, and taxation and profit sharing are further important mechanisms.

What of the Government's actions so far? The Business Secretary has imposed new accounting regulations requiring quoted companies to produce a "single figure" for the remuneration of directors in annual reports. That figure includes base salary, bonuses and share-based awards in any long-term incentive plan. That is a start. In stark contrast, however, the Chancellor challenged the EU cap on bankers' bonuses in the courts.

Apologists for the pay gap often argue that high pay is needed for high performance, yet we do not seem to expect generals, admirals, senior civil servants or indeed Prime Ministers—let alone nurses or teachers—to require millions of pounds a year to perform well. If we believe the performance-related argument, it would seem to suggest that businessmen are, almost uniquely among high fliers, incapable of being motivated by anything but money. Research shows that growth in executive pay, bonuses and incentive payments has vastly outpaced performance as measured by every indicator in common use.

Another argument in defence of high salaries is that the money trickles down to the rest of us. Trickle-down is a fundamental building block of supply-side economic theory, which has been the tool of choice in the past few decades. Yet it is generally accepted that it did not work in Thatcher's Britain, and in fact had negative effects. In a recent report, the OECD rejects trickle-down economics, noting the "sizeable and statistically significant negative impact" of income inequality.

Small businesses are hit by taxes and business rates, while big business turns around and says to the state, “This is how much tax I fancy paying this year—take it or leave it.” If we take zero-hours contracts as an example, it is clear that the more unequal we become as a society, the faster the earnings of those at the top race away from those of the people at the bottom. Wealth inequality in the USA was at its highest levels historically in 1928 and 2007, one year before each of its two biggest financial crises. The International Monetary Fund has observed—and this is its view—that countries with more income inequality see their economies more frequently plunged into deeper recessions, and that economic growth lasts much longer in more equal societies.

Let us look at the so-called shareholder spring of 2012. A series of big revolts were recorded against ludicrous packages, which seem to have had some effect, for a while. But what more can shareholders do? They need to keep on making their voices heard at annual general meetings, to question and press for more substantial cuts in CEO pay. Companies such as Shell have cut CEO pay; if a company of the complexity of Shell can cut it, it is hard to understand why others cannot do the same.

The widening gap between rich and poor in this country can only be detrimental to our society. What is called for is fairness in remuneration between the top earners and CEOs and those on average salaries in organisations. A capped ratio should be considered in these difficult times. I warn everyone, most especially the Government, to mind the gap.

2.48 pm

Jim Shannon (Strangford) (DUP): I apologise to the hon. Member for Inverclyde (Mr McKenzie) for not being here at the start of the debate—I was at a Bill Committee that I am serving on. I am conscious that that Committee will have several votes. I apologise to the shadow Minister and Minister because I will have to leave early, if they do not mind.

I am privileged to contribute to this debate on a maximum wage. I will try to strike a balance between the need to bring up the wages of those on poor pay and the need for those on very high pay to consider those further down the ladder, so to speak. The issue is very sensitive. At a time when many people are struggling to make ends meet, find employment or put food on the table, sections of society are earning disproportionately large and astounding sums of money. We have seen the rise of the slogan “We are the 99%” and much theorising about how much the 1% earns, but we must be careful about how we handle this issue. We should proceed with empathy and tact.

The Prime Minister said on TV and in the papers today that we must encourage businesses to give their workers more money. It is good that we are having this debate, because it enables us to focus on the important things. We need to consider what benefit a national maximum wage would have for our social capital. It will make more people feel that they live in an economically just society and help to create a more equal society. However, there is no point in narrowing the gap between the highest and lowest earners if the wages of the lowest earners do not increase. That is what we have to do, and that is the thrust of what the hon. Gentleman said.

Nobody in this Chamber would argue that the gap between our highest and lowest earners is not vast and that it does not have to be addressed. However, we must balance fairness and competitiveness, and take into account the potential spill-over effects of moving towards a maximum wage. We need to minimise economic harm while healing our social fabric.

The highest earners in our society are often those in charge of large corporations. They are the CEOs of companies that create jobs and contribute to growth, and we commend them for that. When we decide on a cap, it should not penalise those individuals. However, we cannot put on the back burner the fact that the disparity in earnings is UK-wide, and that its prevalence across the globe makes the global wage gap positively monumental.

Income inequalities have been increasing in the short term and the long term, and have been aggravated at both ends of the pay scale. I do not mean that the rich have become poorer in correlation with the decrease in pay of the poorest; rather, the poorest have fallen further behind the average, while the richest have moved further ahead. That is not a criticism of those who earn lots of money, but that gap has to be addressed and I hope that this debate will be a way of doing that.

When we think about introducing a maximum wage, we must consider many issues. First, we need to take into account the regional differences in the cost of living in the United Kingdom of Great Britain and Northern Ireland. Secondly, we must address the critical issue of how to deal with pensions in the private sector. The biggest issue is that we must show that we are not against innovators, strivers and those who create jobs. Job creation helps the economy to grow, provides wages to individuals and helps their local areas to thrive. There is a wider social issue to be addressed, which is eating away at the social fabric of our society. We should not shy away from the challenges of opening such a debate. Undoubtedly, it will be difficult to harmonise everything at stake, but that does not mean that we should not make an effort to do so.

It is of great concern that the public perception of corporate executive wages has become so intense that they have been labelled “institutionalised robbery”. It is hard to argue that there is not something unsettling about the disparity between executive pay packages and average wages. Regardless of the hard work of executives in running companies or corporations, it is difficult to justify the fact that some chief executives receive more than £6 million while their employees live hand to mouth in minimum wage jobs.

There is also the issue of performance-based bonuses, which affects the banks in particular. We have seen the general public in a frenzy about the fact that those they see as most visibly to blame for the economic crisis are being rewarded, while their own wages are either being pushed down further or do not exist due to redundancy. The fact that more directors are choosing not to accept their bonuses signals that there is a sense among the highest paid that the gap has become too big. I congratulate those at the higher levels of companies who have refused to accept their bonuses.

To reiterate, the proposal is to put a cap on the maximum wage that can be paid to a person in any one year, as the hon. Gentleman said. It is important that we address this issue. There are various means by which

[*Jim Shannon*]

we could do that—perhaps through proportionality. It does not have to be arbitrarily about fundamental equality; it can be about increasing fairness and narrowing the gap.

Mr McKenzie: Does the hon. Gentleman agree that it is abhorrent that millionaires, if not billionaires, are running large enterprises on the back of zero-hours contracts for their staff? In these days of austerity and food banks, they are running empires on zero-hours contracts.

Jim Shannon: The hon. Gentleman is right. Everybody in this Chamber is concerned about zero-hours contracts and the many other disparities that need to be addressed. I thank the hon. Gentleman for his intervention, for securing this debate and for giving us the chance to make our comments.

Although I support the principle of a maximum wage, I have concerns about how we would introduce one without its having a detrimental effect on our competitiveness. We must ensure that we raise wages in a way that enables companies to progress. I believe that that can happen. We have seen some small changes in the past few weeks and months. It is important that we enable people to achieve as much as they can. We cannot allow a maximum wage to result in complacency about raising bottom-level wages.

The United Kingdom, and Northern Ireland in particular, must compete internationally. We need big businesses to draw in investment as well as the best and the brightest. We must create jobs by attracting people willing to set up corporations. The last thing we want is to deter those people on the basis of a superficial narrowing of inequality, so any reform must bring about substantive social and economic effects. It must increase the lowest wages in a company, or at least make earnings proportionate to the lowest earner in the corporation.

The hon. Gentleman said that the average FTSE 100 chief executive officer is now paid 143 times as much as their average employee. In 1998—that does not seem so long ago for those of us of a certain vintage—the average was only 47:1. The increase from 47:1 to 143:1 in 17 years has resulted in a massive disparity. Average wages are not increasing, even in companies run by CEOs earning 143 times their employees' wages. Those companies evidently have money in excess, but still there has been little or no change in average wages, and there is only a marginal chance that they will increase.

Last October, the Business Secretary granted powers that were supposed to require a firm's remuneration to its executives to have the support of 50% of its shareholders. However, they failed to cap the maximum salaries going to executives, and they did not prevent the pay of the average FTSE 100 chief executive from increasing by £600,000 between 2012 and 2014. In contrast, figures from the Office for National Statistics show that the average pay in the UK is £26,500. A worker in a full-time job earning the hourly minimum wage of £6.31 would get an annual salary of just £13,124. I believe, as the Prime Minister said today, that we need change. We need business to pay more to those at the lower wage levels.

I am curious about why, in the space of less than two decades, such a monumental rise has occurred. It is not surprising that the everyday worker is discontented and looking for us to take action. That is why this debate is being held. The High Pay Centre has called for a debate on more radical measures to address the widening income discrepancy in the United Kingdom.

