Bill read the Third time and passed, without amendment.

Mr David Nuttall (Bury North) (Con): Is my hon. Friend as concerned as I am that when a prisoner escapes from an open prison the public are invariably warned by the police not to approach him because he is considered dangerous?

Andrew Selous: I understand the point my hon. Friend makes, but perhaps that is the standard advice given by the police on all occasions. I can tell him, however, that absconds and escapes have fallen by 80% over the past decade, so we have got better at this, but of course we will try to ensure that no one escapes or absconds.

Mr Philip Hollobone (Kettering) (Con): What programmes are undertaken in prison to help prisoners modify their violent behaviour, and do they have to pass such courses before they are even considered for transfer?

Andrew Selous: We are undertaking more detailed risk assessments than there were in the past, but my hon. Friend raises an important point. Members should be aware that the number of people sent to prison for violent offences has increased by 40% over the past decade. However, I have seen very good violence reduction programmes in our prisons and am looking to spread those as widely as possible.

Mr Nuttall: My hon. Friend and I have corresponded occasionally about the case I raised about in my constituency of Sedgefield. My hon. Friend will know that Sabul Miah absconded from Stanford Hill open prison in my constituency, causing a great deal of upset to the family of the man he was imprisoned for viciously attacking, particularly given that the first they heard of it was when they were contacted by a national newspaper. Would it not be possible for the families of victims of violent crime to be notified immediately by the Prison Service when the perpetrator of the crime either is released from prison or absconds?

Andrew Selous: I recognise the seriousness of the issue that my hon. Friend correctly raises. The offender was recaptured a week later and sentenced. However, I recognise the seriousness of what my hon. Friend says, and we will make every effort to ensure that victims are informed as soon as possible.

Mr Nuttall: Is my hon. Friend aware that the number of people sent to prison for violent offences has increased by 40% over the past decade, so we have got better at this, but of course we will try to ensure that no one escapes or absconds.

Andrew Selous: I answered a parliamentary question on this matter, so the hon. Gentleman probably knows the answer to his question. Regrettably, keys are lost from time to time. The largest loss was by G4S, so there was no cost to the taxpayer, but it is obviously regrettable and we do not want it to happen. We investigate fully and will try to minimise it as much as possible.

Mr Philip Hollobone (Kettering) (Con): What recent progress has he made on his courts reform programme?

The Parliamentary Under-Secretary of State for Justice (Mr Shaiiesh Vara): Since the Secretary of State’s written ministerial statement on 28 March this year, the programme team has been developing the detailed plans required to deliver the programme over the next five years, as well as working to identify the areas where we can make early progress.

Bridget Phillipson (Houghton and Sunderland South) (Lab): Can the Minister confirm that 200 sets of prison keys have been lost since 2010? Does he think that that is good prison management?

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again, that there is a courts reform programme and the proposals for the Farringdon road site that she mentions are part of the mix. As we speak, no firm decision has been taken.

Mr Jonathan Djanogly (Huntingdon) (Con): Is it not the case that the rationalisation of the Courts Service by this Government has led to a faster, more effective and more efficient system? Therefore, is it not incumbent on us to move forward with further rationalisation as soon as possible, and would the Minister care to comment on the timing?

Mr Vara: I am grateful to my hon. Friend, who, of course, speaks with considerable knowledge on these matters. We are working apace to try to ensure that our courts are fit for the 21st century in that we have expeditious handing of judicial matters where there is proper protection for victims, defendants and, indeed, lawyers.

Dan Jarvis (Barnsley Central) (Lab): When victims have their day in court, far too many have to go through a traumatic experience that leaves them feeling like they are on trial themselves. That is one of the reasons Labour Members have been calling for a victims law. When I last raised this from the Dispatch Box, the Justice Secretary dismissed us as “always talking about laws”. Now that the Government have rushed out their proposals for the Farringdon road site that she mentions, again, that there is a courts reform programme and the property chambers?

Mr Vara: The hon. Gentleman will be aware that we have done more for victims than his party’s Government did in 13 years. We are making sure that victims, who are often very vulnerable, have proper treatment and are looked after carefully. We have brought in measures that allow victims to have a say in court, which was certainly not the case before. We are bringing up the courts to be fit for the 21st century, which Labour failed to do in its 13 years. That will mean a better experience for victims, as some of the most vulnerable people who attend courts.

Sir Peter Bottomley (Worthing West) (Con): My hon. Friend has twice referred to the 21st century. Will he build into the courts system a free, searchable online record of judgments of civil courts, including, particularly, the property chambers?

Mr Vara: My hon. Friend raises a good point. I shall certainly pass it on to the board of Her Majesty’s Courts and Tribunal Service, and we will consider it.

Mr Speaker: Mr Barry Sheerman is not here. I call Mr Nic Dakin.

Private Contractors

4. Nic Dakin (Scunthorpe) (Lab): What progress has been made on investigations into the alleged misuse of public money by private providers holding contracts with his Department. [905988]

The Lord Chancellor and Secretary of State for Justice (Chris Grayling): Investigations into misuse of public money are complete, with £179.4 million reclaimed from the well-publicised settlements with two of the Department’s major suppliers. Taxpayers can be assured that the work has not stopped there. A 12-month programme of diligent and detailed assurance across all major contracts held has uncovered no other further misuse of public money.

Nic Dakin: The Secretary of State has inserted unprecedented clauses into privatised probation services guaranteeing a decade of lost profits should a future Government walk away from these contracts. How much will the taxpayer have to pay the likes of Working Links, Sodexo, Interserve and Mitie in those circumstances?

Chris Grayling: That is a complete misunderstanding of the way in which government works. I simply refer the hon. Gentleman back to the contracts for the flexible new deal set in place under the previous Government, which contained standard penalty clauses for the termination of contracts. We have followed the same principles set out then by the Treasury in establishing these new contracts.

Probation Service

5. Roberta Blackman-Woods (City of Durham) (Lab): What recent assessment he has made of the effectiveness of the probation service. [905989]

The Lord Chancellor and Secretary of State for Justice (Chris Grayling): We are closely monitoring the performance of the national probation service and the community rehabilitation companies as we implement our reforms. Over recent years, probation trusts have improved their performance. That is a tribute to the hard work of probation staff at all levels. None the less, rates of reoffending overall remain unacceptably high. Our Transforming Rehabilitation reforms will tackle reoffending, which blights societies and costs the economy too much.

Roberta Blackman-Woods: Many of my constituents who work in the probation service have written to me to share their concerns about “the mounting chaos linked to the IT systems, the potential risks to the public, the reduced contacts with offenders and the increase in sentencing without reports.”

They want to know why “the Government has abolished an award winning, highly effective Probation Service in Durham…and replaced it with a hugely inferior, largely privatised service” that “is putting the public at risk and failing to rehabilitate offenders.”

Chris Grayling: I would hope that the hon. Lady would pay tribute to the probation staff and voluntary sector organisations that have come together in her area to bid for the contract to take on the CRC, because they are committed and believe that they can do a better job in bringing down reoffending in the future. I am delighted by the outcome of the bidding process in her area, and I hope that, when we reach the point of contracts and the new arrangements are put in place, the expertise of all of those organisations will transform our work in tackling reoffending in the hon. Lady’s county.
**Duncan Hames** (Chippenham) (LD): I certainly welcome the prevalence of mutual organisations among the list of preferred bidders in our part of the country. What care is the Secretary of State taking in this process to ensure that their partners in those bids give them a genuine role as mutuals in providing those services and do not allow them to become bid candy in their proposals?

**Chris Grayling**: Let us be absolutely clear and put it on the record that it would be wholly and utterly unacceptable for any voluntary sector bidder involved in the preferred bidder status to be treated as bid candy. I am delighted that we have some really strong partnerships between the private and voluntary sectors. I have stood in this House on more than one occasion and said that I want to see those strong partnerships. They are not prime/sub relationships; they are partnerships at the top table. This is something of which we as a coalition should be proud. It is about the voluntary and private sectors working together in a way that I believe will make a real difference.

**Chris Evans** (Islwyn) (Lab/Co-op): Argoed in my constituency was rocked over the weekend by a particularly gruesome and horrific murder, and I am sure the whole House will join me in extending sympathies to the family of Cerys Yemm, the young girl who lost her life. The Ministry of Justice has launched an immediate investigation into why her killer committed such a serious offence within 30 days of being released. However, reports yesterday said that he could not get a prescription for his paranoid schizophrenia, he was not met at the prison gate and he was referred to a local bed and breakfast, where this horrific murder took place. Does the Secretary of State agree with the need for an urgent investigation into how mental health is treated in prisons and the monitoring of prisoners after they are released?

**Chris Grayling**: Let us be clear that what took place was a horrendous incident. I offer my sincere condolences to the family of the victim. I also offer my sympathy to the hon. Gentleman as the local Member of Parliament dealing with this difficult situation. Of course, a serious further offence review is looking at what took place and it would be wrong of me to prejudge its outcome, but it is already clear to me that lessons will need to be learned and that we may need to make modifications to the way the system works in order to try to make sure that nothing as horrendous as this can ever happen again.

**Jenny Chapman** (Darlington) (Lab): I would also like to take this opportunity to pass on our condolences to the family of Cerys and the community in Argoed.

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**On the Transforming Rehabilitation contracts**, Sodexo won more contracts to deliver more services than any other bidder. Sodexo is run by the wife of the chief inspector of probation. Does the Secretary of State see that as a conflict of interest in any way and what does he intend to do about it?

**Chris Grayling**: We are, of course, at the preferred bidder stage. Clearly, the issue is under discussion and it will need to be addressed. I will give further information to the House in due course. We should also remember that people in public life are sometimes married to other people in public life. Simply put, I hope that the Ministry of Justice, were it to fall under the leadership of a Labour Government, would not be disadvantaged by the fact that the putative Home Secretary is married to the putative Chancellor of the Exchequer. We have to consider these things very carefully and deal with them in a mature and sensible way, and we will seek to do that.

**Mesothelioma (Compensation Claims)**

6. **Mr William Bain** (Glasgow North East) (Lab): What steps his Department is taking to ensure that the compensation claims of mesothelioma sufferers are handled fairly. [905990]

11. **Mike Kane** (Wythenshawe and Sale East) (Lab): What steps his Department is taking to ensure that the compensation claims of mesothelioma sufferers are handled fairly. [905995]

13. **Debbie Abrahams** (Oldham East and Saddleworth) (Lab): What steps his Department is taking to ensure that the compensation claims of mesothelioma sufferers are handled fairly. [905997]

**The Parliamentary Under-Secretary of State for Justice (Mr Shailesh Vara)**: We continue to work with stakeholders to see how we can improve the claims process for these tragic cases.

**Mr Bain**: Mesothelioma is a horrific industrial disease and its victims deserve much better than the shameful way in which they have been treated by this Government, with their botched consultations, prevarications and delays. Will the Minister, on behalf of the Lord Chancellor, confirm that he will not waste any more taxpayers’ money in further appealing the recent damning judicial review ruling made against his Department?

**Mr Vara**: We will certainly consider the way forward on that, but I will take no lectures from the hon. Gentleman with regard to what we have done. This Government are putting provisions into the Deregulation Bill that will enable Her Majesty’s Revenue and Customs to provide information to legal representatives without a court order. We are liaising with the national cancer registration service and others to allow expedited access to medical notes. We also introduced the Mesothelioma Act 2014, which again benefits sufferers and victims. I will not take any lectures from him on that front.

**Mike Kane**: In the High Court case on the Government’s mesothelioma review, Mr Justice Davis ruled: “No reasonable Lord Chancellor faced with the duty imposed on him by section 48 of the Act would have considered that the exercise in fact…fulfilled that duty.” Will the Minister update the House on the Department’s response to that ruling?

**Mr Vara**: The hon. Gentleman was obviously concentrating on his question, so he did not hear my response. I said that we will consider the way forward, and we will proceed accordingly.
Debbie Abrahams: The chair of the Asbestos Victims Support Groups Forum UK has said that the Lord Chancellor’s plans for addressing the issues facing mesothelioma victims were “rooted in a culture of secret deals with insurers and flawed consultations which excluded the victims of asbestos.”

Is it not time that the Lord Chancellor honoured the promise he made in the Legal Aid, Sentencing and Punishment of Offenders Act 2012 and stopped treating mesothelioma sufferers in this contemptible way?

Mr Vara: Clearly, the hon. Lady did not listen to what I said either. Let me be clear: we are talking about people who are suffering from a very horrific and tragic disease, and this Government are committed to ensuring that victims and sufferers have the best possible way of going through the process, particularly in getting compensation.

As far as insurance companies are concerned, the hon. Lady will be aware that when we had a consultation in July, the submissions by victims and groups such as the one she mentioned stated that they did not like the proposals that were angled towards insurance companies. We listened to those people and did not go ahead with the proposals that the insurance companies would have preferred. My right hon. Friend the Minister for Policing, Criminal Justice and Victims took through the Mesothelioma Bill earlier this year, which is of benefit to all the sufferers.

Mr Andy Slaughter (Hammersmith) (Lab): It is not that Opposition Members are not listening, but that the Minister is not answering this question. Most civilised people would not have to be told that it is wrong to cut compensation for people suffering in great pain from a terrible disease that will kill them in a matter of months. Parliament told him not to do it, victims told him not to do it, the Justice Committee told him not to do it, and so did the High Court, but this Minister is trying to do it, the Justice Committee told him not to do it, and stopped treating mesothelioma sufferers in this contemptible way?

Mr Vara: The hon. Lady will be aware that there have always been litigants in person, even before the legal aid reductions. The Government are putting in place measures to assist those people. Moreover, judges are working with us to ensure that they are assisted. We will continue to monitor the position and give assistance to people who are acting as litigants in person.

18. [906002] Jessica Morden (Newport East) (Lab): A retired Welsh judge told BBC Wales last month that cuts to legal aid in the family court meant rising numbers of couples representing themselves, more contested hearings and longer delays in resolving cases, which “must be damaging to the child”.

What consideration are the Government giving to the extent to which the system is working in the best interests of children?

Mr Vara: I remind the hon. Lady that the manifesto on which she stood at the last election referred in chapter 5, page 5 to legal aid cuts that would be made if Labour got into government. Perhaps she would like to ask the Opposition Front Benchers whether they intend to reverse the cuts that we have made.

Sadiq Khan (Tooting) (Lab): The Minister will be aware that we disagree with the scale of the civil and criminal legal aid cuts that his Government have made. Has he read the serious recent criticism from a senior judge, Sir James Munby; a retired judge, Sir John Royce, about whom my hon. Friend the Member for Newport East (Jessica Morden) asked a simple question; and Emma Scott, the director of the Rights for Women charity? They have all expressed concern about the impact of the Government’s cuts. Is the Minister aware of their concerns and will he meet them? They are apolitical, serious experts who are genuinely worried about the impact of his cuts.

Mr Vara: The right hon. Gentleman asks whether I have read certain things. Has he read the Law Society Gazette of 24 September, following the Labour conference? The heading was, “Labour will not reverse legal aid cuts—Slaughter”. The reporter states: “Labour’s legal aid spokesman has warned that the party cannot reverse the cuts of the current government if it comes to power next year.”

It goes on to say—I will be brief, Mr Speaker—that “in a packed meeting organised by Justice Alliance UK in Manchester…Slaughter said he could not commit to re-establishing legal aid.”

It quotes the hon. Member for Hammersmith (Mr Slaughter) as saying: “We’re not going to get in a Tardis and go back to before.”
Employment and Support Allowance Appeals

8. **Sheila Gilmore** (Edinburgh East) (Lab): If he will conduct an evaluation of the effects of the judiciary providing the Department for Work and Pensions and appellants with reasons for their decisions in employment and support allowance appeals. [905992]

The Parliamentary Under-Secretary of State for Justice (Mr Shailesh Vara): As part of the implementation, which commenced in March 2014, we will look carefully at the effects of the provision of summary reasons by judges in the social security and child support tribunal. The Department for Work and Pensions will provide feedback to the judiciary on the way in which summary reasons have been used. The Government have no plans to conduct a formal evaluation.

**Sheila Gilmore:** In the report by the Work and Pensions Committee on employment and support allowance in July last year, we pointed out that there was little point in having summary reasons if they were not used to drive better decisions and, ultimately, to reduce the number of appeals. Surely having a proper evaluation on a clear time scale would be the best way to ensure that that is happening.

**Mr Vara:** As I have said to the hon. Lady on at least two occasions, the provision of summary reasons is having a positive impact. The Department for Work and Pensions is working with the judiciary and the quality of the decisions that it is producing is much better than before, which is leading to fewer cases going to appeal.

20. [906004] **Miss Anne McIntosh** (Thirsk and Malton) (Con): Will my hon. Friend take this opportunity to review—I understand that the Ministry of Justice was reviewing this matter—the length of time that tribunals are taking to reach decisions on personal independence payments? The amount of time that is being taken is causing great distress for each constituent concerned. I am sure that they would welcome news of a review and evaluation of the length of time that is being taken for appeals.

**Mr Vara:** Certainly. One of the issues at hand is that we are dealing effectively with the backlog of cases that existed before. As a consequence, the average time that is being taken is being reduced. We are dealing expeditiously with new cases and trying to deal with the backlog.

Stalking Offences

9. **Andrew Stephenson** (Pendle) (Con): What assessment he has made of trends in the level of convictions for stalking offences. [905993]

The Minister for Policing, Criminal Justice and Victims (Mike Penning): The relevant offences under the Protection from Harassment Act 1997 were amended by new sections 2A and 4A, which came into force on 25 November 2012. Sadly, it is too early for there to be meaningful trends. As soon as the trends are indicated to us, we will present that information to the House.

Andrew Stephenson: I thank the Minister for that reply. My constituent, John Clough, has sponsored a petition, which so far has attracted more than 120,000 signatures, calling on the Home Office to establish a stalkers register. How can my right hon. Friend ensure that more stalkers are convicted and their victims protected?

**Mike Penning:** Being stalked must be an horrendous experience for anybody, and it is important that we look carefully at the legislation and keep the issue under review. In 2013-14, 743 prosecutions were commenced under the new legislation. We agree across the House that stalking is an abhorrent offence, and we should do everything we can to prevent it and prosecute those who perpetrate it.

Recalls to Prison

10. **Philip Davies** (Shipley) (Con): What proportion of recalls to prison were fixed-term recalls in the latest period for which figures are available. [905994]

The Parliamentary Under-Secretary of State for Justice (Andrew Selous): Between 1 April and 30 June 2014, the latest period for which data are available—there were 4,216 licence recalls. Of those, 42% were fixed-term recalls.

**Philip Davies:** Most people around the country believe and expect that when a criminal is released from prison early, if they commit another offence before the end of their original sentence they will be sent back to prison for at least the full duration of that original sentence. As the Minister has confirmed, however, 42% of recalls are just 28-day fixed-term recalls. In the first nine months of last year, 1,260 burglars were given 28-day fixed-term recalls, instead of serving the full length of their original sentence. Will the Minister revisit that scandal, which alarms many of our constituents and puts them at unnecessary risk of becoming victims of crime?

**Andrew Selous:** My hon. Friend has taken a long-standing and serious interest in this issue. Fixed-term recalls can be used only when the offender does not pose a risk of serious harm to the public. When recall prisoners are assessed to pose a risk of serious harm to the public, they are given standard recalls to serve the remainder of their sentence in prison, and will be released earlier only if it is safe to do so. Under the Criminal Justice and Courts Bill, offenders who do not comply with their licence and are highly likely to commit further breaches if released are deemed unsuitable for fixed-term recall. We therefore have measures either in place or in the pipeline to exclude high-risk and prolific offenders from fixed-term recalls.

Humanist Marriages

12. **Nia Griffith** (Llanelli) (Lab): What plans he has to legalise humanist marriages. [905996]

The Minister of State, Ministry of Justice (Simon Hughes): As the hon. Lady will know, this Government are the first ever to have addressed the question of humanist weddings in England and Wales. Following the passage of the Marriage (Same Sex Couples) Act 2013, the Government are honouring their commitment
to hold a review. That review finished in September, and more than 1,900 people responded. We will honour our commitment to produce a report following that review by the end of the year.

Nia Griffith: It is ironic that humanists, who have been celebrating same-sex weddings for three decades, are the one group that has not yet achieved equality through the recent Marriage (Same Sex Couples) Act 2013. Will the Minister make a firm commitment that before the general election he will lay the necessary orders to ensure full equality, so that people can have a humanist celebration without also having to hold a civil ceremony?

Simon Hughes: The Government have legislated for same-sex marriages and were the first Government ever to address that question. I cannot anticipate the announcement at the end of the review. We are currently assessing the many responses to the consultation, as the hon. Lady would expect. We are committed to producing the report, and after that I will be happy to go into details of what the Government plan to do next.

Crispin Blunt (Reigate) (Con): An immensely strong case was made for humanist marriages during the passage of the Marriage (Same Sex Couples) Bill. On that occasion, the Government chose to duck the issue, but the question is not just on same-sex marriages but humanist marriages overall. The example of Scotland, where more than a third of marriages are conducted by humanists, is overwhelming. Can we please get on with this before the end of this Administration?

Simon Hughes: The hon. Gentleman is correct to say that in Scotland humanist weddings are permitted, and that has been the case since 2005. The Scottish system is entirely different from that in England and Wales because it is based on who officiates, rather than the place where the marriage takes place. It will be a major change in our law to go down that road. As I said, I will report to the House before the end of the year.

Dr Julian Huppert (Cambridge) (LD): May I add my voice to those from both sides of the House urging my right hon. Friend to make progress on this issue? Humanist celebrations are not only successful in Scotland, as there are humanist ceremonies for births and deaths in England and Wales as well. He will be aware that there are already exceptions in marriage law for Jews and Quakers, so there is no real reason not to go ahead.

Simon Hughes: My hon. Friend is right that Jews and Quakers receive particular consideration, and I am also aware that—according to the figures we have—between 600 and 800 people conduct humanist weddings every year, although they are not legally valid. I understand the importance of the issue and I was fully supportive of the legislation when it went through the House. I undertake to give a full report to the House with a proposal on how we should move forward before the end of the year.

Europeans Convention on Human Rights

14. Tim Farron (Westmorland and Lonsdale) (LD): Whether it is the Government’s policy for the UK to remain a party to the European convention on human rights; and if he will make a statement.

The Lord Chancellor and Secretary of State for Justice (Chris Grayling): It is indeed the policy of the coalition Government to remain a party to the European convention.

Tim Farron: I welcome the Secretary of State’s answer. Given that the European convention on human rights was drafted by British lawyers, championed by Winston Churchill and has been instrumental in the protection of the rights of our armed forces overseas, does he agree that the interests of the British people will be best served by reforming the convention rather than taking cheap political shots and trying to get rid of it?

Chris Grayling: My hon. Friend may find that we disagree on this issue. I stand four-square by the rights that we signed up to in 1948: I do not stand by the way in which courts have evolved the jurisprudence since then into areas that are a long way from the original intentions of those 1948 authors. I personally believe—but it would be a matter for a future Government—that we need major change in that area.

Derek Twigg (Halton) (Lab): The Secretary of State just said that the convention had moved into areas away from its original intention. One such issue is votes for prisoners. When will the Government give the House an opportunity to vote on votes for prisoners?

Chris Grayling: The hon. Gentleman will be aware that the recommendations by a Committee of this House on a draft Bill were wide-ranging and posed an interesting question about how one would manage a process of giving votes to those serving the last few months of their sentence, given that not all sentences are determinate. That is a matter that continues to be under the consideration of the Government, and he will be aware that the Council of Europe indicated recently that it would not seek to return to the issue until September next year.

Social Media Offences

15. Charlie Elphicke (Dover) (Con): What progress he has made on reforming sentencing for people convicted for making threats on social media. [905999]

19. Stephen Mosley (City of Chester) (Con): What steps he is taking to protect people who are threatened on social media. [906003]

The Minister for Policing, Criminal Justice and Victims (Mike Penning): The Government take seriously the offences on the statute book that cover threatening behaviour online, which includes abhorrent imagery that people do not want to see.

Charlie Elphicke: We live in a world of constantly changing technology, and it is hard to keep up. In view of that, what steps is the Minister taking to ensure that we take the battle to the hate tweeters, the trolls and the people who make threats and make other people’s lives hell?

Mike Penning: We would all agree—and the law agrees—that the offence is the same whether face to face in public or on the internet. That is right and proper. The Criminal Justice and Courts Bill, which is being considered by the other place, will amend the
Malicious Communications Act 1988 to provide a maximum sentence of two years' imprisonment. That is the sort of thing we are doing, and people should listen and stop this abhorrent activity.

Stephen Mosley: My right hon. Friend will be aware of the growth of revenge porn websites and the recent hacking from iCloud of photos of celebrities. What action are the Government taking to stop intimate photos being posted on the internet without permission?

Mike Penning: I am adamant that if we feel we need to change the law, we will do so to protect people so that intimate and personal images are never published. If they are, it will become an offence, as it should be.

Social Action, Responsibility and Heroism Bill

16. Bob Blackman (Harrow East) (Con): What progress he has made on ensuring that members of the public who help others or intervene in emergencies are not prosecuted if something goes wrong.

The Parliamentary Under-Secretary of State for Justice (Mr Shailesh Vara): We want to encourage participation in activities which benefit others, but people can be deterred from getting involved with worries about risk and liability. The Social Action, Responsibility and Heroism Bill, currently before Parliament, will require the civil courts to consider whether a person has been acting for the benefit of society or intervening in an emergency if he or she is sued in negligence or for breach of statutory duty.

Bob Blackman: Clearly we want to encourage good Samaritans to go to the aid of those in distress. What further measures can my hon. Friend propose to ensure that people who assist those in distress are protected from unnecessary legal action?

Mr Vara: I entirely agree with my hon. Friend. The Bill will send a powerful message to the public that if they are acting selflessly in an emergency to help somebody in danger and something goes wrong, the courts will always consider the context of their actions if they are sued in negligence or for breach of statutory duty.

Cost of Legal Representation

21. Mr Andrew Turner (Isle of Wight) (Con): What estimate he has made of the cost to the public purse of providing legal representation for offenders accused of trivial offences whilst in custody in the last 12 months.

The Parliamentary Under-Secretary of State for Justice (Mr Shailesh Vara): The Legal Aid Agency does not record whether offences were committed while the offender was in custody, as that is not relevant to assessing eligibility for legal aid. In the magistrates courts relatively minor criminal offences are generally unlikely to pass the interests of justice test.

Mr Turner: Will my hon. Friend reassure me and my constituents, many of whom work in the prisons, that changes made under this Government mean that inmates can no longer get legal aid for frivolous or vexatious causes, such as arguments over damaged property or the condition of their cells?

Mr Vara: I can certainly give my hon. Friend that assurance. Earlier in this Parliament we reformed civil legal aid so that only the most serious compensation cases are in scope—for example, where there has been abuse of a child or a vulnerable adult, a sexual assault or a significant breach of human rights. Civil legal aid applications, including for exceptional funding, are subject to a merits test, as well as a means test. From 2 December last year, treatment matters, including prison conditions, were removed from the scope of criminal legal aid for prison law.

Mr Speaker: Unusually, we are ahead of time, but most of the principals are present and therefore we shall proceed.

Topical Questions

T1. 905973 Laura Sandys (South Thanet) (Con): If he will make a statement on his departmental responsibilities.

The Lord Chancellor and Secretary of State for Justice (Chris Grayling): Today we stand together to remember all those who have lost their lives serving our country. The 100th anniversary of the start of the first world war is a hugely poignant reminder of the sacrifice made by so many of our service personnel who have given their lives in defence of our freedoms and security over the past century. I am sure the whole House will join me in echoing those sentiments. Among the many who lost their lives were members of the Prison Service, courts staff and staff of many other parts of my Department and its predecessors. I wish to pay tribute to their courage and remember their sacrifice. The Ministry of Justice is proud of those members of staff who have served and continue to serve with our reserve forces.

Laura Sandys: I associate myself with my right hon. Friend's tribute to those in the Prison Service and the Courts Service who served and still serve in our armed forces.

I am sure my right hon. Friend is aware of the many people on probation who are placed in my constituency. What measures is the Department taking to ensure that they have sufficient connection to my area and that the impact on the local community is understood?

Chris Grayling: I understand my hon. Friend's concerns. Under the Transforming Rehabilitation reforms, there will be a much closer link between a prisoner, their place of detention, the area into which they are released and the plans for supporting them after they leave prison. Should they need or wish to move to a different area, they will need consent from the probation service and their local probation officer to do so. My hope and belief is that this will lead to much better post-prison support, and in particular post-prison support close to their natural home, rather than the kind of issues that my hon. Friend has experienced.

Sadiq Khan (Tooting) (Lab): The independent chief inspector of prisons appointed by the previous Government is well respected by prison governors, prisoners, experts, the wider community and on both sides of the House. As the Justice Secretary will be aware, he is not afraid to
make critical reports. At a time of huge turmoil in the probation service, with massive problems throughout the country, why does the right hon. Gentleman think that the newly appointed chief inspector of probation, who has links to six of the 21 preferred bidders, has been so silent?

Chris Grayling: May I put it on record that I regard the current chief inspector of probation as a man of the highest integrity and of great professional expertise who has started to make a positive contribution to the probation arena. I recognise the issue raised earlier by the hon. Member for Darlington (Jenny Chapman). I indicated that I would make further comments to the House in due course. We are only at the stage of preferred bidders. As I said earlier, there are many people in public life who are married to other people in public life. We should be extremely careful before we start to damn them because of that situation, or we risk losing some extremely able people from our public life.

Sadiq Khan: Maybe the Justice Secretary can reassure us. Has the chief inspector of probation at any time raised concerns with him or his Ministers about the Transforming Rehabilitation programme? If so, what were they?

Chris Grayling: The chief inspector of probation has done a detailed piece of work on the Transforming Rehabilitation programme, and that report will be published shortly. He has highlighted a number of areas we are addressing. The report will set out in detail some issues, many of which preceded the current reforms and go back many years, on how to improve performance on probation. As I said to the House recently, I have asked the chief inspector and all inspectors to come to my office immediately and tell me if they identify anything in the reforms that gives cause for concern about public safety. They have not done so.

T3. [905975] Bob Blackman (Harrow East) (Con): Will my right hon. Friend update the House on the risks and penalties of using a mobile phone while driving?

Chris Grayling: The offence of using a mobile phone while driving is very serious and should be dealt with effectively by the courts. It is an area where the Government are giving active consideration to strengthening the penalties, as part of our driving sentences review. It is an example of the kind of change to our judicial review laws that I believe is necessary and we will proceed with it.

T5. [905977] Nadhim Zahawi (Stratford-on-Avon) (Con): Last month saw the introduction of a fixed fee for whiplash injury reports, reducing the costs to insurers from several hundreds of pounds to just £180. Has the Minister made an assessment of the impact of this on spurious claims?

The Parliamentary Under-Secretary of State for Justice (Mr Shashi Vara): The introduction of fixed costs for medical reports is just one element, albeit an important one, in the Government’s whiplash reform programme. We have undertaken a detailed impact assessment of the programme, which we intend to publish very soon.

T4. [905976] Sarah Champion (Rotherham) (Lab): How will the Secretary of State ensure that the new national helpline for victims is properly joined up with local information and support services provided by police and crime commissioners?

The Parliamentary Under-Secretary of State for Justice (Andrew Selous): We are working on very closely. I am happy to work closely with the hon. Lady if she would like to do so.

T6. [905978] Andrew Bridgen (North West Leicestershire) (Con): Will the Justice Secretary confirm that by our joining the European arrest warrant, from 1 December the European Court of Justice will have overarching powers over the extradition process in the UK?

Chris Grayling: I can indeed confirm that the measures debated by the House yesterday do involve, when we opt back into them, giving ultimate jurisdiction to the European Court of Justice.