Mr McKenzie: The hon. Gentleman asked why the difference has increased so much in the past decade or so. Could it be that there is a bidding war for chief executives, with each company bidding more to attract a chief executive to stay for a minimum number of years before they move on?

Jim Shannon: It is always hard to speculate on the reasons, but chief executive officers are much sought after—and yes, there does seem to be a bidding war. Unfortunately, in that bidding war those in the company who do the hard work and get their hands dirty are being left behind, and that greatly concerns me. At the very least, we need to acknowledge what is going on in order to open a discourse on solutions, whether they be the national maximum wage or an alternative.

In conclusion, I urge the Minister to consider the fact of inequality, shown by all the figures that we have heard and will hear in today's debate. On top of that, when we consider a maximum wage to decrease the gap between the highest and lowest earners, we should also think about the prospect of decreasing the gap through bringing the bottom range up. I believe we have a duty to be compassionate and a responsibility to ensure that those in the bottom levels have their wages increased. Again, we must tread carefully. We have to address this social grievance and take it seriously, but we must also be ambitious in doing that in such a way that the United Kingdom of Great Britain and Northern Ireland is still seen as a place for fruitful investment and business prospects.

I thank the hon. Member for Inverclyde for bringing the matter forward for consideration. I apologise to you, Mr Streeter, to the shadow Minister and the Minister—my phone has been going like nothing ordinary; I am being summoned to vote in the Bill Committee. With your agreement, Mr Streeter, and that of the shadow Minister and Minister, I beg leave to retire.

Mr Gary Streeter (in the Chair): Thank you for coming.

3 pm

Mr Iain Wright (Hartlepool) (Lab): May I begin by saying how good it is to see you in the Chair, Mr Streeter? I am very pleased to have you presiding over our proceedings this afternoon. I particularly want to thank my hon. Friend the Member for Inverclyde (Mr McKenzie) for securing the debate, and also my hon. Friend the Member for Coventry South (Mr Cunningham) and the hon. Member for Strangford (Jim Shannon) for their contributions. I also thank the hon. Gentleman for his usual courtesy in telling us about his commitments elsewhere on the parliamentary estate.

I pay my commiserations to the Minister for having to deal with this debate at the last possible moment, having had it transferred at the 23rd hour from Treasury Ministers. Presumably Ministers at the Treasury are

recovering today from their £15,000-a-table black-and-white fundraising ball—nothing to do with Newcastle United, I understand—where lucky recipients had the chance to bid to go shoe shopping with the Home Secretary or for a meal at the Carlton club with the Culture Secretary. Personally, I would rather go for a pint with the Culture Minister who is in the Chamber today. Alternatively, perhaps Treasury Ministers are engaged with tackling the issues of HSBC and the collusion with its clients over tax evasion.

I deliberately make those two points, not for cheap party political point scoring, but because they touch on an important theme in today's debate, namely a growing inequality in society. As my hon. Friend the Member for Inverclyde said, how can it be either morally fair or economically efficient that there is a widening gulf between working people in Inverclyde, Strangford or Hartlepool, who have seen their pay cut and living standards fall, and people at the top of business—often financial backers to the Conservative party—who have seen their rewards grow exponentially and disproportionately and their tax bill fall over the lifetime of this Parliament?

Since this debate started 33 minutes ago, the average FTSE 100 chief executive has earned £297. That seems an astonishing amount of money in such a short time. In 1980, the median pay of directors in FTSE 100 companies was £63,000. At that time, the median pay across the country was £5,400. The ratio of executive pay to the average wage some 35 years ago was 11:1. In 2013, that ratio had moved to 130:1. Despite the Government's reforms—to which I will refer later, as will the Minister, no doubt, in his response—the annual Manifest/MM&K directors' total remuneration report estimated that pay received by the average FTSE 100 chief executive increased from £4.1 million to £4.7 million in the year following the reforms.

In contrast, as was touched on very well by my hon. Friend, one in five workers—that is, more than five million people—earn less than a living wage, up from 4.8 million in 2012 and 3.4 million in 2009. Almost a quarter of north-east workers—I speak as a proud north-eastern MP—and nearly half of all part-time staff are not being paid a living wage. Regrettably, my constituency has the largest proportion of jobs paying less than the living wage in the north-east, at 34.7%. More than 5 million people do not earn a decent wage. People are trapped in low-paid, insecure jobs; of employees earning the minimum wage for five years, one in four—the highest proportion since records began—have been unable to move out of that low pay for all of that period.

It is striking that the people most likely to be in poverty in Britain in the 21st century are those in work. No one can honestly suggest that the economy is working well or as productively as it could be when that is the case. This country will not achieve our vision of a highly skilled, well paid and innovative work force, ensuring that the benefits of economic growth are enjoyed by all in work, if we continue down the present path. My hon. Friend hit the nail on the head when he said that trickle-down economics is a fallacy. The taxpayer is having to subsidise, through tax credits and other parts of the welfare state, the failure of many firms to pay a decent wage. It is estimated that the cost to the Exchequer, in terms of spending on in-work benefits and lost tax revenue, is almost £3.25 billion a year. The loss of the real value of the minimum wage over the lifetime of this

Parliament has cost taxpayers an additional £270 million in extra public spending. That cannot be right. The state should not be paying for the failures of the corporate world.

The Government introduced new regulations for executive pay in 2013, and no doubt the Minister will want to talk about those. Shareholders now have a binding veto over company executive pay policy. The regulations require companies to provide greater transparency—for example, by reporting the ratio of average percentage change in employee pay compared with the percentage change in the chief executive's pay. However, I would question whether the Government's reforms are having the intended effect.

It is true that several companies, such as Burberry, Kentz and BG Group, have had to revise executive remuneration in the face of shareholders' votes, but will the Minister confirm that less than 1% of all relevant companies have seen shareholders reject pay proposals? No doubt the Minister might respond to that point by saying that that proves the system is working, because it encourages companies to talk in advance about their remuneration packages to their shareholders, thereby promoting greater dialogue. However, I would question that argument. Professor Peter Wright—no relation of mine—of the university of Sheffield, in a report, "CEO pay and voting dissent before and after the crisis", concludes:

"The government has promoted shareholder activism as a key mechanism for restraining corporate excess and securing the long-term health of the UK's biggest firms. But our results suggest that any expectations that the recent changes to give shareholders a binding vote on directors' pay will have a big impact may be sorely disappointed."

The Minister must be concerned that, as the economy improves, the practices and trends of the past 30 years will be entrenched once more, so that executive pay continues to run out of kilter, at odds with the performance of the company and far in excess of the remuneration of the rest of the work force. As my hon. Friend rightly said, I do not think anybody is suggesting that talent is not required to run a big company, and if the chief executive, along with the board and all the rest of the work force, produces good results, those benefits should be shared. However, the pay of chief executives is now out of kilter with the performance and share prices of big companies. It cannot be right that pay and performance is so misaligned.

On that basis, given this important debate, will the Minister pledge to go further, not only on the narrow issue of executive pay, but on the fundamental matter of corporate governance? How will he ensure that the rules of the market and companies are aligned to ensure that we see companies creating value for the long term, not extracting value for an immediate boost at the expense of long-term productivity gains? Will he pledge to ensure that employees have much more of a say in the strategic direction and corporate governance of a company by, for example, ensuring that workers sit on remuneration committees to scrutinise and hold to account the pay packages of top bosses?

Will the Minister also ensure that low pay is tackled? I fully agree with the hon. Member for Strangford—who has now gone to fulfil his Bill Committee responsibilities—that we need to tackle wage inequality, but ensure that we do not bring executive pay down at the expense of

[Mr Iain Wright]

low pay. We need to make sure that lower pay is boosted, so that the situation for low-paid workers is enhanced. Will the Minister agree to our proposal of a “make work pay” contract, so that firms that sign up to become living wage employers in the first year of the next Parliament will benefit from a 12-month tax rebate of up to £1,000 for every low-paid worker who gets a pay increase? Will the Minister agree with Labour’s proposals to bring the minimum wage closer to average earnings, setting the Low Pay Commission the target of boosting it to 58% of median earnings? That would mean that it was £8 by the end of the next Parliament, ensuring that workers on low pay got a £60 per week boost, or £3,000 more a year.

This important debate relates to what companies do, how they act in society and what makes them successful. Britain is great, and we have some of the most creative and hard-working people anywhere in the world, but it cannot be right, in a moral society or a productive economy, that the rewards for the few at the top are distorted at the expense of the majority, while far too many workers cannot have a secure, dignified job that pays the bills.

I respect the Minister, who often has to respond to debates that are not part of his brief, but he must accept that the Government’s response in this Parliament to wage inequality has come far too late and been far too lacklustre. In their remaining days in office, I hope he will address that, set out where his Administration have gone wrong and acknowledge that we will need a Labour Government in 85 days’ time if we are to tackle wage inequality.