T8. [905980] Steve Rotheram (Liverpool, Walton) (Lab): Drugs are a growing scourge in our prisons. Altcourse prison in my constituency was recently criticised by Her Majesty’s inspector of prisons for not making the necessary links between drug gangs and violence. Does the Minister agree with the right hon. Member for Lewes (Norman Baker) who said: “If anyone is soft on drugs it’s my Conservative colleagues”?

Chris Grayling: I stand foursquare behind our proposed reforms of judicial review. Let me give the hon. Gentleman an example of proposals disagreed with in the other place—can that come back here? I will invite this House to restate its support for them. I believe that if somebody brings a judicial review, the court and the judge have a right to know who they are and who is supporting them. I do not personally regard that as terribly controversial. I am surprised that the House of Lords decided to vote against it. It is an example of the kind of change to our judicial review laws that I believe is necessary and we will proceed with it.

The Parliamentary Under-Secretary of State for Justice (Andrew Selous): We take drugs in prisons extremely seriously. We do our very best to make sure that they are not there. We have mandatory drug testing and the results have actually come down. The hon. Gentleman will be aware that there are new psychoactive substances, and we have to make sure we are working with our scientific partners to have appropriate testing for them. We are also looking to make sure that tramadol is not abused in prisons.
T7. [905979] Tessa Munt (Wells) (LD): Yesterday Edward Graham, a retired serviceman, was sentenced by court martial to 13 years after being found guilty of 23 counts of sexual abuse against children. It is my understanding that he will be held in a civilian prison and that the appeal will be heard by a civilian court. What will the Secretary of State do to ensure that all future cases that do not involve matters only of military discipline are always tried in a civilian court, where the process is open to press and public scrutiny?

Mike Penning: I am aware of this case, but at the time of the offences, this man was serving in the armed forces on a military base abroad, and it is right and proper that such a case be held in a military court.

T9. [905981] Ian Austin (Dudley North) (Lab): Official figures show that courts in the black country spend more than half their time dealing with people already convicted on 10 occasions. I think that decent, law-abiding people in Dudley will be appalled at that and want a zero-tolerance approach adopted so that these people can be locked up and kept off the streets. At the same time as the courts are full of such people, magistrates in Dudley tell me that some offenders, including those accused of assault, robbery, domestic violence and even sexual assault and rape, are being dealt with by these so-called out-of-court disposals.

Chris Grayling: I hope, then, that the hon. Gentleman will welcome the fact that under this Government offenders are going to jail for longer, that more people are going to jail and that in the short term we have reduced the use of the simple caution—it is no longer available, other than in exceptional circumstances, for more serious offences and repeat offences. I hope he will also support the trial we announced last week for replacing the simple caution with a suspended prosecution. These are things being done under this Government that were not done under the last one.

T10. [905982] Dr Julian Huppert (Cambridge) (LD): The rate of self-harm in women’s prisons is much higher than in men’s prisons. What steps are the Government taking to ensure that women in prison have access to mental health care so that they can tackle the problems they face?

The Minister of State, Ministry of Justice (Simon Hughes): It is true that the rate of self-harm is far too high in our prisons and is traditionally higher among women than men. I can reassure my hon. Friend a little, however: between 2004 and 2010, the number of incidents was over 10,000 a year, but that has come down significantly in the last three years to fewer than 6,000 last year. However, this issue is clearly linked to mental health, and the Deputy Prime Minister, the Secretary of State and I have made it clear that we want mental health services to be as good in prisons as in the rest of the country and as good as all other NHS services and that we want to identify mental health issues when people first enter the criminal justice system, so that, ideally, they can be diverted from prison, not sent to prison.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): In a recent court case where a child was being considered for adoption, it was reported that the president of the family division described it as “profoundly disturbing” that the parents did not qualify for legal aid and could not afford legal aid representation. Given the lifelong nature of adoption, will the Secretary of State look again at the issue of legal aid funding for these kinds of cases?

Mr Vara: We are in regular dialogue with the judiciary—indeed, I had a meeting with Sir James Munby—but we have had to take some tough decisions on legal aid. At some £2 billion a year, it was the most expensive legal aid budget in the world, and even after the reductions, it will remain one of the most generous in the world.

Jackie Doyle-Price (Thurrock) (Con): My constituents believe that the emphasis on human rights is leading to an excessively light touch when dealing with unauthorised Traveller encampments. Does my right hon. Friend agree that to enjoy the benefits of human rights, individuals should also acknowledge their responsibilities to abide by the law?

Chris Grayling: I absolutely agree. I cannot offer my hon. Friend change under this Government, but my intention is that a future Conservative Government would include in our proposed Bill of Rights a specific limitation to stop people claiming article 8 rights and overriding the law of the land that applies to the rest of us. That should not happen.

Robert Flello (Stoke-on-Trent South) (Lab): The Secretary of State will be aware that former Fenton magistrates court—now Fenton town hall building again—is currently occupied by protesters concerned about the memorials inside it and the building itself. In the past, he has kindly stood at the Dispatch Box and confirmed that the memorials would be protected by covenants if the building was sold, but my constituents are concerned that a developer might simply ignore those and demolish the building anyway, resulting in the loss for ever of these memorials, which are priceless and incredibly important to the people of Fenton. Will he meet me and a delegation of local residents to discuss this matter and, I hope, put their minds at rest, and to talk about the future of the building itself?

Mr Vara: I am grateful to the hon. Gentleman for raising this issue and I can give him an assurance that my office has been in touch with people locally this morning. My main concern is that the protesters are safe and secure and that they have proper food, water, heating and other provisions. I am more than happy to agree to a meeting with the hon. Gentleman and the people who are very passionate about this issue.

Miss Anne McIntosh (Thirsk and Malton) (Con): I am a firm believer in the independence of the judiciary, but will my right hon. Friend look into the case of a constituent who was charged and sentenced under court martial? He is firmly of the view, as his superiors can apparently confirm, that he was not given adequate legal representation at any stage of the case. Will my right hon. Friend assist in at least reviewing the process and the natural justice of this case?
Mike Penning: Although I cannot promise to review the case, I will ask for the files and take a close interest in it, and will probably meet my hon. Friend as soon as possible so that we can discuss it.

Jim Shannon (Strangford) (DUP): Following on from the earlier question about mesothelioma, more than 2,000 Harland and Wolff workers received compensation of £30,000 before privatisation in 1989. On 25 July 2012, it was announced that through the Bill that was to become the Mesothelioma Act 2014 there would be a compensation settlement of between £115,000 and £123,000. What steps will the Minister take to ensure that Harland and Wolff workers in Northern Ireland receive comparative and fair compensation?

Mr Vara: It is crucial that the sufferers of this horrible disease get the full compensation they are due. We are working closely with victims groups and various other groups, as I mentioned earlier, to ensure that the process is as simple and easy as possible and that the compensation that is rightfully due to them and others is received as quickly as possible.

Mr Philip Hollobone (Kettering) (Con): How many foreign national offenders are there in our prisons and what steps have been taken to return them to serve out their sentences in their countries of origin?

Andrew Selous: May I first commend my hon. Friend for persistently and regularly raising this issue? He is right to do so and I have no doubt that he will go on doing so. I can tell him that this Government, unlike the last, have removed more than 22,000 foreign national offenders. Their numbers doubled under the previous Government, but we are bringing their numbers down. Specifically, I can tell my hon. Friend that at the end of September there were 10,319 foreign national offenders in prison, fewer than the 11,153 in May 2010. The figure is down 515 from that in the answer I gave him in September’s oral questions.

Karl Turner (Kingston upon Hull East) (Lab): On 19 September, Mr Justice Burnett ruled in the High Court that the consultation on criminal legal aid was so unfair as to amount to illegality. The entire criminal justice system is in chaos. What is the Lord Chancellor doing about it?

Chris Grayling: I am afraid I have not seen that legal advice because both the European Public Prosecutor and the European arrest warrant are Home Office matters rather than Justice matters. That legal advice would not naturally come to me.

Mr David Nuttall (Bury North) (Con): Following the replies to my hon. Friends the Members for North West Leicestershire (Andrew Bridgen) and for Shipley (Philip Davies), does the Lord Chancellor agree that if the European Court of Justice interpreted the rule governing the European arrest warrant in unwelcome ways, which this House would be unable to remedy, the British people would be more likely to vote to leave the European Union in a future in/out referendum, and that they would get the chance to do so only if a Conservative Government were elected next year?

Chris Grayling: That is, of course, the salient point. Many people here are deeply concerned about the current nature of our relationship with the European Union and want to see it change. That change, of course, can come about only with a Conservative Government, because for reasons that remain inexplicable to me, the Labour party seems to believe that things are fine as they are.

Charlie Elphicke (Dover) (Con): Talking of European matters, does the Minister share my concern that 75% of the British people consider European human rights to be a charter for criminals and the undeserving? Is it not time we reformed it to restore trust in the human rights ideal?

Chris Grayling: I very much share my hon. Friend’s view and concerns. In my view, this needs to change. Unfortunately, neither of the other two major parties in this place agrees with us. I thus hope that we will have a majority Conservative Government after the next election to deliver the change that the public want so much.
Wanless Review

1.2 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab) (Urgent Question): To ask the Home Secretary to make a statement on the Wanless review.

The Secretary of State for the Home Department (Mrs Theresa May): In July I told the House that the Home Office permanent secretary had commissioned Peter Wanless and Richard Whittam, QC, to conduct a review of two existing independent reviews into how the Home Office had acted—or failed to act—on information it had received in the 1980s about child abuse. The full report by Peter Wanless and Richard Whittam, QC, has been published today. A copy has been placed in the House Library, and I want to place on the record my gratitude for their thorough work.

In terms of the first review considered by Wanless and Whittam, which was about the extent to which the Home Office acted on the “Dickens dossier”, they say that “we found nothing to support a concern that files had been deliberately or systematically removed or destroyed to cover up organised child abuse”.

In terms of the second review considered by Wanless and Whittam, which was about whether the Paedophile Information Exchange ever received any funding from the Home Office, they say they “have seen no evidence to suggest PIE was ever funded by the Home Office because of sympathy for its aims”.

Wanless and Whittam have made three sets of recommendations for the Home Office, all of which relate to the way the Department deals with sensitive allegations, how officials pass such information on to the police and how the details are properly recorded. The permanent secretary has accepted all three sets of recommendations.

I want to make sure that we leave no stone unturned when it comes to the work Peter Wanless and Richard Whittam have undertaken. So I have written to them today to seek further reassurance that the police and prosecutors acted appropriately upon receiving information relating to the “Dickens dossier” or related matters from the Home Office. I have also asked them for a similar assurance about any such information that was passed to the Security Service, if any such information was indeed passed to it.

I should also make it clear that the Wanless and Whittam work is about how the Home Office responded to information relating to the “Dickens dossier”, how the police acted on any information passed their way and, because of concerns expressed by many people, including Members of this House, how the Security Service responded. Their work does not relate to wider allegations about child abuse or the failure of institutions—including the police, prosecutors, security and intelligence agencies, and Government Departments—because those are matters for the inquiry panel that I have established, whose work is now under way.

Many people who have made allegations relating to child abuse and the failure of the authorities to prevent abuse have been ignored for far too long. Some have even been written off and traduced as conspiracy theorists. I want to make absolutely clear that no one with any information about child abuse should be ignored, no one should be written off or dismissed, and no one should be left to themselves. If we want to get to the bottom of what has been going on in our country for too long, we need to come together, work together, and listen to what survivors and witnesses have to say. That goes for all of us who are in positions of responsibility: the police, prosecutors, Government officials, Members of Parliament, public servants in a range of institutions, and people beyond those categories.

The Home Office permanent secretary commissioned Wanless and Whittam to establish what the Department did and did not know, and does and does not know. Their work shows that the original reviews did not cover anything up, but neither do they prove or disprove that the Home Office acted appropriately in the 1980s. Likewise, they do not prove or disprove that public money ever found its way to the Paedophile Information Exchange. That is no fault of Peter Wanless or Richard Whittam; they have been investigating old files, many of which seem no longer to exist. I know that that is a cause of frustration for everyone, but it is not the only aspect of this case. As several Members have pointed out previously, there are other allegations, other lines of inquiry and other possible evidence that need to be considered.

The right place for consideration of these matters—apart from live criminal allegations, which should be dealt with by the police—is the panel inquiry into child abuse that I have established. That inquiry will be comprehensive: the panel will look at institutions in this country, gain access to all relevant paperwork and take evidence from survivors and witnesses, so that we can expose what has been going on. It may take time, and I know that we have slipped twice in our attempts to get this right, but I am determined that we will succeed in doing so, and I know that the whole House shares my determination.

Yvette Cooper rose—

Mr Speaker: Order. I granted the Home Secretary modest latitude in relation to the length of her statement on this extremely important matter, and obviously a similar facility is available to the shadow Home Secretary.

Yvette Cooper: I thank the Home Secretary for her response. As she will know, we supported her statement last week in which she told the House that she was delaying publication of the Wanless review because she wanted us to be able to scrutinise it properly. I put the urgent question today to call her to the House so that Members could do exactly that. It is unfortunate that the review was published only just before Peter Wanless appeared before the Select Committee. Given that there have been so many allegations of cover-ups and secrecy, I urge the Home Secretary to go the extra mile in keeping the House informed and making proper scrutiny possible. Everyone in the Chamber abhors the terrible abuse of children, both in the past and today. Survivors need support and justice, and children need protection right now.

The Home Secretary is right to thank Peter Wanless and Richard Whittam, QC, for their detailed work, which will need further consideration. We note their key conclusions: that they have found no evidence of systematic cover-ups, but that it is not possible to say that that
never happened, because the information that is available remains very limited, and too little is still known about what happened and why. The Home Secretary is also right to accept their recommendations, and to ask further questions about the role of the police, prosecutors and the security services. Let me, however, ask her the following questions. The first concerns the remit of the review, which was narrow. It was a review of a review, which concluded in some areas that matters were not within the authors' terms of reference. Has the Home Secretary asked them whether they came across any matters that should be further investigated, although those matters were outside their terms?

Secondly, can the Home Secretary clarify exactly how historic allegations about cover-ups are now being investigated? She referred to the work of the panel, but she will have heard, for example, the comments of journalist Don Hale, who says that he had a file of allegations from Barbara Castle, but it was removed by the police after threats and an approach from Cyril Smith. These are immensely serious allegations, so can the Home Secretary tell the House who is investigating them now—the police, the Independent Police Complaints Commission, this Wanless review, or the national overarching inquiry that has not yet started—because they must be investigated by someone? We presume that the police will be investigating specific allegations of abuse, but can the Home Secretary clarify who will be investigating specific allegations of cover-ups? Will that be the police or the inquiry, and if it is the inquiry, will it have the full investigative powers it needs?

Finally, the Home Secretary will be aware of concern from police forces across the country about the lack of resources they have for investigating both historical and current abuse cases. Will she tell us whether she believes the police and prosecutors currently have enough resources in place to properly investigate these terrible crimes?

There are still clearly so many unanswered questions and the Home Secretary is right that the whole House will unite in its determination to get to the truth. Survivors of abuse, and all of us, need to know that we now have the most effective possible system in place to pursue truth and justice and protect our children for the future.

Mrs May: The right hon. Lady is absolutely right: I did want this report to be published separately today. I thought it was appropriate to do so, rather than publishing it on the same day that I was making the statement about the panel inquiry, so that there are opportunities for this House to look at the document, which has been put in the Library. I recognise that hon. Members at this point will not necessarily have been able to look at the inquiry report as fully as I have, but obviously that opportunity will be open to them.

The right hon. Lady said the review terms of reference were too narrow. I disagree. The review was set up to give the public confidence that the reviews that had been commissioned by the permanent secretary were rigorous and fair, and the review confirms that they were. Unfortunately, of course, it does not prove or disprove that the Home Office acted appropriately in the 1980s, but, as I said, that is not the only aspect of this case, and we should not give up now.

The right hon. Lady asked about the historical allegations and how they were being dealt with. A number of historical allegations are already being dealt with and are under police investigation. For example, there is Operation Pallial in north Wales and there are also all the Operation Yewtree investigations around the Jimmy Savile case, and, indeed, we have seen some historical allegations against individuals being brought to court already and some people being prosecuted as a result of that work.

In relation to the specific question about Don Hale and the comments he made, I did not hear his whole interview on the Radio 4 “Today” programme this morning, but I recognise the allegations he has made, so my office has been in discussions with the Metropolitan police today and the Metropolitan police have agreed that they will now look into those allegations.

The right hon. Lady referred to investigating cover-ups. The point about the panel inquiry is that it will be looking at what the institutions did: it will look at what happened and ask, for example, why was it that children in care homes were abused to the extent that they were; why was it that allegations were not properly dealt with; and why was it that institutions—bodies of government, of the state—that were there and should have been protecting people, and investigating and properly dealing with allegations of criminality, did not do so? Sadly, obviously as we have seen in relation to the Rotherham inquiry and the work in Greater Manchester, some of these issues still pertain today. So that is what the inquiry will look at. Of course if it uncovers anything that relates to criminal activity that has taken place, it will be appropriate for that to be properly investigated by the police. I have said before that I am discussing the question of resources in relation to this, and I have already had a conversation with the national policing lead about these matters.

I want to confirm two further things. Some people have expressed concern about what evidence can be given to these inquiries in relation to the former officials who had signed the Official Secrets Act. I am very clear that the Official Secrets Act should not get in the way of anybody giving evidence to the panel inquiry or bringing forward any evidence that they have that is relevant to this issue. If anyone who knows something is worried about the Official Secrets Act, they should come forward and speak out.

Also, in their report Wanless and Whittam found that there was no inappropriate behaviour or cover-up when the Home Office recently reviewed these matters. However, as I said, that does not prove or disprove allegations about the Home Office in the 1980s. Their verdict is “case not proved”, rather than “not guilty”. I cannot stand here and say that the Home Office was not involved in a cover-up during the 1980s. There might have been a cover-up, and that is why we have set up the inquiry into child abuse. We are determined to get to the truth.

Mr James Clappison (Hertsmere) (Con): I welcome my right hon. Friend’s determination to leave no stone unturned in addressing the deficiencies of the Home Office’s record keeping in the period between 1979 and 1999. Will she give me an assurance that the recommendations of the report have now been adopted, that child abuse allegations received by the Home Office
are being marked as significant, that a record is being kept of what is passed on to the police and that there is a procedure for following up what happens after that?

Mrs May: As I said earlier, the permanent secretary has accepted all the recommendations, and they are being put into place at the moment to ensure that the systems record information appropriately in the way that Wanless and Whittam have recommended, so that it will be possible to follow through any matters that are passed to the police to ensure that they are being properly recorded and dealt with.

Keith Vaz (Leicester East) (Lab): Mr Wanless and Mr Whittam gave evidence to the Home Affairs Select Committee this morning. We gave the Home Secretary the opportunity to appear before us, before they came to see us, but she declined to do so. In my seven years as Chairman of the Committee, such occurrences have been extremely rare. It is important that Ministers should submit themselves to proper scrutiny by Select Committees on issues of this importance. Perhaps the only way to achieve that is to table an urgent question, and we will consider doing that in the future. When Mr Wanless and Mr Whittam gave evidence, they said that it was the Home Office’s shambolic record keeping over 30 years that had led them to believe that they could not rule out the possibility of a cover-up. The Home Secretary has said that she is writing to them with further information. When will she do so? Further to the point made by the hon. Member for Hertsmere (Mr Clappison), we want the new system set out in recommendation 2 to start today. Can this be done, please?

Mrs May: I would not normally reveal the interaction between myself and the Home Affairs Committee in relation to an appearance, but as the right hon. Gentleman has made reference to it, I think I should clarify the matter for the House. I am happy to appear in front of the Committee on these matters, but I did not feel that it was appropriate to do so before the report had been published. I would have been asked questions that it would not have been appropriate for me to answer, given that I had not yet made the report public. However, I look forward to receiving an invitation to appear on a separate date.

The right hon. Gentleman is right on the issue of record keeping, and the matter is being addressed in the Home Office. We want to ensure that this is done as quickly as possible, but we also want to ensure that the system that is being put in place will work, that it will be sustainable over time, and that everyone who is working in it understands it and deals with it appropriately. That is not something that can be done at the click of one’s fingers. It takes a little time.

Dr Julian Huppert (Cambridge) (LD): When we heard from Wanless and Whittam at the Home Affairs Committee this morning, they told us that their report had been submitted to the Home Secretary on 15 October. They also told us that they had wanted it to come out as quickly as possible and did not know why it had not been published until today. They said that the timing of its publication had been nothing to do with them. The Home Secretary has a track record of delaying reports that she is concerned about. Why did it take so long to bring this one out?

Mrs May: I cannot recall whether the hon. Gentleman was in the Chamber when I made my statement on the child abuse panel inquiry last week. I suspect that he was—

Dr Huppert indicated assent.

Mrs May: The hon. Gentleman is assiduous in attending the Chamber when matters relating to Home Affairs are being discussed. I made it clear then that I did not want to publish this report on the same day as the statement, and that I wanted to publish it later. I said that I would publish it this week, and I have kept that commitment to the House. Also, when I receive a report it is important that I read and consider it. As a result of having done so, I asked a number of questions of officials. That has resulted—this answers part of the question asked by the right hon. Member for Leicester East (Keith Vaz)—in my writing today to Peter Wanless to indicate that I would like him and Richard Whittam to give a reassurance about the extent to which they were able to reassure themselves that the police had dealt appropriately with matters that were handed over to them. The reason I have done that is simple: I do not want a situation where people simply say, “The Home Office can absolve itself of responsibility because it handed things to the police.”

We want to make sure that those allegations were dealt with appropriately, and I think it is entirely right that I have written to them for reassurance on that.

Yasmin Qureshi (Bolton South East) (Lab): This morning, our Committee heard from the victims groups, which expressed reservations about some members of the panel for the overarching inquiry and suggested three names for the chair. Two of them, Nelson Mandela and Theresa May are obviously not possibilities.—[Interruption.]

Mrs May: As I said earlier, the Home Secretary has made reference to it, I think I should clarify the matter for the House. I am happy to appear in front of the Committee on these matters, but I did not feel that it was appropriate to do so before the report had been published. I would have been asked questions that it would not have been appropriate for me to answer, given that I had not yet made the report public. However, I look forward to receiving an invitation to appear on a separate date.

The right hon. Gentleman is right on the issue of record keeping, and the matter is being addressed in the Home Office. We want to ensure that this is done as quickly as possible, but we also want to ensure that the system that is being put in place will work, that it will be sustainable over time, and that everyone who is working in it understands it and deals with it appropriately. That is not something that can be done at the click of one’s fingers. It takes a little time.

Dr Julian Huppert (Cambridge) (LD): When we heard from Wanless and Whittam at the Home Affairs Committee this morning, they told us that their report had been submitted to the Home Secretary on 15 October. They also told us that they had wanted it to come out as quickly as possible and did not know why it had not been published until today. They said that the timing of its publication had been nothing to do with them. The Home Secretary has a track record of delaying reports that she is concerned about. Why did it take so long to bring this one out?

Mrs May: I cannot recall whether the hon. Gentleman was in the Chamber when I made my statement on the child abuse panel inquiry last week. I suspect that he was—

Dr Huppert indicated assent.

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for every Department, so that survivors of child abuse can have confidence that wherever an allegation of child abuse is made to government it will be acted on swiftly and appropriately?

**Mrs May:** My hon. Friend makes a very important point and I am very happy to commit to doing that. I will be writing to the Cabinet Secretary to ensure that all Departments and agencies co-operate fully with the child abuse panel inquiry, and I am very happy to put in that letter as well my hon. Friend’s suggestion that the Wanless and Whittam recommendations on record keeping should be applied across the whole of government.

**John Mann** (Bassetlaw) (Lab): Don Hale was given a huge number of Home Office minutes by Barbara Castle that directly related to allegations of child abuse by prominent people, including many prominent MPs. Those minutes were seized virtually straight away by three special branch officers. Why is it appropriate that the Metropolitan police should now be investigating this, rather than inviting those special branch officers to the inquiry to give their explanation of why they were instructed to take those files and where they took them?

**Mrs May:** The hon. Gentleman has raised points that I think are relevant, but they are separate points in relation to what evidence can be given to the inquiry. It would be entirely open to the inquiry, if it chose to do so, to ask Don Hale, and indeed others involved in this, to come before the inquiry to give evidence to it. That is not a matter for me; it will be a matter for the inquiry panel to decide whether it wishes to pursue that course of action. Having been made aware of the allegations that Don Hale had made this morning, I felt that it was right that there should be a police investigation into this, which is why the Metropolitan police will be looking into it.

**Michael Ellis** (Northampton North) (Con): I wish to ask the Home Secretary about the security services. It is my understanding that, in the 1980s and at other times, copies may have been made of files that have been established by this review as now missing from the Home Office. Those copies may have been taken by the security services. Will she ensure that further inquiries are made to establish that there are not copies of these old files somewhere else? As a member of the Home Affairs Committee, may I confirm that the Home Secretary is a very regular attendee, whereas her shadow has not been once in the time that I have been in the House?

**Mrs May:** I understand that in their work, Peter Wanless and Richard Whittam did investigate whether files were held by a number of other Government Departments and agencies. I have in my letter to them today made it clear that I would like further reassurance on the role of the Security Service. I trust that they will be able to look into that further and report back to me.

**Barbara Keeley** (Worsley and Eccles South) (Lab): Greater Manchester police admit that they failed to pursue perpetrators of child sexual grooming gangs despite allegations being made to them about those gangs over a decade or a more. Our admirable friend the shadow Home Secretary has pressed the issue about the lack of police resources, so will the Home Secretary now say more about providing those resources, because Greater Manchester police will need them to investigate the levels of current and historical sex abuse that we have had in that city?

**Mrs May:** I will repeat what I said in response to the shadow Home Secretary. I have spoken with the national policing lead on this matter, who is looking at all the investigations that are taking place in forces across the country, and on what is needed to ensure that those investigations can be undertaken. One issue that has clearly emerged from the Rotherham report and from the work that the shadow Home Secretary did in relation to Greater Manchester police and the issues around child sexual exploitation was not about resources but about an attitude which did not believe or listen to the victims and was not prepared to investigate their cases. We must change that attitude of mind and change that culture.

**Tessa Munt** (Wells) (LD): In the interests of clarity, may I ask the Home Secretary on what date she instructed her permanent secretary to check and order the preservation of each and every file containing documents relating to any allegations of abuse, so that the independent panel has access to them? Destroying any documents would be against section 29 of the Data Protection Act, which should protect them in the interests of justice.

**Mrs May:** I will, if I may, write to my hon. Friend with details on the work that the Home Office has been doing to ensure that files are preserved and available for those who need to see them.

**Stephen Doughty** (Cardiff South and Penarth) (Lab/Co-op): On Friday, given the discussion that was going on in the media about this report, I raised a point of order in the House. Although I welcome the detail that the Home Secretary has given us today, I remain somewhat confused as to why she did not choose proactively to make a statement to the House. There are issues of confidence and assurance that concern both victims and Members from all parts of the House. Will the Home Secretary reassure us that she will take a proactive approach in coming to this House with information on these serious issues?

**Mrs May:** I have come to this House on a number of occasions to deal with these matters and to talk about the work that the Government have put in place in relation to these very serious allegations—be it in response to the Rotherham inquiry or to the child abuse inquiry panel that the Government have established. It is absolutely my intention that the work that has been put in place by this Government will get to the truth. Survivors of child abuse will have the opportunity to put their case and to see a thorough consideration of these issues so that we can identify what went wrong, why they were not protected by the very institutions that should have protected them and what further lessons we need to learn for the future. I will undertake to update the House on a regular basis, when it is possible to do so.

The independent panel will be conducting its work independently. It is not for me to determine when it may make public statements about the work that it is doing. One issue that I wish to raise with it is exactly this
question about how it can ensure that people are aware of the work that it is doing while it is doing it, so that people can have confidence in it and see what is being done.

Mr Philip Hollobone (Kettering) (Con): The Wanless report has been published and the Home Secretary and others have confidence in it. Has she considered appointing either Peter Wanless or Richard Whittam, or indeed both, as chairman or co-chairman of the independent panel inquiry?

Mrs May: I thank my hon. Friend for that proposal and will add both names to the list that the Home Office is compiling.

Ann Clwyd (Cynon Valley) (Lab): Will the Home Secretary confirm whether the Wanless review looked at the situation in Wales? Did it consider the role of North Wales police and the work of the Wales Office at that time? I tabled an early-day motion in 2012, just before the Waterhouse review was set up, which made it clear that “the police have lost the confidence of the public by their apparent failure properly to investigate the full extent of the paedophile activity in North Wales; and similarly that the Crown Prosecution Service has inexplicably failed to prosecute on a number of occasions despite clear evidence and a large number of allegations” North Wales police lost documents, photographs and statements. Who is looking into that?

Mrs May: In answer to the right hon. Lady’s specific question on the Wanless and Whittam review, it looked at information held in the Home Office—what information it had and how it dealt with it. If the information in those files related to Wales, or anywhere else in the United Kingdom, of course it would be within the review. The purpose of the review was to look at how the Home Office handled that information. I can assure her that the independent panel inquiry’s terms of reference explicitly state that the inquiry will cover England and Wales, so matters relating to child abuse that might have taken place in institutions in Wales will be covered.

Andrew Jones (Harrogate and Knaresborough) (Con): Does my right hon. Friend agree that the establishment and publication of this review are an important step in ensuring that institutions up and down our country take seriously their duty to protect children from abuse, and to learn any lessons from their failures, because one of the most shocking aspects of this story over the past few months has been how those institutions let children down, and let them down terribly?

Mrs May: I absolutely agree with my hon. Friend. It is shocking that we have seen bodies of the state—institutions, Government Departments and agencies—that should have been protecting children failing to do so. That is clear from the historical cases of child abuse we have seen, which were not followed through or considered properly. Sadly, it is also what we have seen from the more recent cases in Rotherham and Greater Manchester. Indeed, there are other cases currently being taken forward by police investigating child sexual exploitation in these matters. It is essential that we recognise that there are still problems, which is why it is important that the inquiry finds out what went wrong and identifies the lessons we now need to learn and what we need to put in place to ensure that we stop that in future.

Steve McCabe (Birmingham, Selly Oak) (Lab): Although many of the files may no longer exist, it has been suggested that there are plenty of officials, or at least retired officials, still around who are fully conversant with their content. Were any of them interviewed as part of the Wanless review? If not, in the interests of getting to the bottom of this, does the Home Secretary think that it might be an idea to interview them now?

Mrs May: It was open to Peter Wanless and Richard Whittam to interview any individuals they felt it was appropriate to interview. For example, they interviewed the former official who had indicated that he had information relating to money going to the Paedophile Information Exchange. It is also open to any official who has information or knows of something that happened in relation to these matters to come forward and give evidence to the panel inquiry. As I said earlier, I am very clear that the Official Secrets Act should not prevent anybody from bringing such evidence forward.

Bob Blackman (Harrow East) (Con): Clearly the evidence emerging from both Rotherham and Manchester shows the systemic failure of public services to treat allegations of child sexual abuse seriously. Will my right hon. Friend now reiterate the view that anyone who has any evidence whatsoever of child sexual abuse, or who has been the victim of child sexual abuse, should come forward so that these allegations can be thoroughly investigated and their minds can be put to rest?

Mrs May: My hon. Friend makes a very important point about the extent to which children have been failed, both in the past and more recently, as we have seen from the cases he mentioned. I am very clear that anybody who has any evidence should come forward. I want people to feel confident that they can come forward in the knowledge that the intention of the inquiry we have set up is to get to the truth. If there were cover-ups among Government Departments or others in relation to these matters in the past, that should be exposed and we should ensure that that cannot happen in future.