3.11 pm

The Minister for Culture and the Digital Economy (Mr Edward Vaizey): It is a great honour to appear under your chairmanship, Mr Streeter. I thank the hon. Member for Inverclyde (Mr McKenzie) for calling this important debate. I am grateful for the contributions from the hon. Member for Strangford (Jim Shannon), who explained why he could not remain in his place, and the hon. Member for Coventry South (Mr Cunningham).

I congratulate the hon. Member for Hartlepool (Mr Wright) on his reasoned response on behalf of the Opposition. Of course, I cannot resist echoing the comments of his predecessor, Lord Mandelson, who said, while in government, that the Labour party was “intensely relaxed about people becoming filthy rich”,

which perhaps provides some of the context for the debate. Indeed, those comments were echoed by the Labour party’s education spokesman, the hon. Member for Stoke-on-Trent Central (Tristram Hunt), who went on television on Sunday to talk about how the party was “aggressively pro-business”, because it may unwittingly have given the impression over the last few weeks that it is opposed to businesses and keen to burden them with regulations.

When Lord Mandelson was in government, the ratio of top pay to average employee pay increased from just 47:1 in 1998 to a peak of 151:1 in 2007. I am pleased to say that it had fallen back to 121:1 by 2013. That reflects the fact that the average total remuneration awarded to FTSE 100 CEOs fell by 5% in 2012 and by a further 7% in 2013.

Those cheap party political points aside, may I say that I have a lot of sympathy with the framework of this argument? We live in a civic society, and it is important people feel that they are part of a community, that they will be rewarded for the work they do and, just as importantly, that people are not remunerated for work in a way they perhaps do not deserve.

Philosophically, it is important to reflect on how public opinion views very high pay. For example, the football fans among us might not baulk too much at the pay of a top striker, defender or even manager in the premier league; indeed, some fans might say that any pay is possible, as long as the team gets the best person. However, that view is balanced by the fact that, to a certain extent, a footballer or other sportsperson has nowhere to hide; they are paid according to their performance on the pitch, and we can all assess that, so they are as vulnerable as anyone else to being dumped unceremoniously when their performance falls short. However, when we see some top executives being paid significant sums—or, even worse, leaving a job with a significant golden farewell—that sometimes impinges on our sense of fair play.

I say that because I am conscious of the fact that the Government have made efforts to reflect some of the public’s concerns. Indeed, the debate takes place against the background of significant allegations against HSBC about running a tax evasion operation. It also takes place on the day the Prime Minister has rightly sent out a message to chief executives that they should share the proceeds of growth and reflect in the wage packets of the people who work with them the fact that the economy is now growing.

Mr McKenzie: The Minister mentions the revelations about HSBC in the last few days. Is that not a prime example of people taking excessive risks in pursuit of that elusive excessive pay?

Mr Vaizey: I know only what I have read in the papers, so I hesitate to extrapolate too much from that case. However, if those allegations are proved correct, I hope the appropriate consequences do follow. It sometimes astonishes me that the behaviour of some companies—happily, they tend to be the exception rather than the rule—does not reflect their place in civic society.

Where and how should the Government intervene? The Government do not believe in blanket regulation of high pay through, say, a maximum wage. Companies and their shareholders need the flexibility to negotiate outcomes that work for them. However, we can force greater transparency on companies in terms of how they remunerate their top executives, and we can also give those who invest in such companies the power to demand simpler, more long-term pay structures—the long term has been mentioned in a number of contributions.

We have acknowledged that directors’ pay has gone up in recent years, while the link to companies’ performance and the wages of those who work in those companies has grown weak. I repeat that that damages the long-term interests of business, and it is right that we see that as a market failure and address it.

The Government’s reforms have been alluded to. The tone suggested that they were good first steps, but that they perhaps did not go far enough. Let me set out exactly what we have done. The new regulations came

into force in October 2013. They create a more robust framework for the setting and reporting of directors' pay. They have boosted transparency so that what people are paid is clearer and easily understood. They have also given shareholders the power to hold companies to account by calling for binding votes. We want to restore a stronger, clearer link between pay and performance and to address the culture of reward for failure.

Our reforms require companies to report the ratio of the average percentage change in employee pay to the percentage change in the chief executive's pay. That should allow shareholders to understand whether pay increases apply proportionately to all employees or only to those at the top. Our reforms also mean that companies must report on how the pay and conditions of employees inform directors' pay, whether companies have sought the views of their work force and, if so, how those views were sought.

We are monitoring the impact of our reforms. Most fair-minded people would agree that it is early days. Our focus is on understanding how companies have applied the regulations in the last couple of years. What trends can we see in remuneration packages? How have shareholders responded in terms of voting and engagement? We will publish the findings from that analysis shortly, and we will look to see whether we can draw any policy conclusions. When we implemented these policies, we always made it clear that we would keep them under review. What we know from the evidence available at the moment is that companies are responding to shareholder expectations. There are positive signs of restraint on the level of directors' pay, and many companies have simplified their remuneration policy and linked it more closely to measurable performance over—crucially—a longer period of time.

Of course, the media will report rising pay. Sometimes that reflects previously agreed pay awards. What matters to the Government is the pay now being awarded under the new regime. As I mentioned earlier, the pay of the FTSE 100 CEOs has fallen significantly in the past two years. I gather also that statistics show that about a third of FTSE 100 CEOs and executive directors received no salary increase last year. It is our view that the reforms have begun to bring about a step change in transparency and that companies set out their future pay policies in much more detail than before.

Mr Iain Wright: I think that the Minister is being deliberately precise in his language when he talks about

chief executives' salaries not going up. Has he considered their total remuneration? Is he concerned that, although basic salary may be falling, executive pay is going up disproportionately through share options and vesting rights?

Mr Vaizey: The reason why we focus on salary is that often the bonus is linked to salary as a percentage; if shareholders have a say in the salary of the CEO, they in effect have a say in the bonus. Clearly, shareholders will also have views on the level of the bonus that is linked to the salary. The crucial point is that we want more transparency.

As I said earlier, I believe that shareholders are engaged more proactively in the remuneration package of CEOs. For example, Aberdeen Asset Management clarified the extent of arrangements to limit payments in lieu of notice to departing directors because shareholders were concerned about the potential for rewarding failure. Furthermore, Imperial Tobacco was forced to clarify the fact that it would not give a golden hello to a newly recruited director and capped the level of the package for that director, with reference to previous salaries and policies. [*Interruption.*]

Mr Gary Streeter (in the Chair): Order. There is a Division in the main Chamber. Unless the Minister can wrap up in two minutes, which he may not want to do—and that is fine—we should adjourn and come back in 10 minutes.

Mr Vaizey indicated assent.

Mr Gary Streeter (in the Chair): The Minister is happy with two minutes.

Mr Vaizey: I think we have had a good debate. There are other important issues, such as remuneration committees, the Labour party's "make work pay" policy and the minimum wage, but I hope I have been able in the few minutes I have been on my feet to show that the Government take the issue seriously. We believe we are making progress. There will always be the opportunity for the Opposition to tell us to go further, but—ironically, given the title of the debate—we are perhaps finding more common ground than people might have anticipated.

3.22 pm

Sitting suspended.

Town Centre Regeneration (England)

4 pm

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I do not want to be too alarmist, but town centres in this great country of ours are in danger. They are threatened by all sorts of forces: not exactly evil forces, but forces of change. If we do not adapt to that change, the nature and vibrancy of our communities in towns and cities—I am talking particularly about towns in this debate—will be in great danger.

I will go through the dangers first, because the situation is not entirely bleak. The fact is that people today are changing their habits, as they have over the generations. They are changing now to a pattern of retail shopping online. Everybody I meet says, “Of course, I only do it in extremis,” but when they are under the stress of Christmas shopping or a late birthday or anniversary, they go for the online option. Online shopping is with us, it is growing and it will become more dominant as time goes on. It is no good wishing it away; it is happening. That is one danger. Many shops may find that they are not viable because they are competing with the online option.

Another danger that has been with us for some time is the big supermarkets. The mega supermarkets want to sell everything: wine, food, clothing, white goods. When I was a lot younger, one went to a supermarket for food shopping. Now, supermarkets want to sell everything. In pursuit of market dominance, they take away custom from the small and medium-sized businesses, which are at the heart of communities and make town centres vibrant and enjoyable to visit.

There are other problems. Many small shops have been driven out—I know that as the Member of Parliament for Huddersfield, which is the heart of the woollen and textile area in Yorkshire. We know about the retail market in clothing; we know that many low-cost traders have come into the market, usually selling clothes manufactured in low-cost economies thousands of miles away from this country. Low-cost shops, certainly in women’s fashion but also in men’s, are making life difficult for smaller retailers. Wherever we look, we see threats to a vibrant town centre.