Susan Elan Jones (Clwyd South) (Lab): My question takes that one step further. Will the Home Secretary ensure that the overarching inquiry into child abuse, when up and running, will examine the role of Whitehall and its authorities, because that is a critical question for many people?

Mrs May: Yes, it absolutely will. As I have said, the inquiry will be comprehensive when it comes to the institutions it looks at. It will look at state and non-state institutions, because there have clearly been failures not only in state-run care homes, for example, but in other areas of life, such as the Church. The review will be comprehensive.

Zac Goldsmith (Richmond Park) (Con): The Home Secretary has rightly pointed out that the report identifies no clear evidence of cover-up, but I want to draw her attention to a reference it makes to a letter that the then Home Secretary wrote in reply to Mr Dickens on
20 March 1984. It states that a dossier of letters provided by Mr Dickens was passed to the office of the Director of Public Prosecutions and that, as the review states, “in the view of the DPP, two could form the basis for enquiries by the police and have been passed to the appropriate authorities.”

If that is true, it is very hard to understand how there can be no evidence of those letters. That is exactly the kind of loose end that the inquiry will have to resolve if it is to have any credibility at all with victims and the wider public.

Mrs May: My hon. Friend makes a very important point. It is precisely those sorts of issues that have led people to query what has happened, question the attitude taken to these matters and ask the very question he raises about why there do not seem to have been any prosecutions off the back of it. Wanless and Whittam were specifically asked to look at how the police and prosecuting authorities dealt with any reference that had been made from the Home Office because, as I said earlier, in my view it is not good enough for the Home Office to say, “Well, we’ve reviewed what the Home Office did.” We need to know what happened to the evidence that the Home Office passed on. It is in looking at what further action was taken that I have gone back to Wanless and Whittam in the letter I sent them today.

Kevin Brennan (Cardiff West) (Lab): Can the Home Secretary shed any light on recent press reports that the Dickens dossier might be held in the files of Barbara Castle at the Bodleian library in Oxford?

Mrs May: I am unable at this stage to shed any further light on that, but obviously that will be looked into. If there is evidence sitting somewhere like that, we want to ensure that it is available to the inquiry.

Duncan Hames (Chippenham) (LD): I welcome the fact that the Home Secretary remains so hungry to find the truth about this situation. I am a little puzzled, because the period of the review stretches from 1979 to 1999 yet there is such a heavy dependence on paper-based records, even though the use of computing within public administration would have been widespread for a good deal of that period. Why is that the case?

Mrs May: I am afraid that Governments spend a lot of time working with paper-based methods. Indeed, much of the material available to Government is still paper-based, rather than in digital form. Obviously, increasingly the balance is changing, but the records kept at that time were almost invariably in paper form. Indeed, many records are still kept in paper form.

Sheila Gilmore (Edinburgh East) (Lab): Does the Home Secretary have any lessons from this inquiry with which to reassure people about the wider inquiry, given the apparent absence of good record keeping in the past? How will people be kept on board so that they have trust in the process, rather than awaiting something and then, at the end, crying, “No, that can’t be right”?

Mrs May: The hon. Lady makes an important point. It will be for the inquiry panel to determine how it is going to report, how frequently it will report, and in what form it will report the work that it does. My personal view is that because of the nature of these issues, the comprehensive nature of its work, and the need for confidence in it that she mentioned, I would like it to report to people on a fairly regular basis so that it can show what it is doing. Indeed, there may be a benefit to that, because if it reports on a piece of work that it has done on, say, identifying a certain set of institutions, that may trigger other people to come forward with further evidence. This will be a matter for the inquiry panel, but I have made clear my view that they should be doing it regularly.

Stephen Mosley (City of Chester) (Con): The Wanless review continually highlights the fact that in the 1980s data relating to parliamentary questions and information about constituents submitted by MPs to Ministers were retained for only two years. What is the position now? Following on from the question by my hon. Friend the Member for Chippenham (Duncan Hames), would it not make sense to store these data digitally so that they are available for future generations?

Mrs May: If I may, I will write to my hon. Friend about the current procedures that are followed by Government Departments in relation to retention of records. The length of time for which a document is kept is determined by its status. There have been a number of models for this across the intervening years. I fully accept that maintaining material in digital fashion is the way forward. However, as I said to my hon. Friend the Member for Chippenham (Duncan Hames), the Government still—how can I put it?—like the paper form and are still, in many cases, keeping the material available to them in that form, but they are moving towards more digitisation.

Geraint Davies (Swansea West) (Lab/Co-op): The Home Secretary will be aware of the sickening case of the Crown Prosecution Service supporting the charges against Eleanor de Freitas of false allegations of rape that resulted in her suicide. What assurances can the Home Secretary give to victims of public figures who abused them that the CPS will not pursue counter-claims against them that might lead to deterrence or, indeed, their suicide?

Mrs May: I will not comment on the individual case that the hon. Gentleman has raised. I am very clear, and it is very clear in the request that I will put to the Cabinet Secretary, that Government Departments and agencies—all aspects of Government—should be working to help the inquiry to get to the truth and to ensure, in doing so, that any evidence is available to it. The Crown Prosecution Service is an independent body in relation to decisions that it takes about prosecutions. Certainly, the message we will be sending from the Government is that in matters relating to the inquiry we want Government Departments to come forward with the information they have to ensure that we can get at the truth.

Nia Griffith (Llanelli) (Lab): I very much welcome the approach that the Home Secretary is taking, and I understand why she wants to be absolutely sure that the systems that are in place are going to work. Will she confirm that the recommendation that a record is made...
of what happens to something that is passed to the police will be put in place as soon as possible, without waiting for the full inquiry?

**Mrs May:** Yes. That recommendation from the Wanless and Whittam review is separate from the work of the inquiry panel. The permanent secretary has accepted those recommendations and is ensuring that they are acted on and put in place.

**Ms Gisela Stuart (Birmingham, Edgbaston) (Lab):** May I return to the question by my fellow Birmingham MP, my hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe)? We have clearly lost a lot of paper files, and only one official who would have been expected to know what went on, even in the absence of files, has voluntarily come forward to give information. Would it not therefore be appropriate to have a more systematic scroll through those who might have known, and rather than wait for them to come forward, to ask them proactively?

**Mrs May:** As I said to the hon. Member for Birmingham, Selly Oak (Steve McCabe), Peter Wanless and Richard Whittam were open to decide how to do the work of the review; it was for them to determine how best they could ensure that they were doing their job thoroughly, as I believe they did. As for whether there are officials who would, or should, come forward to give evidence to the inquiry panel, that is a separate question. I am very clear that any former official who has any information should feel able to come forward and not feel that the Official Secrets Act will get in the way of their doing so. It is important that we hear all the evidence that is available.

**Prison Communications**

1.45 pm

**The Lord Chancellor and Secretary of State for Justice (Chris Grayling):** With permission, Mr Speaker, I want to inform the House that telephone calls between prisoners and their constituency Members of Parliament, or MPs’ offices, may have been recorded, and in some cases listened to, by prison staff. The issue stretches back to 2006 and primarily relates to the period prior to autumn 2012, when this Government made changes to tighten up the system. This is a serious matter, and I would like to start by apologising to the House on behalf of my Department for any interception of communications between a prisoner and their constituency MP. I want to set out the steps I am taking to address it, which will include an independent investigation by the chief inspector of prisons, Nick Hardwick. The issue was first brought to my attention on 5 November, and having asked for urgent work to establish the basic facts, I have come to the House to make a statement at the earliest opportunity.

I will first explain how telephone calls in prisons are managed. Prisoners’ ability to phone and talk to family members, friends and others is an important part of the Prison Service’s work to help prisoners in maintaining family and other ties that support their rehabilitation. However, in facilitating such phone calls it is important to ensure that safeguards are in place to make sure that prisoners do not abuse the system—for example, by contacting victims or by continuing their criminality while still in prison. All public sector prisons and youth offender institutions, as well as the majority of private sector prisons in England and Wales, have operated the same PIN—personal identification number—phone system for the past 10 years. Prisoners are issued with a PIN to activate the system and informed that all calls are, by default, recorded and may be listened to by prison staff. This is set out in a communications compact, introduced in 2008, which prisoners are required to read and sign. The compact is clear that the prisoner must advise prison staff of their legal and other confidential numbers to stop these numbers being recorded. That is because the PIN phone system requires an action from staff to override the default setting that all calls will be recorded. Prior to 2012, provided that prisoners did not present a specific risk, they could contact any telephone number that had not been proactively barred from their PIN account. For example, the telephone number of their victim would most likely have been barred. In 2012, this Government implemented greater control over those whom prisoners were allowed to contact, limiting them to specifically identified phone numbers. As part of that process, prisoners supply the legal and otherwise confidential telephone numbers that they wish to contact. Prison staff are then required to carry out checks that the number is indeed a genuine number that should not be recorded or monitored, so that confidentiality is respected but not abused.

Let me turn in more detail to the issues that were brought to my attention late last week, which will rightly concern this House. The prison rules and policy are clear that communication between prisoners and hon. Members must be treated as confidential where the prisoner is a constituent of theirs. As a result of an inquiry—an unrelated inquiry—from a serving prisoner, and following a rapid internal investigation, the National
Offender Management Service has identified instances since 2006, when detailed audit records start, where calls between prisoners and MPs’ constituency and parliamentary offices have been set to record. In a small number of cases, those calls have been recorded and listened to by prison staff.

From the initial investigation, NOMS has identified 32 current Members of this House whose calls, or those of their offices, appear to have been both recorded and listened to. For 18 of these MPs, it appears that the prisoner did not list the number as confidential and therefore the action was not taken to prevent recording. As these calls were not marked as confidential, some would also have been subject to the random listening that is completed on all non-confidential calls.

In a further 15 cases, Members appear to have been identified correctly on the system as MPs, but due to a potential failure in the administrative process the required action was not taken by prison staff, so the calls were recorded and appear to have been listened to. One Member falls under both categories.

We are not yet in a position to confirm the details surrounding each occurrence, and that requires further investigation. I have, however, been able to establish that the most recent call recorded was to the constituency office of my colleague, the right hon. Member for Bermondsey and Old Southwark (Simon Hughes). The prisoner in question spoke to a member of the constituency office, rather than to the right hon. Gentleman, to inquire about the progress of some constituency correspondence.

In each case, it is important to understand whether the prisoners were speaking to an MP directly rather than to their office, and whether that MP was their constituency MP. Those are relevant questions if we are to get to the bottom of what has gone on.

I must say that I have seen nothing to suggest that there has been an intentional strategy of the Prison Service listening in to calls between prisoners and individual Members of Parliament. Indeed, given that the calls of one of my predecessors—the right hon. Member for Blackburn (Mr Straw)—were, as I told him earlier, being recorded and listened to at a time when he was the Secretary of State, the issue appears to have arisen by accident rather than by design.

That is not, however, to detract from the fact that confidential phone calls between Members of this House and their constituents in prison may have been recorded and monitored. That is unacceptable and I want to ensure that we have taken every reasonable step to protect the confidentiality of communications between prisoners and their constituency MPs.

It has also been brought to my attention that, in a similar way, there have been a small number of cases over the past few years where a call between a prisoner and a lawyer was accidentally recorded. Although those cases have been dealt with individually with the prisoner at the time, I want to be confident that the safeguards for all confidential calls are satisfactory.

I have therefore asked the chief inspector of prisons, Nick Hardwick, to conduct an independent investigation, which will, first, assure me by the end of this month that the necessary safeguards are now in place, and secondly, by early 2015, report in full on the facts and make further recommendations. I will make a further statement to the House once Nick Hardwick has reported to me.

I want to close by reassuring the House that significant improvements were made to the system in autumn 2012, and that since then we have identified only one instance where an individual clearly identified on the system as an MP has had their or their office’s calls recorded and listened to. But there is more that can be done. On the PIN phone system, the main switchboard number for the Houses of Parliament is listed as confidential. As an interim measure, pending the outcome of Nick Hardwick’s review, I have asked that all MPs’ office numbers—as listed on the parliamentary website—and constituency office telephone numbers be marked as confidential. All phone calls from prisoners to those numbers cannot for now be recorded or monitored. The Under-Secretary of State for Justice, my hon. Friend the Member for South West Bedfordshire (Andrew Selous), who has responsibility for prisons, will write to all Members asking them to provide any further numbers that should be registered in that way.

I will also write individually to all Members where we have particular concerns that their conversations may have been monitored, and I intend to place a list of those MPs in the Library of the House. Before doing so, I want to inform those affected and give them an opportunity to agree. I hope to conclude that by the end of this week.

The relationship that exists between MPs and our constituents is crucial and must be protected. That is why I have acted at pace to bring these issues to the House’s attention and have taken immediate steps to ensure our confidentiality is respected. I commend this statement to the House.

1.53 pm

Sadiq Khan (Tooting) (Lab): I thank the Justice Secretary for advance sight of his statement, the contents of which are truly shocking. What he has outlined is a very serious breach of confidentiality involving MPs and their constituents. I welcome the speed of his response and today’s statement after first hearing about this issue only six days ago. I also thank him for his phone call to me this morning.

The ability of a Member of Parliament to maintain confidential channels of communication with his or her constituents is fundamental to their role as a Member of this House. Interception of MPs’ telephone calls has been governed by the Wilson doctrine since the 1960s, which, as the Justice Secretary has said, is made clear in prison rules and policy, so any breaches of confidentiality must be taken very seriously indeed.

Many of us will deal on a regular basis with constituents in prison—I remind the House that many of them have not been found guilty of any crime—as part of our duties as good constituency MPs. Often, our staff speak to prisoners on our behalf, as they do in other casework. I am sure that I am not alone in being shocked in hearing today’s news that some of those conversations have been listened in to and recorded.

That is why it is important, as the Justice Secretary has said, that we get to the bottom of this as quickly as possible, find out the extent to which it was taking
place, and put in place a system that prevents a repeat in the future. I welcome the inquiry to be led by the chief inspector of prisons, Nick Hardwick.

I have a number of questions for the Justice Secretary. If he cannot answer some of them, I hope that either the chief inspector of prisons or he will respond in the near future.

Does this issue in any way contravene the Wilson doctrine on intercepting the telephone calls of MPs? In how many prisons has it taken place? The Justice Secretary referred to the PIN phone system in public sector prisons. What about private prisons? Will Nick Hardwick’s inquiry look into private prisons as well?

Is there any evidence that any of the information gained from the calls was fed up to senior officials in NOMS or passed on to any third parties? Can the Justice Secretary confirm that all remaining recordings and any transcripts have been destroyed, and that those that have not will be destroyed?

The Justice Secretary mentioned 32 current MPs. What about ex-Members of Parliament? Have they been informed that their conversations may well have been recorded and listened to in?

The Justice Secretary also mentioned the one incidence of a phone call between a prisoner and their solicitor being listened in to. As part of the inquiry, will Nick Hardwick look into whether other communications between prisoners and their lawyers may have been listened in to and recorded?

Is there any evidence that there has been any interference with postal correspondence between MPs and constituents or between prisoners and their legal representatives—the so-called rule 39A correspondence? The Justice Secretary rightly referred to the improvement of the audit trail post-2006. Can anything be done with regard to issues before 2006?

In conclusion, the Justice Secretary rightly reminded us why it is important for prisoners to be able to talk to family members, friends and others. He also rightly reminded us that, in facilitating prisoner phone calls, it is important that safeguards are in place, to ensure that prisoners do not abuse the system by, for example, contacting victims or continuing their involvement in criminality while still in prison. Of course, Members on both sides of the House agree with that. Today’s revelations are a worrying development and it is really important that safeguards are in place, to ensure that both sides of the House agree with that. Today’s revelations are a worrying development and it is really important that safeguards are in place, to ensure that both sides of the House agree with that.

Chris Grayling: I thank the shadow Secretary of State for the measured way in which he has responded to the issue. Let me answer his questions in turn. The Wilson doctrine applies to intercept activity, so the routine monitoring of calls of this kind, while not within the prison rules, is not covered by the Wilson doctrine.

I cannot give the right hon. Gentleman an answer on the number of prisons. We have been able to identify the number of calls and MPs, but that has been done through telephone records, so I do not yet have information on the origins of the calls and the number of prisons. I expect we will see more information about that as the inquiry progresses.

I have as yet seen no evidence that information was passed on to anyone else. I do not believe that this was part of a concerted attempt to monitor; it was simply part of the routine checking of the process to make sure that nothing untoward was going on. Clearly, however, that is something I will ask Nick Hardwick to confirm.

I believe that all recordings have been destroyed—they are kept for only a limited period—but I assure the right hon. Gentleman that if any have survived, which I do not believe to be the case, they certainly will be destroyed.

Work relating to ex-Members of Parliament has not been done, but I assure the right hon. Gentleman that we will ask that question and notify them. Until now, it has been a question of cross-referencing current Members of Parliament in order to identify issues.

On solicitors, I have asked Nick Hardwick to look at the full range of confidential calls. The reality is that occasionally mistakes will be made in a large organisation dealing with such issues. The total number of calls handled by the Prison Service over this period is about 16 million, so I will be up front with the House and say that occasionally mistakes will be made. I want Nick Hardwick to make sure that we have every possible safeguard in place to make sure that this cannot happen as a matter of routine.

The right hon. Gentleman asked about rule 39 mail. I do not have any evidence that such mail has been inappropriately intercepted. We keep rule 39 under regular surveillance and review. Although it is of paramount importance that it remains a conduit for prisoners to receive confidential material from their solicitors and to send such material to them, he will know that there have equally been suggestions over the years that rule 39 has been abused. I try to make sure that we continue to monitor it properly and respect its confidentiality, but governors are instructed to look at it if they have reason to believe—they must have such a reason—that rule 39 is being misused.

On the audit trail before 2006, we have looked at this practice from 2006. It may predate 2006, but the work that has been done with BT simply covered the period from 2006 onwards.

I share the right hon. Gentleman’s concern: in all aspects of what we do, it should be possible to have confidential conversations with constituents. Something has clearly gone wrong, and I need to rectify it. It goes back over many years, but it needs to be rectified now, and I assure the House that it will be.

Crispin Blunt (Reigate) (Con): I congratulate the Secretary of State on his statement and, of course, the Department on putting him in a position to make the statement so speedily after the information was made available to him. However, the key point is that no actions appear to have followed cases of monitoring, and that there was no strategy in the Department of overseeing MPs’ conversations. In reality, this is not perhaps a hugely important issue, provided it can be confirmed that no action was taken as a result of calls being monitored in the normal way. Such calls will not be monitored under the new system, and we should all be grateful to him for the extra casework that we will get.

Chris Grayling: My hon. Friend is right. I see no evidence that this practice was part of an attempt to gain and pass on pieces of information. It is a very large and complicated system, with a very large number of people. My first impression is that this practice was the
result of a series of errors, but that does not make it acceptable. I will of course ask Nick Hardwick to confirm that it was the result of series of errors, and to make sure that it does not happen again.

Mr Jack Straw (Blackburn) (Lab): The Secretary of State was generous enough to offer an apology to the House for what happened between 2006 and 2012. That was very generous, not least because he was not in his current office at any time in that period. I was in his office for three of those six years, and I feel that it is appropriate for me to offer an apology for what happened on my watch.

On that matter, I have checked—I am grateful to the Secretary of State for giving me prior information—and five or six calls were made to my office while I was Justice Secretary. I think that I had an alibi at all material times: I was not on the end of the call because I was in the House or in the Ministry of Justice. It looks as though all the calls were made to my staff, not to me, and that the prisoner did not identify themselves as a serving prisoner. That underlines the fact that the practice is almost certainly due to inadvertence.

My final point is that the right hon. Gentleman and the House will recall that in 2008, following the disclosure in The Sunday Times that a conversation between my right hon. Friend the Member for Tooting (Sadiq Khan) and a prisoner had been recorded in a prison, I set up an inquiry under Sir Christopher Rose, a former very senior Court of Appeal judge. He found that inadvertence not conspiracy had led to that happening. May I suggest that Sir Christopher Rose’s report is drawn to Nick Hardwick’s attention for any lessons that could be followed through on?

Chris Grayling: The right hon. Gentleman is enormously gracious to offer a personal apology, and I thank him for that.

The right hon. Gentleman is right. In relation to his own situation, he highlighted the fact that the practice concerned a discussion between a prisoner and a member of his staff. I venture to suspect that we will find over the course of the investigation that a large proportion of the calls were with members of staff rather than with Members of Parliament. None the less, it is important that such communications between lawyers and their clients should remain confidential and that what has happened should not occur again.

Mr David Winnick (Walsall North) (Lab): The statement is headed, “Prison Communications”. Is the Secretary of State aware that there is a good deal of concern—in my view, justified concern—that the intelligence services are intercepting communications between lawyers and their clients. We know that there is an acute threat of terrorism and we have no illusions about that, but does he accept that such communications between lawyers and their clients should remain confidential and that what has happened should not occur again?

Chris Grayling: Rule 39 mail is very clearly covered by privilege, and it should remain so. As I have indicated, we have a remit to look at rule 39 mail only if we have good reason to believe that it is being misused. That matter is at the discretion of prison governors, but a concerted series of measures to intercept communications relating to an individual would almost certainly be subject to a ministerial warrant. As the hon. Gentleman knows, Security Service activity is subject to ministerial warrants, and rightly so.

David Rutley (Macclesfield) (Con): I welcome my right hon. Friend’s characteristically robust response. Will he confirm that breaches also took place under the previous Government, and that they were widespread? Does he agree that that underlines how important it is for both sides of the House to get behind the steps he is taking to address the issue?

Chris Grayling: My hon. Friend is absolutely right. That is why I very much welcome the tone taken by the current shadow Secretary of State and, indeed, by the former Lord Chancellor and Secretary of State for Justice, the right hon. Member for Blackburn (Mr Straw). This practice has affected both Governments, and it may well predate 2006 as well. The truth is that millions of calls are made in our prison system all the time, and mistakes will happen, but we have to learn from them when they do.

Kevin Brennan (Cardiff West) (Lab): The Secretary of State said that Members were correctly identified on the system in 15 cases, but the calls were still recorded and appear to have been listened to. Is it possible that a
criminal offence was committed by someone listening to those calls in the full knowledge that they were from MPs, and will that form part of the inquiry?

Chris Grayling: I do not believe that this is a criminal matter, because the guidelines are set out in prison rules. I would certainly take a pretty dim view if any member of staff had intentionally broken the rules to listen in to a set of calls involving a Member of Parliament. We will obviously wait to see what the investigation throws up, but I suspect that this is a case of error rather than intent. I am setting up the investigation to confirm that.

Henry Smith (Crawley) (Con): I am grateful to my right hon. Friend for his statement. He was right to bring this matter to the House’s attention expeditiously. Does he have information yet about the division between prisoners on remand whose calls were listened to and post-conviction prisoners, or will we have to wait for the inquiry for that?

Chris Grayling: I do not have that detail of information yet. The right hon. Member for Tooting (Sadiq Khan) was absolutely right to point out that many of those may well not have been convicted of any crime, but have been simply awaiting trial. It is particularly important to ensure that such people are protected, but that is a matter for Nick Hardwick’s investigation.

Jim Shannon (Strangford) (DUP): I thank the Secretary of State for his statement, and for underlining the need for confidentiality in the relationship between Members of Parliament and their constituents. As he will know, policing and justice are devolved matters today, but that was not the case back in 2006. What discussions has he had with the Minister responsible in Northern Ireland, David Ford, to ensure that the confidentiality of the relationship between Members of Parliament and constituents is maintained in Northern Ireland?

Chris Grayling: I have not yet done so because the matter arose very recently, but the hon. Gentleman makes a good point and I will follow it up.

Tessa Munt (Wells) (LD): I thank the Justice Secretary for his statement. He raised questions about communications between a relevant MP and his or her constituents in prison and those between prisoners and an MP’s staff. Was he suggesting that the exclusion of calls from MPs’ Westminster and local offices from the surveillance by prison authorities from now onwards will cover MPs’ staff, or was he trying to differentiate between the two? This is not rocket science. Confidentiality is of supreme importance.

Chris Grayling: This provision will cover all phone numbers for MPs, their offices and their staff that have been placed in the public arena and to which we have access. If Members have other numbers that are not readily available on the system, but that they wish to be covered by the new provision, I ask them to please let us know. The Under-Secretary of State for Justice, my hon. Friend the Member for South West Bedfordshire (Andrew Selous) will be writing to them to ask them to do so.

Mr Philip Hollobone (Kettering) (Con) rose—

Mr Speaker: What a delicious choice. I call Mr Peter Bone.

Mr Bone: I congratulate the Secretary of State on following what has become known as the Straw doctrine: if something goes wrong in the Department, go to the House straight away, give them the facts and apologise. What worries me is that the practice has been going on for a number of years. We know that calls have been identified as being to MPs. Why on earth was that not reported earlier? The Secretary of State spoke about the Wilson doctrine. Will he confirm that no MPs’ phone calls are being intercepted at the moment?

Chris Grayling: On the latter point, I am not aware of that. Of course, it would not be a matter for my Department, because none of the security services falls within it. It is therefore a question that my hon. Friend would have to raise with other Ministers. Certainly, no such surveillance has passed my desk.

On the former point, this matter arose because of the chance spotting of a name on a list during another investigation, following an allegation by a prisoner that did not relate to the calls of Members of Parliament being listened to. It took two goes with the BT telephone records to identify the nature of the problem. This practice has gone unnoticed because it genuinely was not obvious that it was happening and there was no easy way to discover it. It was only when a clue arose that there may be a problem that there was a trail to follow. That is why it has taken time.

Mr Hollobone: I appreciate that the investigation will unearth all the details, but going by the information that the Lord Chancellor has, does he think that this is a problem in a few prisons or in 32 prisons?

Chris Grayling: It is difficult to be certain, but I suspect that it is not a problem right across the prison estate. We will have to ensure that the standards in the best prisons are spread to those that are not meeting those standards. It is difficult to know at this stage whether it is a matter of inappropriate training or just of it being difficult to spot the name of an MP if they have not been identified. I expect that Nick Hardwick will give us that information and enable us to make appropriate changes.

Guy Opperman (Hexham) (Con): I congratulate the Secretary of State on his speedy response and on the choice of Nick Hardwick, who is clearly the most appropriate person to conduct the review. Will he confirm one final point, which is that no prisoner-lawyer matters are outstanding and that all such matters have been dealt with?

Chris Grayling: I am not aware of any outstanding matters. On my hon. Friend’s point about Nick Hardwick, I should tell the House that the reason I did not ask the surveillance commissioners to carry out this piece of work is that they are the auditors of the process. I felt that it was better to have somebody who was not the auditor investigating this matter because we must also check that our audit processes are robust enough.
Points of Order

2.14 pm

Sir Andrew Stunell (Hazel Grove) (LD): On a point of order, Mr Speaker. In questions to the Department of Energy and Climate Change on Thursday last week, I raised the case of a constituent who felt that she had been hard done by by a company, which I proceeded to name and to describe in unfavourable terms. That company and my right hon. Friend the Member for Rutland and Melton (Sir Alan Duncan), in whose constituency the firm is based, have made fervent and strong representations to me, which I fully acknowledge. In my attempt to convey just how anxious and concerned my constituent was, I clearly used language that went well beyond what the facts would substantiate. I want to make it clear to the House that I withdraw those remarks, although I still intend to give my constituent whatever help I can in this matter.

Mr Speaker: I am extremely grateful.

Sir Alan Duncan (Rutland and Melton) (Con): Further to that point of order, Mr Speaker. I thank the right hon. Member for Hazel Grove (Sir Andrew Stunell) for his courteous and fulsome retraction. The reputation of the company in my constituency is intact. I am grateful to him for his courtesy.

Mr Speaker: Honour is served. I believe that both right hon. Members, and the House, are satisfied.

National Defence Medal

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

2.15 pm

Stephen Gilbert (St Austell and Newquay) (LD): I beg to move, That leave be given to bring in a Bill to require the Secretary of State to introduce a National Defence Medal; and for connected purposes.

This Sunday, like many right hon. and hon. Members, I was proud to represent my community at remembrance services in Newquay and St Austell. Remembrance Sunday is always a poignant and emotional day that brings together people from all backgrounds and unites communities across the generations. Our veterans, whether from the recent conflicts in Iraq and Afghanistan or from the battlefields of world war two, are united in their heroism and bravery, and the rest of us are united in giving thanks for their courage and for the sacrifice that so many of them have made for us.

As we mark the 100th anniversary of the start of the great war this year and the 95th anniversary of Armistice day today, it is easy for us to think that all those who have put on a uniform in the service of our nation have been recognised for their service with the relevant medals. Sadly, that is not the case. Many thousands of people who have chosen to put our country before themselves have not been recognised for their service with a medal, because they have not seen conflict. It is my contention that individuals choose to put on a uniform and, in so doing, choose to put the country ahead of themselves. Individuals cannot, however, choose whether they see conflict, but that does not make their commitment to our country and their bravery any less worthy of recognition than those who do.

My Bill seeks to redress that injustice by requiring the Secretary of State for Defence to introduce a national defence medal to be awarded to all those who choose to put the defence of our nation before themselves, whether or not they see conflict. Let me be clear that the Bill is not intended to diminish in any way the medals for gallantry that have been given to those who have faced conflict; the intention is to recognise the bravery of all those who choose to put the country first.

Over the past 70 years since the Normandy landings, it has been clear that many thousands of veterans have believed, sadly, that the service that they have given to the nation has not been recognised properly. That is because many of those who were involved in national service, who were exposed to nuclear testing, who served with distinction in the cold war or in post-armistice Korea, or who served in many more times and places besides, have been turned down for recognition by the Committee on the Grant of Honours, Decorations and Medals under successive Governments. That is unfair because they have been involved in keeping the nation and its interests safe and secure, and because conditions can be particularly hazardous to service personnel who are deployed to areas after the formal ending of conflicts and wars, such as those who were involved in mine clearance after the Falklands war.

Inexplicably, successive Governments have been reluctant to acknowledge the inherent risk and rigour of daily service life, of the many situations outside those specifically
designated as campaigns, and of keeping the nation and its interests safe and secure. However, every soldier, sailor, airman and marine has a story to tell. The national defence medal would be a means for the Government and the nation as a whole to express their appreciation and to recognise the professionalism, courage and contribution of all those who serve and who have served in the armed forces, whether or not they have seen conflict.

The cold war saw a formidable threat to this country and, indeed, to western society from the Soviet Union and the countries of the Warsaw pact. There were real guns, a real enemy and a real threat involving nuclear weapons. The freedom and way of life that we experience today are due in no small part to the dedication and professionalism of those who served during the cold war era to deter an invasion and Soviet aggression. A recent Freedom of Information Act request identified 4,889 service personnel who died on duty between 1948 and 1959, and the Ministry of Defence has identified 833 servicemen and women who died on duty in north-west Europe during the cold war between 1960 and 1989. So far, successive Governments have failed to honour the achievement of those deployed during the cold war through medal recognition. British cold war veterans were disappointed at being excluded from the 2010 MOD medal review, and indeed from the later 2012 review. They are still actively pursuing medal recognition for the service that they gave to our country, and I think they are right.

Our approach stands in stark contrast to that of other Commonwealth Governments. Australia and New Zealand have declared how unique a profession the armed forces is, and how much is demanded of those who serve. In 2006 and 2010 respectively, the Governments of Australia and New Zealand established a defence medal and awarded it to those currently serving and those who have served in their armed forces. The MOD has said on many occasions that the United Kingdom Government do not have to follow other Commonwealth Governments on the institution of medals, but British veterans have often served alongside their Australian and New Zealand counterparts in the same locations, experiencing the same risks. They find it difficult to understand why the British Government, who express the same admiration and appreciation of our armed forces as the Governments of Australia and New Zealand, have been reluctant to recognise that with a national defence medal.