I do not want to give the impression that all vibrant town centres are about shopping. They are about arts and culture as well as convenient health facilities so that people do not always have to go to an outlying hospital but can go to a clinic. They are also about good libraries, theatres and having the option to have a lovely coffee in a variety of shops.

There are some problems with that vibrancy. A couple of years ago, I looked at all the little town centres in my area. Huddersfield is the main town centre, but we have a number of smaller locations. When we did a bit of research, we found—the hon. Member for Colne Valley (Jason McCartney), my next-door neighbour, will agree—that if a smaller town centre can retain a certain number of crucial shops, it will often survive and thrive. When we did our analysis of 15 little town centres around Huddersfield, we found that the crucial difference was retaining a baker and a butcher. If a town retained those, it had an anchor for other little shops around it.

What makes a vibrant town centre is almost indefinable, but it can be analysed using quite scientific methods. You must remember, Mr Streeter, that a long time ago I trained as a social scientist, first as an economist and

then as a sociologist. We can study how human beings interact and where they enjoy meeting socially and culturally. There is a mix. I know I am in a nice town centre when there is a range of interesting shops and places to eat or have coffee or a glass of wine, or when I can wander into a nice library or art gallery or pop into the local theatre. I am in a nice town centre if I can do all those things in an aesthetically pleasing environment rather than a great 1960s cement innovation—although there are some, such the Barbican, where I used to live, that I am quite fond of.

In Huddersfield, we have 1,001 listed buildings; in Greater Huddersfield, we have about 3,000. We have wonderful architecture—what an asset that is—but it is much nicer if that architecture has flowers and ornaments in summer, and nice lighting in the winter. We know what makes a beautiful town centre: aesthetic factors, as well as retail and cultural ones.

Huddersfield is still a town. Some people argue that it is the largest town. That is not true, although it is a very large town; if Kirklees had been called Huddersfield, we would have been a city. I inform hon. Members that we now have a Bishop of Huddersfield, so we are becoming even more significant as a town. We are also a university town. Any town or city in this country that does not have an institution of higher education is not in the top league of towns and cities. I am sorry for places, even in Yorkshire, that do not have a university, such as Doncaster, Wakefield and Harrogate. If a town does not have a higher education institution, usually a university, it is likely not to have the vibrancy that it needs.

Mr Robin Walker (Worcester) (Con): The hon. Gentleman is making some excellent points. He mentioned aesthetics, culture and all the things that can make our town centres great. I have a university in my constituency in Worcester that has been one of the fastest-growing in the UK and has contributed to the city’s getting a fantastic new library shared between the city and university. It has also contributed—this is an issue that he has not yet mentioned—to an improvement in our sports facilities, including a fantastic wheelchair basketball arena in Worcester city centre. Does he agree that universities have much to offer the life of our cities and town centres?

Mr Sheerman: I take that point very positively; it is exactly what I am driving at, if a town has a university that is willing to share facilities, which is an important proviso. Also, a lot of universities are slightly out of town, but those that have wisdom involve themselves more and more in the life of the city centre. I will not make a party political speech in this debate, but we know that large cuts have been made to local government up and down the land. That is a fact of life. In Kirklees and Huddersfield, we are paring back almost to the statutory minimum even on education and schools, but also in cultural affairs such as libraries, theatres and art galleries. I am not saying that all of those in Huddersfield are in danger, but they are certainly being considered at present.

Without those things, a town centre becomes impoverished. On the one hand, there are real commercial factors—a change in retail patterns—that are affecting town centres. On the other hand, there is no doubt that there are real changes in what local government delivers,

and in the balance between what local and central Government deliver, and what other bodies deliver. That area is an important challenge for the future.

In my constituency, we have recently had a real problem in evaluating the free bus that operates in the centre of Huddersfield. It is an amazing bus—for some parts of the day it is for students, and for others it is for older people, including “Twirlies”. I hope that you have Twirlies in your patch, Mr Streeter. They are the people who have a bus pass that does not start until 9.30 am but they come at 9.15 am and the driver says to them, “You’re too early”. I did not know that until I went on the Huddersfield free bus myself.

The free bus is vital for people who need transport, including young people with children and buggies. It is an essential part of the life of our community. However, there was a possibility that local government funding for it would end. What local government has done, with a whole group of local businesses, including retailers, is to go out and see whether we can fund it in a different way—turning it into a social enterprise, for example, so that we can give ownership of it to people and it becomes “our bus”, rather than the bus that somebody else is providing. Indeed, we can improve the service by adding a park and ride scheme and other things. We are well on our way with that process in Huddersfield.

Alternatives are what we need for the future. As some Members know, I am passionate about crowdfunding and crowdsourcing; I chair the Westminster crowdfunding forum. In a sense, we have been liberated in respect of how we can expand the social sector of our vibrant towns and cities: we can use crowdfunding to raise money and increase involvement. That involvement is important, because it is not only the money that matters; it is the ownership and involvement of people that social ownership can bring. We have seen some very good and innovative processes coming through.

Jason McCartney (Colne Valley) (Con): I thank my hon. Friend—I will call him that—for giving way and congratulate him on securing this important debate. As we may hear from the Minister, Mary Portas reported on our high streets and emphasised the need for local businesses to provide specialism, service and quality. As my hon. Friend knows, in my patch we have Hinchliffe’s farm shop and restaurant in Netherton, and Bolster Moor Farm Shop. Both are heaving, because they offer that specialism, quality service and free parking, which is so important if people are to access shops. Will he join me in saying “Good luck” to the newly rejuvenated Milnsbridge Business Association, which is meeting next Thursday for the first time? It realises the importance of good parking and access in the centre of Milnsbridge.

Mr Sheerman: I am very grateful to my hon. Friend—I will call him that as well—for that intervention; you can see, Mr Streeter, that we work very well together, across boundaries, in the Huddersfield and Colne Valley area.

My hon. Friend is right to mention parking; any analysis of a lively town centre must include analysis of parking, including park and ride schemes. Parking must be identifiable; so much about parking is pretty mysterious. We found that good signposting—including about who is in charge of car parks, what the rates were and what the likelihood of being towed away or fined was—helps. Good parking access is very important and he makes a good point by mentioning it.

Business rates are also important. The Business, Innovation and Skills Committee produced a very good report on high streets, which it said were severely hampered by an unfavourable business rate system. It recommended that the Government review that system, including considering whether taxes for retail businesses should be based on sales and not property; whether retail businesses should have their own forms of taxation; and whether business rate revaluation charges should be made at a different time.

In so many town centres now, so many shops are empty; they are vacant and boarded up. It is dismal when a row of shops in a street are closed. Personally, I like charity shops although not too many of them in one place; we need a balance in the number of charity shops. Like many Members, I have worked in a charity shop to give the charity some publicity.

I am afraid that I am coming out with some pet hates, but I hate takeaway shops. If they are allowed without proper planning permission, there can be a whole row of them. One thing about takeaways is that they are dead during the day; they have horrible aluminium covering or security blinds. At night, they open up for those out socially or near nightclubs. If there are too many of them in a town centre, they become a very unpleasant feature. I have a big Poundstretcher warehouse in my constituency, but I have to say that too many pound shops—low-cost, pound-style shops—in one area also blight a town centre. Furthermore, if they are like Poundstretcher, what and how they pay their employees bears some scrutiny.

Having too many takeaways or too many pound shops is a problem, as is having too many bookies. We all know the campaigns against fixed-odds betting, through which people can lose their savings in an afternoon. I have joined the throng in calling for regulation of such betting.

Having said what I dislike about some aspects of town centres, I know that the balance has got to be right. Good amenities have to be included. In my constituency at the moment, we have a campaign to save our libraries and our theatre. Again, we are looking at new options, including encouraging social enterprise.

I am going to say something nice about the Government; I know that the Minister will be very alert when I say it. Something that came through in the autumn statement, which we had lobbied very hard for, was an improvement in the inducements for social investment tax relief. The Chancellor of the Exchequer was very positive in reacting to our lobbying and the social investment tax relief has been raised to a much higher level. That means that there is more opportunity for people to invest in social enterprise. On the one hand, people on the higher tax rate can invest in social enterprises in their town centres; on the other, crowdfunding can be used. All this activity becomes more possible.

Of course, under any Government we will have to redesign our town centres and reconsider what they are. They are the heart of our community and the mark of a civilised society, and we must support our small retailers and other small businesses. Let us make sure that the town centres of the future are dominated not by the large, but by the small, the various and the exciting.

4.17 pm

Simon Danczuk (Rochdale) (Lab): Thank you, Mr Streeter, for calling me to speak. I also thank my hon. Friend the Member for Huddersfield (Mr Sheerman); what he says is always inspirational. I will keep my remarks brief, so that the Minister and any other Members who wish to speak have time to contribute.

The point has already been made that town centres are exceptionally important; they are the heart of our communities. I will briefly use Rochdale as an example. The first co-operative shop in Rochdale is still there on Toad lane. There is a fantastic town hall and other fantastic architecture in the centre of Rochdale. There are two shopping centres: the Exchange, which does very well, and the Wheatsheaf, which is less well managed and needs a lot of attention. We also have colleges and leisure centres, which have already been referred to. My hon. Friend made the point that town centres are now very much about a leisure pursuit; there has been a real change. However, there are challenges, as he said, particularly in relation to online shopping. Having said that, Rochdale Online department store—which is an internet news hub that works with independent retailers so that they can offer their goods online in Rochdale—is a fantastic innovation.

The night-time economy is another challenge. It now starts very late into the night, if not in the early morning. I went round a couple of pubs on Saturday evening in Rochdale—I went to the Roebuck, the Reed hotel, the Spread Eagle and the Regal Moon—and really understood what the night-time economy is about, but there is a lot more to be done.

Mr Robin Walker: The hon. Gentleman mentioned the night-time economy and he is making a good point. Does he agree that one of the things we can do to strengthen our town and city centres is to ensure that the gap between the daytime and night-time economy is broken down? One of the things that shops and shopping centres can do to help is look at their opening hours, to try to ensure that the time that people are socialising and shopping in the early evening runs into the night-time economy more effectively.

Simon Danczuk: That is an excellent point. The early evening economy is just as important, because it connects everything together and makes for a safer place to be.

Councils have a critical role to play, and I am pleased to say that recently Rochdale has been much more innovative: free parking for three hours is being introduced and there is a new business rates scheme to help to fill empty shops. However, central Government have to play their part. I have concerns about the national planning policy framework, which I do not think puts the town centre first. The Association of Convenience Stores found that 76% of new retail floor space created since the NPPF came in has been out of town. Business rates revaluation has been a failure for northern towns in particular and the Government have failed fully to act on the Mary Portas recommendations.

Whoever is in Government next time needs to have a better strategy. We must listen less to the bigger players, such as the supermarkets, and we need to get local government doing more.

4.20 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Penny Mordaunt): I congratulate the hon. Member for Huddersfield (Mr Sheerman) on securing the debate and I thank all hon. Members who contributed to it. They are right: if high streets are to remain at the heart of our communities, they need to be vibrant and viable places where people can live, shop, use services and spend their leisure time both during the day and in the evening.

Successful towns and high streets are adapting to the changing needs of their customers. A recent report by the university of Southampton found that a growing convenience culture and the night-time economy have been important for the resilience of the high street. The review also suggested that the long-term shift to more leisure, health and beauty services will continue.

Successful high streets are also making use of online retail. Britain leads the way in click and collect, with 35% of online shoppers using self-collect, and that figure is set to double in the next three years. According to John Lewis, 56% of its online shoppers opted for in-store collection during last year's Christmas period. All that helps drive footfall.

The Government are committed to helping our high streets, but the vision, plans and ideas for town centres must come from the local areas themselves. We have taken forward a range of measures that will help. We announced in the Chancellor's autumn statement a further £650 million of support for business rates bills in England. We have also given local councils wide-ranging powers to grant business rates discounts. With business rates retention, councils now have a strong incentive to invest in the future of their town centres. Central Government will meet 50% of any costs of any local discount granted. We have also announced that we will review the future structure of business rates by 2016.

To help small businesses, we have extended the doubling of small business rate relief for another year. To help tackle vacant properties, we have introduced a new reoccupation relief, halving business rates for 18 months for businesses taking over a long-term empty retail property. We have lifted planning restrictions to help high streets be more flexible and encourage reuse of redundant office and retail space. We have also recently consulted on further changes, which include controlling the spread of betting shops and payday loan shops.

We all know how important parking is, as my hon. Friend the Member for Colne Valley (Jason McCartney) mentioned in his intervention, and we are introducing a range of reforms, including stopping the use of CCTV for parking enforcement except in limited circumstances.

Corporation tax was reduced to 21% in April last year and will fall to 20% in April this year. We are also easing the tax burden on small shops. Every business and charity is now entitled to an allowance against its national insurance contributions bill each year. More than 90% of the benefit of that allowance goes to small businesses with fewer than 50 employees, including small shops.

Retail is one of the major employers of young people and we have made such employment cheaper by cutting employer contributions for those under 21. We will continue to take the opportunities where we can to help at a national level, but everyone needs to play their part.

Businesses large and small, local government and, as the hon. Member for Huddersfield rightly pointed out, the community and the third sector all have a role to play. We have funded more than 360 town teams, including the Portas pilots, and put their ideas into practice. They have delivered many significant successes and the focus now is on building on that and helping other areas to learn about what works.

Business improvement districts are a successful model of how local businesses can work together to lever greater funding for their town centres. We have set up a loan fund to help with start-up costs and legislated to create property owners BIDs. We are also taking forward new measures to strengthen the role of BIDs and give them more powers locally.

Every council should be able to deliver sensible savings while protecting front-line services for local taxpayers. We urge all councils to work with their local town teams and BIDs to identify where they can make the most difference. Many councils are already playing a leading role in their town teams, providing financial and management support. Councils can also look at more targeted support. I point the hon. Member for Huddersfield to the examples of Peterborough council and Cannock Chase council, which have done a tremendous amount of work in this area.

I was pleased to hear the hon. Gentleman focus on social enterprises and community organisations, which have a key role to play. I know that they do much in his constituency, including looking at taking over the free town bus service. Community groups can organise to take control of key community assets or deliver projects that benefit their area.

We understand that it can be difficult to access the finance needed to start or sustain such projects over the long term, so we welcome initiatives such as the forthcoming power to change programme, which no doubt the hon. Gentleman will have heard of, which will use a £150 million endowment from the Big Lottery Fund to provide funding and support to existing and new community businesses. Power to change has already met with the future high streets forum to look at how they can support high streets, town centres and libraries.

Mr Sheerman: Does the Minister agree that whoever is in charge—councils take much less of a lead role in many towns—we need good design, long-term thinking and to appeal to the older age group, who need cover in

all weathers when they go shopping or out to the town centre? Design is at the heart of so many of these challenges.

Penny Mordaunt: The hon. Gentleman is absolutely right. As well as consolidating the work that we have done with the Great British High Street in exchanging good ideas and buddying one area with another to help people to get out of the blocks faster, we have also been concentrating on areas that have been in the “too tough” in-tray for too long. He might like to talk to the hon. Member for Nottingham North (Mr Allen), who is one of a number of colleagues for whom we have put together a bespoke package, including an event that will help design the plan for his local high street. I would be happy to replicate that support in his area if that would be helpful.

The hon. Gentleman is right that everyone has a role to play and social enterprise is a key part of that. In other parts of my portfolio, and in working with local enterprise partnerships in particular, we have really been pushing that agenda by ensuring that such enterprises have representation on the board and that they are focused on all the opportunities in their sector. He is right that crowdfunding is a fantastic way to access finance. The Government now fund the community shares unit and a pilot site that helps communities issue community share offers. The site also provides advice on good practice and it is supporting the roll-out of a sector-led quality assurance mark.

More support will be available and work that the future high street forum has been undertaking will be published before the end of the Parliament. I point the hon. Gentleman to the Great British High Street portal, which contains a huge amount of support and advice for traders and all who have a role to play in making our town centres and high streets vibrant. My Department stands ready to provide whatever support he needs.

I thank the hon. Gentleman not just for the positive tone that he took to some of the initiatives that the Government have been pushing, but for his recognition that tremendously creative people are looking after our high streets. They have achieved an enormous amount in the past few years. The public value our high streets. He is right that they are more than just places to shop: they provide a social network, support and so much more that enhances our quality of life. I thank him for securing the debate and for enabling us to air those issues this afternoon.

Trading Standards and the Green Deal

4.30 pm

Chloe Smith (Norwich North) (Con): I recently received an e-mail from a constituent, which stated the following—*[Interruption.]* I will let the Minister take his place, because there is a word in this e-mail that will shock him to his core, as it shocked me. My constituent said:

“At 12.55 I dashed to the telephone to hear a cheerful voice announcing that he was speaking from the ‘Energy Awareness Centre’ to advise me of the government’s free energy schemes.

I informed him that I was fed up with these unwanted calls, that I was on Telephone Preference Service, and that I had written to my MP...to complain about this matter. He replied ‘And what do you think she is going to do about that, you T-W-A-T.’

I put the phone down and thought that I would address his question to you.