Why has the MOD, on behalf of successive Governments, continued to use the veterans identification lapel badge, together with irrelevant medal rules and principles, to deny appropriate medal recognition to those who have served in the UK armed forces? The professionalism, courage and contribution made by all those who serve and have served in the armed forces is held in the highest esteem by our nation, yet the Government have failed to deliver that medallic recognition in so many areas for a considerable time.

Today, and on Sunday, as a nation we promised that we will never forget the service and sacrifice of those who stand in defence of our nation. Let us hold fast to that promise. It is time we put things right for all those veterans who have not seen conflict but who have chosen to put their country ahead of themselves.

2.22 pm

Bob Stewart (Beckenham) (Con): I rise to oppose the Bill because medals mean something to those who have them. In the military they denote gallantry, operational duty, good service, or special occasions such as when Her Majesty the Queen grants a jubilee medal. For me, medals worn on the chest can rapidly sum up someone's service. Medals mean a lot. I recall that Napoleon said, “Men will do much for a scrap of ribbon.” To the services, medals mean a lot, and the gaining of them is terribly important. Medals should not be granted for nothing, and for that reason I oppose the Bill, albeit with some reluctance.

A gallantry medal is self-explanatory, and anyone wearing one is looked on specially by his or her peers. My right hon. Friend the Member for South Leicestershire (Mr Robathan) has a brace of operational service medals. Those mean that someone has put his or her life in harm’s way for our country. Good or long-service medals are rewards for a serviceman or woman who has spent a long time and done very good work in the services, and they are richly deserved. Finally, special occasion medals are different, because servicemen and women do not consider them in the same category as the others.

My hon. Friend the Member for Reigate (Crispin Blunt), who is sitting behind me, served for 12 distinguished years in the cavalry—

Crispin Blunt (Reigate) (Con): Undistinguished by a medal.

Bob Stewart: As he says, undistinguished by a medal. He has told me that he does not expect or want a medal; he thinks it wrong for him to have a medal for not having served operational duty in his time.

The soldiers, sailors and airmen of our armed forces wear a uniform and they are proud of that, but do we automatically put a medal on a uniform when we issue it? No. Members of the armed forces who I have talked to are unanimously against the idea of awarding a medal for nothing. That is the truth, and I oppose the national defence medal on those grounds.

I shall not call for a Division on this matter because my hon. Friend the Member for St Austell and Newquay (Stephen Gilbert) is a friend, and I understand his motives and wishes. It is Armistice day. However, I do want to register the fact that the national defence medal is not necessarily something that the armed forces or people who have served in them wish to have put on their chests without earning it.

Question put (Standing Order No. 23) and agreed to. Ordered.

That Stephen Gilbert, Sir Menzies Campbell, Sir Bob Russell and Sir Nick Harvey present the Bill.

Stephen Gilbert accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 5 December, and to be printed (Bill 118).
National Insurance Contributions Bill

Bill, as amended in the Public Bill Committee, considered.

Third Reading

2.28 pm

The Financial Secretary to the Treasury (Mr David Gauke): I beg to move, That the Bill be now read the Third time.

We have reached the final stage of the House’s deliberations on the National Insurance Contributions Bill, and it is worth noting the broad, if not necessarily vociferous, support for the Bill across the House. The hon. Member for Birmingham, Ladywood (Shabana Mahmood) has been vociferous and meticulous in her scrutiny of it, and I also thank external interested parties that have contributed to the consultation and to our deliberations. The Bill will make it easier for the self-employed to comply with their national insurance contributions obligations, while also making NIC avoidance harder.

Let me remind the House of the provisions in the Bill and what it seeks to achieve. Broadly, the Bill contains four measures: simplifying national insurance contributions paid by the self-employed; accelerating the payment to the Exchequer of NICs in dispute in avoidance cases and providing for the issue of follower notices where the scheme or arrangements have been shown to fail in another party’s litigation; applying new information powers and penalties to promoters of avoidance schemes; and introducing a targeted anti-avoidance rule—TAAR—to prevent people from circumventing new legislation tackling avoidance involving employment intermediaries and offshore employers.

At Budget 2014, the Chancellor announced that the Government intend to simplify the NICs collection process for the self-employed, who currently have to operate two different processes for two separate classes of NICs. This followed a 2012 recommendation by the Office of Tax Simplification and a consultation in 2013.

Two separate collection methods for class 2 and class 4 NICs cause confusion and extra work for both the self-employed and HMRC. The objective behind this measure is to modernise the way class 2 NICs are assessed and collected, making the system simpler and more straightforward and reducing administrative burdens on the self-employed. Class 2 NICs are currently collected via a flat rate charge of £2.75 per week paid through six-monthly billing or by direct debit, while class 4 NICs are a percentage charge on profits—of 9% between the lower and upper profits limit and 2% above the upper profits limit—paid through self-assessment alongside income tax.

The aim of clauses 1 and 2 and schedule 1 is to change the way in which class 2 NICs are structured; change the means by which class 2 NICs are collected by moving their collection into self-assessment, so that they can be collected alongside class 4 NICs and income tax; change the means by which class 2 NICs are enforced with changes to associated appeal rights to broadly mirror those for class 4 NICs and income tax; and make consequential changes to legislation relating to maternity allowance to allow women to continue to become eligible for it post-reform. These changes are proposed to take effect for the 2015-16 tax year onwards so that the collection of class 2 NICs under self-assessment will be from 6 April 2016. I wish to draw particular attention to the tax information and impact note published by HMRC about this measure. This indicates a very welcome net administrative burden reduction to the self-employed of £74 million over five years as a result of these reforms.

The provisions that deal with accelerating the payment to the Exchequer of amounts of NICs in dispute in avoidance cases also include providing for the issue of follower notices in relevant cases when the scheme or arrangement has been shown to fail in another party’s litigation. These provisions are contained in clauses 3 and 4 and schedule 2. The provisions on follower notices and accelerated payments in avoidance cases broadly follow, for NICs, new powers that are included in the Finance Act 2014 which allow HMRC to issue a notice—a follower notice—to taxpayers who have used avoidance schemes that have failed before the courts in another party’s litigation.

Sir Greg Knight (East Yorkshire) (Con): On the subject of avoidance, when does my hon. Friend expect his Department to review the scope of the avoidance measures—after the Bill becomes an Act, as I am sure it will—bearing in mind human ingenuity?

Mr Gauke: The broader point is the fact that the Treasury and HMRC constantly review measures to deal with avoidance. My right hon. Friend is right to say that, human ingenuity being what it is, we have to be constantly vigilant, and the Government have closed some 40 loopholes over the course of this Parliament. We will keep the specific measures in the Bill, and more broadly the measures we have taken on accelerated payments and follower notices, under review, but we believe that the measures that we have taken to accelerate payments so that those involved in tax avoidance schemes are no longer able to benefit from a cash flow advantage will have a dramatic effect on the flow of tax avoidance through tax avoidance schemes. We are already seeing indications that fewer schemes are being marketed and fewer disclosures are being made under the provisions on the disclosure of tax avoidance schemes. Every indication suggests that this is a diminishing issue, but there is no place for complacency. The Government will continue to endeavour to take appropriate steps to deal with those who are seeking to defy the spirit of the law or make an interpretation of the law that has little justification but can involve HMRC in extended litigation.

I emphasise that the provisions in the Bill and the Finance Act 2014 are estimated to raise £5 billion in tax and NICs for the Exchequer. The House may find it helpful if I explain that a follower notice sets out HMRC’s view that a judicial decision in another case is directly relevant and that those who receive the notice should settle their disputes. If the taxpayer does not settle in response to the notice, they will face a tax-gaered penalty if they are unable to show that their case is materially different from the other party’s litigation, or if they did not have reasonable grounds to continue the dispute.

An accelerated payment may be required from taxpayers in the following circumstances: where a follower notice has been issued and the taxpayer decides not to settle their dispute; where taxpayers are involved in schemes
subject to disclosure under the disclosure of tax avoidance schemes or DOTAS rules: and where taxpayers have used arrangements that HMRC decides to counteract under the general anti-abuse rule or GAAR. For both follower notices and accelerated payments, taxpayers will have 90 days to make representations. There is no formal right of appeal against the notices or payments, but taxpayers can appeal any penalties. These measures are expected to lead to the issue of payment notices to around 43,000 taxpayers involved in avoidance schemes currently under dispute with HMRC over the period to the end of March 2016.

The provisions that apply new information powers and penalties to the highest risk promoters of tax avoidance schemes are also contained in clauses 3 and 4 and schedule 2. Hon. Members may be aware that I mentioned on Second Reading that the measure on promoters of avoidance schemes was first announced in Budget 2013 and the Government’s intention was to extend the measure to NICs at the earliest opportunity. This Bill affords that opportunity.

The Finance Act 2014 included legislation that allows HMRC to issue conduct notices to promoters of tax avoidance schemes and to monitor promoters who breach a conduct notice. This Bill applies the tax legislation to NICs so that the legislation operates as one unified scheme that covers tax and NICs. Monitored promoters will be subject to new information powers and penalties which will also apply to intermediaries that continue to represent them after the monitoring commences. The monitored promoter will be named by HMRC—the naming details will include information on why the conduct notice was breached—and required to inform its clients that it is being monitored by HMRC. Clients of monitored promoters will also be subject to certain obligations, which have a penalty for non-compliance, and extended time limits for assessments.

Other provisions apply a new targeted anti-avoidance rule to prevent people from circumventing new legislation, tackling avoidance involving employment intermediaries. The proposed TAAR is contained in clause 5. On Second Reading, I mentioned that the National Insurance Contributions Act 2014 strengthened existing legislation in respect of offshore employment intermediaries. That measure was specifically intended to address the non-payment of employer’s national insurance in the oil and gas industry involving the placement outside the UK of the employer of oil and gas workers who are working on the UK continental shelf.

The temporary labour market is quick to react to any legislative changes and to find new convoluted ways to reduce the amount of income tax and NICs that it would otherwise be liable to pay. Interested parties have indicated to HMRC that intermediaries involved in the facilitation of false self-employment may set up avoidance vehicles involving convoluted structures specifically designed to circumvent the legislation introduced in the National Insurance Contributions Act 2014. To dissuade such intermediaries the Bill includes a TAAR that would be similar to the tax TAAR included in the Finance Act 2014 for the same purpose—to deter NICs avoidance. The TAAR focuses on the motive for setting up the arrangements, namely the avoidance of NICs, and what they achieve—whether they result in less national insurance contributions being paid. In order that the tax and NICs TAARs operate as one, the tax TAAR and the corresponding provisions of the NICs TAAR will both take effect from 6 April 2014.

In conclusion, this is an important and necessary Bill. The modernisation of the way that class 2 NICs are assessed and collected will make the system simpler and more straightforward and will reduce administrative burdens on the self-employed. The Bill also includes a package of measures aimed at making activity that attempts to reduce the amount of NICs payable to the Exchequer harder to accomplish.

I thank hon. Members who participated in the debates on the Floor of the House as well as in Committee. The Bill is good for the self-employed and it makes NICs avoidance harder. I commend the Bill to the House.

2.41 pm

Shabana Mahmood (Birmingham, Ladywood) (Lab):

I would like to think that the Minister and I are always vociferous and meticulous in our deliberations on finance and taxation matters, and that we have both been efficient in our deliberations on the Bill. That is because, as the Minister explained, this is a short Bill which aims to simplify the administrative process of paying class 2 national insurance contributions for the self-employed. It applies measures from this year’s Finance Bill, now the Finance Act 2014, to NICs, and introduces a targeted anti-avoidance rule, a so-called TAAR, to tackle disguised self-employment made possible through employment intermediaries and offshore employers. We have supported the Bill throughout its previous stages in the House and will do so today.

Until now, as the Minister explained, payments of class 2 and class 4 NICs by the self-employed have had to be made separately. When the Office of Tax Simplification looked at these matters in 2012, it proposed bringing class 2 NICs within self-assessment, and suggested that this change would bring administrative benefits to self-employed persons and businesses. In July 2013, HMRC published a consultation document in which it noted that the present system places significant burdens on small businesses, and that although class 2 NICs accounted for less than 0.3% of the £102 billion or so of NICs collected by HMRC in 2012-13, they accounted for more than 40% of national insurance-related telephone calls to HMRC and the resulting processing work. The Bill therefore changes the liability for class 2 NICs so that it arises at the end of the tax year and not weekly, as now, and moves class 2 NICs into self-assessment, so that self-employed people can deal with their class 2 NICs together with their income tax and class 4 NICs.

We support the aim of making the system easier for self-employed people and reducing the administrative burden caused by the current separate systems for the collection of class 4 and class 2 NICs. Almost one person in six is self-employed, so this is a significant issue affecting a large number of people. Making the system easier to navigate is therefore welcome and of genuine practical benefit for the self-employed.

A number of specific issues were raised by stakeholder groups regarding eligibility for maternity allowance and the impact of their proposals on universal credit. Those are issues that we raised on Second Reading, which the Minister dealt with in Committee. We were also able to take evidence from
expert witnesses who gave evidence to the Committee. We had some useful clarification and reassurance from the Minister on those points, which has dealt with the concerns raised. We are grateful for that.

We noted in Committee that communication of these changes to the people affected by them will be very important, a point which the Minister acknowledged. We were concerned particularly about people who might be described as digitally excluded. It is of course easier for the Government, and it is a responsible time and expense-saving mechanism, to put lots of advice on the internet, but there are groups, perhaps especially those who are self-employed and who may ultimately be reliant on universal credit, who might be described as digitally excluded, and it is important that they can access information about how the changes may impact on them. The Minister gave assurances to the Committee that those matters were in hand. We will continue to scrutinise this aspect as the Bill progresses and becomes law.

As the Minister explained, the Bill also extends provisions relating to follower notices, accelerated payment notices and measures to tackle high-risk promoters of tax avoidance schemes that were passed in the Finance Act 2014 in relation to income tax. It applies those rules to NICs as well. As the Minister noted, we have had extensive debate on these measures, primarily during the passage of the Finance Bill 2014. In Committee the Minister provided a helpful update on how the measures relating to income tax are bedding in.

We heard encouraging evidence from expert witnesses that these measures were already having a positive behavioural impact on the way in which individuals approached their taxation affairs, and that the measures were preventing people from getting involved in schemes that they might previously have taken a chance on. We welcome that. We will continue to scrutinise the impact of these measures, and in particular the effectiveness of HMRC's internal governance mechanisms in relation to follower notices. These are important changes and they continue to have our support.

Clause 5 introduces a new TAAR to cover the payment of national insurance contributions, which sits alongside the provisions in this year's Finance Act aimed at tackling employment intermediaries who falsely label workers as self-employed to reduce their tax liabilities. For workers who are falsely badged as self-employed, particularly for those who do not know that that is the case, which has happened on an alarmingly regular basis, the effect is that they are not eligible for many of the benefits available to employed earners, such as holiday and sickness pay.

This year’s Finance Act amended legislation directly to address the issue in relation to the payment of income tax. A worker will now be designated as an employee if they are under the supervision, direction or control of someone else, and in that case they must be paid through PAYE, rather than as a self-employed worker. That is a change from the previous designation, under which a worker is deemed to be an employee if they provide their services personally. It was found by HMRC that many intermediaries were able to exploit that test by claiming that there was no obligation for the worker to provide their services personally. To get around that, a clause was often inserted into a worker’s contract stating that they could send somebody else to do their work, even though in reality the employer wanted that specific worker.

Bob Stewart (Beckenham) (Con): I seek clarification from the Minister on the hon. Lady, who understand these things well. A part-time worker has to pay national insurance contributions, and so does the employer. I was a little puzzled that that might not be the case, but it is, is it not?

Shabana Mahmood: I am grateful for the question. If workers are above the threshold which is in place for the paying of national insurance contributions, the usual rules apply. I am sorry if I confused the hon. Gentleman; I was talking about self-employed people, which is a particular case in the context of the Bill. Clause 5, as I said, introduces a targeted anti-avoidance rule to prevent a type of abuse that has been occurring through employment intermediaries.