These are supposedly government schemes which are being promoted at considerable cost and nuisance the public. Could you please ask the Prime Minister, or appropriate government minister, what he is going to do to mitigate this nuisance?”

I was as shocked as you are, Mr Streeter, to hear the language reported, and asked myself what I should do. As an elected Member of Parliament, with the right and responsibility to speak on behalf of my constituents—unlike that anonymous and pathetic coward at the end of the telephone—I said to myself, “I shall attempt to repeat that e-mail in Parliament. This will ensure that the Minister is able to take action on a scam-type activity and will also shame the company and its kind.” I want to raise two issues: nuisance calling purporting to relate to Government energy schemes and the actions of one particular company in purporting to sell green deal products to my constituent.

I support the green deal. It is a good scheme that can help households to lower their bills and keep their homes warmer. I have directed many constituents to the services of Norwich city council and Broadland district council for good advice and information on reputable providers, but I will not stand by while rogue traders fraudulently claim to be registered providers of these products and services or while they intimidate residents, who are often elderly and particularly vulnerable to losing precious savings. I would like an assurance that consumers are properly protected from such disgraceful scams, and I hope that the Minister will explain what procedures are in place and what can be improved to protect consumers from such scams.

First, to add a little more detail on nuisance calls, you have heard, Mr Streeter, the worst of what my constituents are having to put up with, although I have not outlined the quantity of calls that that constituent and others receive. Other constituents tell me that they are also being bothered, despite being on the Telephone Preference Service. The TPS website, I noted this morning, has an entire section entitled “Still Getting Calls”, which states:

“On the whole the TPS is very effective. Any reputable company that values its customers and its brand image takes the TPS very seriously.”

However, it goes on to state:

“We are aware that in recent months there has been a rise in the number of unsolicited calls being received by people registered on the TPS.”

The Trading Standards Institute adds:

“GD accredited suppliers must respect ‘no cold calling’ stickers and respect properly established ‘no cold calling zones’.”

I would be grateful if the Minister explained to me—and to my deeply offended constituent, who has borne the brunt of these idiotic calls—what further the Government might be doing about nuisance calling, whether by phone or in person and whether green deal-related or otherwise.

Let me turn to the actions of a company that has taken hundreds of pounds from my constituents. The company is called Tivium Ltd. It is based in Gateshead and has recently touted for trade extensively in Norwich, including by phone. I understand it has also been active elsewhere in the country. Tivium has charged £299 to at least three of my constituents to assess homes for improvements, including new boilers, purporting to be part of the Government’s green deal, but my constituents have been left out of pocket and with no new boiler.

One constituent told me that Tivium advised him after he had paid for the survey and report that he would be eligible for a replacement boiler under the scheme only if he purchased another installation product from the company. His long, disgraceful story includes misinformation, products he did not ask for, misleading assertions and an utterly false cashback promise. He feels ashamed that he let Tivium pass his judgment and “can imagine this plausible salesperson intimidating others with such assertions”.

He would like to know the actions available to him to reclaim money extracted from him on false premises, so I would be grateful if the Minister provided such advice or directed my constituent to where to find it.

Another constituent, aged 82, paid for an assessment by Tivium that never came to pass, and all she is left with is an A4 sheet full of numbers. A third constituent—she has recently lost her job, making the situation all the more difficult for her—paid for two assessments on two properties, putting her out of pocket by £598. She has had “constant excuses”, followed by silence from Tivium. I wrote to Tivium’s managing director on 7 January on behalf of that constituent, and I have received no reply. That is not only discourteous, but the collection of stories is despicable and the situations are tantamount to theft.

To give some context, Broadland district council, via its very capable portfolio holder for environmental excellence, Councillor John Fisher, has given me comparable prices for a green deal assessment. He said:

“We have negotiated with our Providers to charge £65 for the same product/service via the ‘Warm Up Broadland & South Norfolk’ Green Deal Communities scheme. Our main provider charges £95 for a full Green Deal Assessment Report to anyone across the county.”

That puts the prices that Tivium charges in context, but the point is this: a consumer needs their product. If they do not get their product, they have been defrauded or stolen from. I have, of course, reported the firm to trading standards and contacted Stroma, which administers the green deal, for further investigation. Norfolk county council trading standards service has told me that it is monitoring Tivium and that Gateshead trading standards service is investigating the company, which has 84 county court judgements against it. Trading standards advises my constituents to contact the Citizens Advice consumer helpline, which has information available for victims of Tivium. It is also asking some of them to provide witness statements.

The Trading Standards Institute is concerned that “there are other businesses using similar tactics” to Tivium, and I know that it has acted in concert with the Minister’s colleague, the Under-Secretary of State for Energy and Climate Change, my hon. Friend the Member for Hastings and Rye (Amber Rudd), to try to make the issue clear. Tivium would be an example of the Trading Standards Institute’s concern about lead generators having inserted themselves into the supply chain in a way that could encourage mis-selling or over-selling, where consumers have to place heavy reliance on the information given by sales representatives. The TSI and the ombudsman services also express another concern that I am sure the Minister is aware of, which is the gap in protection where those who have an assessment done and take out no further package have no redress via the green deal ombudsman.

As should come as no surprise to any Member of Parliament who seeks to assist their constituents and take up their concerns, I think this behaviour is despicable. It is unacceptable, illicit behaviour that requires the strongest possible response, whether from trading standards or, if sufficient evidence can be gathered, through the justice system. It is not acceptable for elderly and vulnerable people in particular—they may well be considering putting hard-earned savings into good products and a good scheme that should help them to better insulate their home and go greener, which also helps broader society—to be defrauded of their savings and left out of pocket, feeling ashamed and worried that the same could happen again and again if the problem not corrected.

To sum up, I am asking the Minister for three things: first, to explain what procedures are currently in place to protect consumers from both nuisance calls and rogue trading; secondly, to advise me of what action is available to my constituents to reclaim money that has been taken on false premises; and thirdly, to explain his thoughts on what needs to be improved in order to protect the public better from such traders, given that the Trading Standards Institute estimates that similar consumer complaints have gone up by 10% in the past 12 months. I do not want to see more Norwich people insulted, defrauded or ripped off, and nor, I think, does the Minister. I would be grateful for his advice on the three questions that I have posed, and I am confident that he will join me in utterly condemning the behaviour that I have described for my constituents, which I imagine is repeated elsewhere in the country.

4.40 pm

The Minister of State, Department of Energy and Climate Change (Matthew Hancock): It is a pleasure to serve under your chairmanship, Mr Streeter. I am grateful to my hon. Friend the Member for Norwich North (Chloe Smith) for securing this debate on such an important issue. It shows that she is a powerful voice for her constituency, working with her constituents to stand up to those who engage in disreputable and unacceptable behaviour, and that the people of the northern part of Norwich who are treated badly on the phone should expect that their MP will come to their aid and ensure that the company in question is brought to account. It also raises an important issue that, as my hon. Friend says, is a problem not only in Norwich but across the nation.

Whenever we deliver a Government scheme, we think about how it can support consumer interests and how to protect consumers from people who would misuse such a scheme. I will come to the wider issues relating to the Telephone Preference Service, but first I want to discuss the green deal, which is a positive programme. We have had almost half a million assessments, around three quarters of which lead to people either making improvements or planning to make improvements to their properties to bring about energy efficiency savings that can be paid for through the reduced cost of energy bills. It is a successful programme—alongside the energy companies obligation—that is funded through bill payers, and it is rolling forward with a great, regular momentum throughout the country. I am glad that my hon. Friend supports it.

People must be able to use the green deal with confidence and trust, so we have a robust authorisation process for all green deal participants, with a comprehensive monitoring and compliance structure that sets out clearly the roles and responsibilities for all involved. That means that authorised participants must abide by a code of practice and comply with the green deal quality mark, which must be used on the marketing material of all green deal assessors, providers, installers and certification bodies. Organisations that are not authorised to trade as a green deal participant and work outside the framework and code of practice must be dealt with in exactly the same way as any other commercial rogue trader, and the company referred to by my hon. Friend is a rogue trader.

The green deal code and attached conditions state that cold calling telephone numbers that are registered with the TPS because those households do not want to be cold called is not permitted. The TPS is an important part of having a telephone directory and the phone system, because it ensures that people who do not want nuisance calls do not get them. I will come later to the wider issue of nuisance calls.

Where legislation has been breached, it is for trading standards to be the enforcement agency for the relevant consumer protection law and its related regulations. In the past month, the Under-Secretary of State for Energy and Climate Change, my hon. Friend the Member for Hastings and Rye (Amber Rudd), has written to the chairman of the Association of Chief Trading Standards Officers to ensure that appropriate resources have been made available so that cases against rogue traders, particularly those who associate themselves with the green deal, are investigated thoroughly in a timely fashion. We have also sent out a joint communication with the chairman of the Association of Chief Trading Standards Officers to remind green deal market participants that it is their responsibility to uphold the green deal framework and ensure that there is protection for all parties. I am happy to share that information with my hon. Friend the Member for Norwich North and others.

The central point of this debate is that we must deal with companies that purport to be green deal participants but do not abide by the code. My hon. Friend mentioned a number of complaints about Tivium that she has received from her constituents—we have received a great deal of ministerial correspondence, including hundreds of cases throughout the country. It is totally unacceptable. Gateshead trading standards is currently leading an investigation into Tivium’s purported green deal activities. Along with the Financial Conduct Authority, we in the

[*Matthew Hancock*]

Department of Energy and Climate Change are supporting trading standards. I am sure that my hon. Friend understands that I cannot go into that ongoing investigation, but she should be in no doubt that where unacceptable behaviour has occurred, we will do everything we can to stamp it out. We want to protect the green deal's integrity and reputation from rogue traders who have nothing to do with it and are simply behaving unacceptably.

It is worth mentioning that there have been a number of different cases, including one that concluded last month at Cardiff Crown court. The defendants were sentenced under consumer protection and unfair trading regulations for mis-selling the green deal scheme, failure to provide the correct cancellation rights and the unauthorised use of trade body logos. That shows that where organisations behave in such a manner, they will face prosecution. I hope that acts as a strong deterrent going forward and demonstrates that such behaviour is unacceptable.

Chloe Smith: I mentioned earlier that Norfolk county council trading standards told me that Tivium has 84 county court judgments against it, but I did not mention the second part of the sentence, which states that only three have been satisfied. While the Minister is talking about gaining redress through the courts, will he say how redress can be gained once a judgment has been issued and procedures need to be fulfilled?

Matthew Hancock: There is provision in the legislation to ensure that enforcement occurs. I would also add that the Information Commissioner's Office has successfully prosecuted Tivium Ltd, and we are now in discussions about tackling the wider problem. The message from the Government for companies that are engaged in this sort of activity is absolutely crystal clear: "We will come after you, and you will not benefit from ripping off people across the country and purporting to be that which you are not." As my hon. Friend said, it is tantamount to theft to require payment but not deliver anything in return. I can see her argument; she put the case powerfully. The appropriate place for prosecutions is within the structure that has already been set up. My hon. Friend asked what her constituents should do in these sorts of circumstances. Trading standards bodies are the best first port of call. They are co-ordinating nationally to ensure that Gateshead trading standards has all the necessary information.

On the wider issue of the Telephone Preference Service, we are working hard with the Information Commissioner's Office—including meeting this week—to ensure that phone users' rights in relation to the TPS are protected. That is part of a much wider cross-Government action. Last year we put in place the action plan for nuisance calls. We consulted on various options from across Government to tackle the problem of nuisance calls, and we reported in December 2014 on the actions that need to be taken by Government, by regulators, by civil society and by companies. The nuisance calls action plan simplified how Ofcom can share information with the Information Commissioner's Office and the Insolvency Service on rogue companies.

Which? did a review of how consumers agree to receive calls from specific firms: they do not want general cold calls, but do want calls from specific firms. The Ministry of Justice has strengthened regulations regarding companies that breach the rules on nuisance calls, so there is a cross-Government action plan to ensure we are putting in place a robust framework to tackle nuisance calls. I will be happy to talk in more detail about that comprehensive plan, but it is vital that it is taken forward across Government and regulators, and also more broadly, to ensure that the problem is tackled at root.

Chloe Smith: I am aware of the action plan and pleased to hear the seriousness with which the Government take it. Will the Minister reflect on the problem of the ability of unscrupulous firms to call with a name that sounds plausible—for instance, the Energy Awareness Centre, Solar Panels Ltd or some other phrase constructed using familiar words? The name sounds about right, but is absolutely untraceable. The TPS has noted this on its website, where it has advice about how to tackle unwanted calls. Perhaps the Minister will reflect on the traceability question.

Matthew Hancock: I will certainly reflect on it. As with other behaviour that is without the rules, people can be ingenious in attempting to find new ways to break the rules. It is difficult to solve this problem once and for all, but I have no doubt that more action, as set out in the action plan, will help to tackle it. I am sure my hon. Friend will agree that we must keep up the pressure on the nuisance call action plan.

I want to assure my hon. Friend and all Members that we are doing all that we can to make sure rogue traders do not get away with mis-selling on the green deal, and, crucially, do not rip off consumers. There is always more that can be done, but we need to tackle the nuisance calls and such activity in a way that also allows us to promote and enhance the offer to the law-abiding, the responsible, and the companies that provide the green deal. They do so with a social conscience, in the best possible way, to help people reduce carbon emissions and their energy bills. Ultimately, this is an important area of policy to get right, and the public need to have confidence.

Finally, on the point about the names sounding plausible, there is a public list of authorised green deal participants for this specific area, which is searchable online, so consumers can verify and identify companies. The Department is working on making sure that more people know they can verify a green deal provider and check that the people they are doing business with have got a good track record. The internet is a very helpful tool for people to be able to do this in an unobtrusive and straightforward way. I hope that my hon. Friend will also continue to engage in the whole process, which is very important, of making sure that more and more people know who the good traders are. We must promote the good traders as well as tackling the rogue traders, and I look forward to working with her on that.

Question put and agreed to.

4.54 pm

Sitting adjourned.

Written Statements

Tuesday 10 February 2015

BUSINESS, INNOVATION AND SKILLS

British Hallmarking Council

The Minister for Universities, Science and Cities (Greg Clark): Commencement of the triennial review of the British Hallmarking Council (BHC) was announced in Parliament through a written ministerial statement on 9 October 2013 and I am now pleased to announce the completion of the review.

The British Hallmarking Council is a non-departmental public body set up by the Hallmarking Act 1973. With an independent chairman and secretary, its 19 members represent a broad range of interests covering the trade, consumer interest, and the four UK Assay Offices: London, Birmingham, Sheffield, and Edinburgh. The Assay Offices were set up either by statute or charter and are non-profit making organisations that recover their operating costs through hallmarking fees and assay-related services.

The review concludes that the functions performed by the British Hallmarking Council are still required and that it should be retained as an NDPB. The review also examined the governance arrangements for the British Hallmarking Council. The review concluded that the council operates in line with the principles of guidance on good corporate governance set out by the Cabinet Office, but identified opportunities to improve its functions, which were reflected in the stage 2 recommendations.

The full report of the review of the British Hallmarking Council can be found online at: <http://www.gov.uk> and copies have been placed in the Libraries of both Houses.

[HCWS268]

TREASURY

Public Service Pensions Uprating

The Chief Secretary to the Treasury (Danny Alexander): Legislation governing public service pensions requires them to be increased annually by the same percentage as additional pensions—state earnings-related pension and state second pension. Public service pensions will therefore be increased from 6 April 2015 by 1.2%, in line with the annual increase in the consumer prices index up to September 2014, except for those public service pensions which have been in payment for less than a year, which will receive a pro-rata increase.

[HCWS271]

DEFENCE

Counter-IED Equipment: Iraq

The Secretary of State for Defence (Michael Fallon): I have today laid before the House a departmental minute describing a package of surplus counter-improvised explosive device (C-IED) equipment, comprising 1,000 surplus Vallon counter-improvised explosive device (C-IED) metal detectors, which the UK intends to gift to Iraq. Iraq is currently facing a severe threat from IED attacks: the number, scale and lethality of which has increased in recent months.

Additionally, the UK will act as the coalition lead for the planning and co-ordination of all aspects of the C-IED training package for the Iraqi security forces and also deploy a team to Erbil to provide training. The gifting package will complement that programme.

This gifting is part of the UK's contribution to the international coalition to degrade and defeat ISIL. The training team will add to the 560 UK military personnel in the region supporting coalition efforts and building on earlier packages through which the UK has gifted weapons and trained 1,000 Iraqi security forces in how to use them. This is alongside the continued significant UK contribution to coalition air strikes, of which the UK has carried out the second highest to date.

Subject to completion of the departmental minute process, gifting is expected to begin next month.

[HCWS273]

FOREIGN AND COMMONWEALTH OFFICE

Resettlement of the British Indian Ocean Territory

The Minister of State, Foreign and Commonwealth Office (Mr Hugo Swire): I am writing to inform the House of the publication today of the report of the independent feasibility study on resettlement of the British Indian Ocean Territory by consultants KPMG LLP. We particularly welcome the contribution of Chagossians and other interested parties here, in Mauritius and Seychelles, in developing the outcome of this factual study resulting in a credible, comprehensive evaluation of the practicalities and substantial challenges of possible resettlement. This is an important milestone, enabling interested parties with different perspectives to better understand the range of issues affecting any potential resettlement.

While recognising the options in KPMG's report are not exhaustive even for resettlement, the report provides a solid basis on which to begin our policy review. The Government will need to consider carefully the study's factual findings alongside a range of factors, including the history of the territory and its former population, ongoing costs and liabilities to the UK taxpayer, the ability of the military facility on Diego Garcia to operate unhindered and other Chagossian aspirations that do not involve permanent resettlement of BIOT.

I will keep the House updated on developments. Copies of the full report and accompanying annexes can be found online at: <http://www.parliament.uk/writtenstatements>

[HCWS272]

HOME DEPARTMENT

Independent Chief Inspector of Borders and Immigration

The Secretary of State for the Home Department (Mrs Theresa May): I am pleased to announce Mr David Bolt's appointment as the independent chief inspector of borders and immigration. The appointment has been made in accordance with the UK Borders Act 2007 following a fair and open competition. The appointment will be for a fixed term of two years. Mr Bolt will take up post as soon as possible.

David Bolt is currently chief executive of the International Federation of Spirits Producers, an organisation whose purpose is to combat the counterfeiting of its members' distilled spirits. Between 2006 and 2010 he was executive director of intelligence at the Serious Organised Crime Agency with responsibility for knowledge management, tasking and co-ordination and covert collection. He was deputy director-general at the National Criminal Intelligence Service between 2001 and 2006 with responsibility for the corporate governance division.

[HCWS274]

TRANSPORT

Agricultural Tractors and Trailers

The Parliamentary Under-Secretary of State for Transport (Claire Perry): Today I am announcing that I am laying the regulations to increase the weight and speed limits of tractors and trailers on roads in Great Britain.

These changes, which I announced on 17 October 2014, are being implemented by The Road Vehicles (Construction and Use) (Amendment) Regulations 2015. They will take effect from 9 March 2015. Existing limits will apply until then.

From 9 March 2015 an agricultural tractor towing an agricultural trailer will be able to travel at a higher combination weight limit of 31 tonnes, increasing from 24.39 tonnes. The existing trailer limit of 18.29 tonnes remains in place. This change will allow farmers to more appropriately size their combinations as the current outdated weight limit incentivises farmers to use smaller tractors to tow larger trailers. This change could also increase the amount of produce that some farmers can carry in a journey resulting in fewer journeys and thus fewer risks of incidents.

Furthermore, agricultural tractors and agricultural trailers which are currently restricted under the Road Vehicles (Construction and Use) Regulations 1986 (as amended) to travelling at 20mph will be able to travel at 40km/h (approximately 25mph).

These increases, which I expect to create over £57 million a year in deregulatory savings for the farming industry will, when in force, update our regulations to better reflect modern machinery and bring British farmers more in line with their international counterparts.

The regulations, which come into force on 9 March 2015 will complete the first stage of changes. We are also considering further increases to speed and weight limits including to the 18.29 tonnes trailer weight limit to bring further benefits to the industry alongside a roadworthiness test for harvest 2016.

I am publishing a revised impact assessment alongside the regulations. Copies will be placed in the Libraries of both Houses.

[HCWS270]

WORK AND PENSIONS

Diffuse Mesothelioma Payment Scheme

The Minister for Disabled People (Mr Mark Harper): My noble Friend the Under-Secretary of State for Work and Pensions (Lord Freud) has made the following written statement:

I am today announcing an increase to the tariff of payments made under the Diffuse Mesothelioma Payment Scheme which was introduced by the Mesothelioma Act in April 2014. I will shortly bring forward regulations to increase the tariff from 80% of average civil claims to 100% for those diagnosed on or after today's date. While the uprating will apply to those diagnosed from today, the formal payment process will take effect when the regulations become law next month.

This uprating reflects our monitoring of the progress of the scheme. The number of claimants has proven to be below the level anticipated. I made it clear through the passage of the Mesothelioma Act that I planned to monitor the scheme to gauge the extent that the assumptions made when it was being set up had been borne out in practice and would also consider the impact on the insurance companies who pay for it.

It is already clear that the insurance industry, through its Employer Liability Tracing Office, is doing an increasingly good job at tracing insurance policies which means sufferers can more easily pursue compensators for a remedy. I am determined that this success is maintained, reinforced by regulation from the Financial Conduct Authority.

Following discussion with the insurance industry, I have agreed to introduce some additional administrative safeguards to ensure that we can all be confident that the scheme continues to act as we intended and remains a scheme of last resort. I am pleased to be able to agree to their requests.

This change reflects our ongoing commitment to sufferers of this disease and their families.

[HCWS269]

Petition

Tuesday 10 February 2015

PRESENTED PETITION

Petition presented to the House but not read on the Floor

Unproven allegations and the Disclosure and Barring Service

The Petition of a father in Birmingham,

Declares that after an attempted assault by my next door neighbour on my wife, a complaint of historical sexual abuse, while babysitting her, was made about me by the 18 year old daughter of the person who had assaulted my wife. After nearly two weeks of trying to go to the police station voluntarily to give a statement the police turned up at my house with social services to arrest me. The arresting officer said I won't be charged.

They bailed me away from my house and children to a house with three children. The police failed to investigate the accusation before the arrest and could have found out easily that I never babysat her, in fact she had a fulltime child minder. The IPCC upheld my complaint saying I did not need to be arrested. Chief Constable Sims refused to take my arrest data off the system and the IPCC said I should now see a solicitor.

The Petitioner therefore requests that the House of Commons Justice Select Committee reviews the issue of obviously false allegations and whether the law should be changed to ensure that there is a duty on the prosecutory authorities to investigate whether allegations are obviously false with a view towards removing such allegations from Disclosure and Barring Service records and the like and potentially prosecuting those that make obviously false allegations.

And the Petitioner remains, etc.—*[Presented by John Hemming.]*

[P001434]

ORAL ANSWERS

Tuesday 10 February 2015

	<i>Col. No.</i>		<i>Col. No.</i>
ATTORNEY-GENERAL	608	DEPUTY PRIME MINISTER	595
Crown Prosecution Service: Digital Working	615	Cornwall Local Enterprise Partnership	595
Domestic Abuse	610	Electoral Register	596
Historical Sex Abuse	611	Electoral Turnout	598
Human Rights	608	Medway: Growth Deal	599
Human Trafficking	614	Topical Questions	601
Serious Fraud Office	613	Voter Participation: Young People	600
Vulnerable Victims and Witnesses	616	Voter Registration	600

WRITTEN STATEMENTS

Tuesday 10 February 2015

	<i>Col. No.</i>		<i>Col. No.</i>
BUSINESS, INNOVATION AND SKILLS	39WS	HOME DEPARTMENT	41WS
British Hallmarking Council	39WS	Independent Chief Inspector of Borders and Immigration	41WS
DEFENCE	40WS	TRANSPORT	41WS
Counter-IED Equipment: Iraq	40WS	Agricultural Tractors and Trailers	41WS
FOREIGN AND COMMONWEALTH OFFICE	40WS	TREASURY	39WS
Resettlement of the British Indian Ocean Territory	40WS	Public Service Pensions Up-rating	39WS
		WORK AND PENSIONS	42WS
		Diffuse Mesothelioma Payment Scheme	42WS

PETITION

Tuesday 10 February 2015

	<i>Col. No.</i>
PRESENTED PETITION	9P
Unproven allegations and the Disclosure and Barring Service	9P

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CONTENTS

Tuesday 10 February 2015

Oral Answers to Questions [Col. 595] [see index inside back page]

*Deputy Prime Minister
Attorney-General*

Ukraine [Col. 617]

Statement—(Mr Philip Hammond)

Tuition Fee (Transparency and Accountability) [Col. 634]

*Motion for leave to bring in Bill—(Oliver Colville)—agreed to
Bill presented, and read the First time*

Police [Col. 636]

Motion—(Mike Penning)—on a Division, agreed to

Local Government Finance [Col. 665]

*Motion—(Kris Hopkins)—on a Division, agreed to
Motion—(Kris Hopkins)—agreed to*

Counter-terrorism and Security Bill [Col. 728]

Lords amendments considered

Public Health [Col. 746]

Motion—(Damian Hinds); Division deferred till Wednesday 11 February

Petitions [Col. 747]

Transport (Tees Valley) [Col. 750]

Debate on motion for Adjournment

Westminster Hall

Allied Steel and Wire (Pensions) [Col. 193WH]
Contaminated Land (Householder Responsibility) [Col. 206WH]
Introduction of a Maximum Wage [Col. 213WH]
Town Centres (England) [Col. 227WH]
Trading Standards and the Green Deal [Col. 235WH]
Debates on motion for Adjournment

Written Statements [Col. 39WS]

Petition [Col. 9P]

Presented Petition

Written Answers to Questions [The written answers can now be found at <http://www.parliament.uk/writtenanswers>]