The role of the TAAR envisaged in the Bill is to prevent the circumventing of the rules so that workers who would be employed earners if it were not for the intermediary arrangements are treated as employed earners. That will allow HMRC to consider both the motive for setting up such an arrangement, including whether it was set up to avoid NICs, and what was achieved, including whether it resulted in less NICs being paid. As I said, the problem of bogus self-employment is widespread and complex. We heard evidence on that, particularly in Committee where one witness said that there were ways in which companies were trying to avoid paying national insurance contributions. The Minister helpfully told the Committee that he and his officials were already looking into that.

Taking action in this area is difficult. If often feels as if the Government of the day are playing catch-up with companies intent on trying to find ways of getting around the rules, but tackling bogus self-employment is necessary for parties of all political persuasions to protect revenues to the Exchequer. The Minister and I may occasionally disagree on the emphasis and priorities for action in dealing with false self-employment, but the TAAR introduced by clause 5 is a useful addition to the Government’s armoury for tackling this type of tax avoidance, and we support that measure.

Question put and agreed to.

Bill accordingly read the Third time and passed.
Backbench Business

Finances of the House of Commons

2.51 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I beg to move,

That this House notes the First Report of the Finance and Services Committee, HC 757, and the draft medium-term financial plan for the House of Commons as set out in the Appendix to the Report; and endorses the intention of the Finance and Services Committee to recommend to the House of Commons Commission a House of Commons: Administration Estimate for 2015-16 in line with the financial remit set by the House of Commons Commission.

I am very grateful to the Backbench Business Committee for giving me this opportunity again to present the financial plan for the House of Commons. This is the third occasion on which the Finance and Services Committee has sought such a debate. It provides an opportunity for Members to have their say on the House’s finances and the services provided for them.

In my judgment, these debates have increased transparency. They have allowed Members to question the finances and the services that come from them. They have enabled not only questions to be asked but amendments to be made to the plans. All of that has led to a greater ownership by Members of the plans. During this Parliament, the Finance and Services Committee has been working to improve governance, including promoting better oversight of the Members estimate by Member bodies and a new Standing Order on motions with financial consequences for the House, as well as its reports and these debates.

Sir Greg Knight (East Yorkshire) (Con): We should all strive to save money, but will my right hon. Friend nevertheless point out in his speech that some economies available to business are not available to the running of this place? In particular, will he refer the House to paragraph 26 on page 10?

John Thurso: My right hon. Friend makes a very important point, one that informed the very beginning of our first debate. Above all else, our job as a Parliament is to scrutinise Government, to legislate and to work for our constituents. The application of resource must be for that purpose. The savings we make, or the efficiency with which we undertake that operation, come as a consequence; they do not drive the way in which we seek to do our business. The overall point my right hon. Friend makes is absolutely taken and I will allude to it as we go through various points during my remarks. I pay tribute to the fact that he has raised the point now and to his excellent contribution to the Committee.

I thank the director of finance and the other House staff for their positive engagement with the Committee, and for all their work and assistance in helping us to prepare the report and our advice to the Commission on the estimate. The finance team, led by the finance director, has undertaken very considerable improvements, including to the accounting system, management accounts, budgeting processes, management accounts and procurement systems. All are helping us to be more efficient and to get better outcomes both in terms of the costs of services and, importantly, what they deliver for us.

May I also use this moment to pay tribute to all the staff who serve us throughout the House service in various areas? I truly think, having now engaged with them for the best part of four years, that had I had such a staff in private life, I would have considered it a privilege to have had them working with me. I think they can be proud of everything that they do for us and we should be very grateful for it.

The Commission is required, under the House of Commons (Administration) Act 1978, to lay an estimate each year seeking the House’s approval to fund administration services. These include the maintenance of the estate, security, the Clerks and the Library staff who advise us, and all the other staff who look after us so well: Hansard, the printing of papers and reports; education, visitor and outreach services; and IT systems. The role of the Finance and Services Committee is to work with the management of the House to prepare a draft estimate for the Commission to consider in December.

The Committee also monitors—this is a new task we have taken on recently—the Members estimate, which funds the Treasury contribution to the parliamentary contributory pension fund, Short money and Members’ ICT equipment. However, the role of the Finance and Services Committee does not extend to the Independent Parliamentary Standards Authority or Members’ pay and allowances, which are dealt with separately.

I am pleased to report that the savings target, which we set in 2010, has been achieved—although there are one or two loose ends currently being tidied up in the savings programme. The House is not bound by the Government’s spending plans. As I said to my right hon. Friend the Member for East Yorkshire (Sir Greg Knight), it is absolutely correct that we have the appropriate resource to undertake our work of scrutiny of Government and as legislators. None the less, it is important that we do so while taking account of the world we live in. The Commission therefore decided, before the 2010 election, that the House needed to reflect what was going on in the wider public sector and to ensure best value for the taxpayer. The Commission committed itself to a reduction in the administration estimate of at least 17% in real terms between 2010-11 and 2014-15. That meant setting a budget of £210 million for 2014-15 compared to a baseline of £231 million for 2010-11.

In December 2013, the Commission agreed an administration estimate for 2014-15 of £201.3 million. However, because of transfers between votes—most notably the merger of the House staff pension scheme into the civil service scheme and other exceptional factors—some adjustments are required to compare that figure with the target of £210 million. However, allowing for all of those factors—details are in the Committee’s report—the estimate laid for 2014-15 is some £2 million below the target set in 2010. Part of that is due to a change of culture that has taken place within management and staff, and the fact that we now recognise that resource, once allocated, does not belong to a department and where not required can be returned rather than being spent to preserve the budget. I commend them for that change.

The Commission also decided that savings should be achieved, through detailed analysis of services and how they were delivered, to arrive at something better—not
now making great progress in working together with staff and the unions, as well as the management, should be applauded for their help in that.

The employer has got rid of zero-hours contracts. The benchmarking, and it has been achieved at a time when the House has moved to being a living wage by good old-fashioned sound management of costs and the resource consequences of major building refurbishment. The facility will reduce pinch points, such as the Portcullis Chamber and Committee Services regarding Select Committees that we were minded to advise the Commission to accept—and, secondly, the resource consequences of major building refurbishment.

In June, the Commission agreed that forward plans for up to 2018-19 should be based on an assumption that the budget for core activities is flat in real terms—that, taking account of Government pay policy and the target for consumer prices inflation, the expenditure envelope for the administration estimate is assumed to increase by 1% in 2015-16 and by 2% thereafter. I stress that this is a working assumption, not a target; actual budgets will be set annually, and clearly it will be for our successor Parliament to decide what it wishes to do, but this establishes a good working base from which the management can proceed.

In setting the financial remit, the Commission agreed that some new activities could be undertaken without necessarily having to be financed from within the existing budget. The two main areas are, first, scrutiny and related functions—the Committee received a bid from Chamber and Committee Services regarding Select Committees that we were minded to advise the Commission to accept—and, secondly, the resource consequences of major building refurbishment.

The Commission is keen to deliver a resolution of the House passed in 2007 that there should be dedicated space for education visitors. Construction has now started on a new education centre in Victoria Tower gardens that will accommodate 100,000 children a year, as opposed to the 45,000 we can currently accommodate. In addition, the facility will reduce pinch points, such as the Portcullis House entrance, and release the Macmillan room for other uses. It is due to open, we hope, in 2015.

Following the Wright Committee report at the end of the last Parliament, Select Committees have been one of the success stories of the Parliament, and the Liaison Committee is keen that this success be built on. As I just mentioned, the Finance and Services Committee is recommending a modest increase of £900,000 in the resources available to Select Committees, either in the form of additional staff or by providing additional budgets. The Committee is also due to consider a bid from the Library that would enable it to provide more research support.

Members will be aware that the two Houses need to decide how the backlog of work required on the building is to be tackled—a project known as the restoration and renewal programme for the Palace of Westminster. R and R will be a major infrastructure programme that

Sir Greg Knight: The changes to written questions are a vast improvement. In many cases under the old system, the press received the answer before the Member.

John Thurso: I concur with my right hon. Friend. It is a saving that has made life better for us, which is our objective.

Major savings have been made through reducing the amount of printing undertaken. For example, some lightly used publications are now only available online and most Committees have agreed to distribute papers electronically. The House is aiming for a “digital first” approach, and the Committee expects this to be a source of further financial savings in the coming years.

As someone who spent his professional life in the hospital industry before entering this place, it gives me particular pleasure to report that significant progress has been made in the past few years in reducing the net cost of catering. My right hon. Friend referred earlier to paragraph 26, which relates to catering, and I fully accept that because of the hours we work and the way we need to be serviced, it is not possible to make the same profit as if we were a fully operational food and beverage operation, but that should not stop us seeking to be as effective as possible in the delivery of the service.

In 2009-10, at the end of the last Parliament, the net cost of catering and retail services was £5.7 million. In the current financial year, at an equivalent point in the electoral cycle, it is forecast to be £2.7 million. That exceeds the target set of reducing the net cost to under £3 million by 2015. I particularly compliment my right hon. Friend the Member for Saffron Walden (Sir Alan Haselhurst), the Chairman of the Administration Committee, and his Committee on all the work they have done in this area. The savings have been achieved by good old-fashioned sound management of costs and by benchmarking, and it has been achieved at a time when the House has moved to being a living wage employer and has got rid of zero-hours contracts. The staff and the unions, as well as the management, should be applauded for their help in that.

I never expected to see it in my lifetime, but we are now making great progress in working together with the other place. Under a joint procurement process, procurement for the House of Lords, the House of Commons and Parliamentary Information and Communications Technology is all operated by one dedicated service that must produce savings for all three.

The report also considers the prospects for the next four years. In June, the Commission agreed that forward plans for up to 2018-19 should be based on an assumption that the budget for core activities is flat in real terms—that, taking account of Government pay policy and the target for consumer prices inflation, the expenditure envelope for the administration estimate is assumed to increase by 1% in 2015-16 and by 2% thereafter. I stress that this is a working assumption, not a target; actual budgets will be set annually, and clearly it will be for our successor Parliament to decide what it wishes to do, but this establishes a good working base from which the management can proceed.

Even on that relatively generous assumption, it is projected that further savings will be required in 2016-17, 2017-18 and 2018-19. The House service will continue to look for opportunities to make further efficiencies and ensure value for money in the delivery of services through a continuous improvement process that focuses on making services more effective by improving their quality, increasing productivity, cutting costs—or, in the best of all worlds, all three. That most often takes the form of process reviews that engage staff in a continuous review of their work and harness their own creativity to solve problems. There are numerous examples of this, but the goal is to make small savings in time and effort, while maintaining or improving services.

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will not start in earnest until after 2020—well beyond the time frame of the budgets we are considering today. An independent options appraisal has been commissioned and is due to be published shortly after the election. Current thinking is that the two Houses might be asked to take a decision on their preferred option in spring 2016.

In the meantime, other buildings we occupy, including 1 Canon Row, the Norman Shaw buildings and 1 Parliament street, require significant refurbishment. This work will not only tackle the day-to-day problems that many colleagues have encountered—leaking toilets, rodents and other problems—but optimise the accommodation we occupy outside the Palace and complete that work before R and R begins. I warn hon. Members, therefore, that in the next Parliament many colleagues and staff will need to move offices as work on the various buildings proceeds. Office moves by House staff to facilitate this process and to co-locate Committee and Library staff have already begun.

Although much of the refurbishment work is capital spending, it can result in quite large accounting changes, largely because heritage and security issues mean that the value of refurbishment is not fully reflected in an increase in the book value of the buildings and that therefore a charge needs to be made. The Commission’s remit does not require the substantial notional charges or other resource consequences of the building work, such as decant space, to be met from within the core budget.

Geoffrey Clifton-Brown (The Cotswolds) (Con): Given that the northern estate refurbishment project is likely to cost about £500 million and, on these capital budgets, is not likely to start in earnest until the end of next year, does my right hon. Friend think there is a danger that this big refurbishment project, the specifications for which are not yet even fully known, could run into the problem where we will want to start the R and R project and that therefore the decant space, let alone the budget, might not be available?

John Thurso: My hon. Friend has highlighted a clear and obvious red risk to the R and R programme. The management are well aware of the risks, and discussions are already taking place about how they can be mitigated, but I know from the conversations he and I have had with Facilities staff that the critical nature of completing the northern estate prior to commencing R and R has been fully taken on board. The fact that they have taken it on board does not mean that they will make it happen, but if we have not at least understood the risks, we cannot take the mitigating action. At this stage, that is the best answer I can give.

Geoffrey Clifton-Brown: The full extent of the project is not yet known—for example, we do not know whether there will be a broadcasting studio in the new refurbishment—so does my right hon. Friend agree that it is now urgent that this work be undertaken so that we at least have a project on which proper quotes can be obtained? The delivery mechanism is not even known yet, and time is beginning to creep on for this very big project.

John Thurso: I understand that the Commission has reviewed the paper and that the initial decisions that needed to be taken to start that work have all been taken. As my hon. Friend knows, the decant space, which would have been one of the biggest blocks, has been acquired and is being fitted out and made available. My understanding is that work properly to scope the project is now under way. Clearly, in order to ensure the best value for the money spent, the work undertaken in scoping the project will reveal whether or not overall savings are available. At the moment, the budget is at its maximum because, quite properly, it has all the contingencies that could be put in. One hopes that proper scoping, including the point my hon. Friend raised, will lead to a tighter budget going forward and the work being completed on time. As he and I both know, however, public procurement is littered with projects for which aspirations were expressed that were not met. Hopefully, we have all learned lessons from that and will make sure that we deliver on time and on budget.

Thomas Docherty (Dunfermline and West Fife) (Lab): For the benefit of those of us who are not entirely familiar with the Commons accounting procedures—I appreciate what the right hon. Gentleman said about the R and R costs; because it has not yet been agreed whether we will decant at all, those costs have not been included—could he say what, if any, costs in the preparatory period have been accounted for in the tables set out?

John Thurso: Obviously, the cost of the options appraisal that is currently going through is, in part, being paid for out of the current estimate and might well be paid for in part from a future estimate, but it is in the budget and properly accounted for. I believe that we are talking about a total of around £7 million. If I am wrong, I am sure I will get inspiration in due course and come back to it. I might even read my vast file and come up with the figure before the end of the debate.

It has been said that spending £7 million on working out what needs to be done is a great deal of money. All my experience of working in the private sector on the refurbishment of large buildings and all I have observed from big projects such as nuclear decommissioning is that the more professional money spent in advance in scoping a project, so that it is really understood, the more effective the actual spend. I suggest that every pound spent now on working out what the problems are is at least a pound spent going forward. If I am wrong, I will come back to the hon. Gentleman.

In closing, I would like to commend again the professionalism of the House service and all those who work for us, and the tremendous improvements that have taken place in management systems and how things have been done over the years that I have been involved in the Finance and Services Committee, the Audit Committee and other bodies. This is the last occasion during this Parliament on which we will discuss the finances of the House. In commending the motion to the House, and in addition to the tributes I have paid on behalf of the House as a whole, I would like to express my personal gratitude for the support and help that I have received from the team, many of whom are watching us today. It has been a pleasure and a privilege to see this process through. The fact that there are in attendance fewer hon. Members than those who put their names down to speak today does not indicate any disinterest in the process, but is perhaps a reflection of
the fact that we now publicise the plan so well that they
do not feel it necessary to be present to suggest amendments
to what we have put before them.

**Geoffrey Clifton-Brown:** I am grateful to my right
hon. Friend for giving way to me a last time. He will be
glad that he has given way this time because I would like
to commend him for the way in which he has chaired
our Committee so professionally. I have been a member
of it for many years, and I think that the chairing of it
in this Session has been outstanding.

**John Thurso:** I am very grateful, and that will do as a
peroration. I commend the motion to the House.

3.14 pm

**John McDonnell** (Hayes and Harlington) (Lab): I
would like to add my name to that tribute to the
Member with the most poetically named constituency,
let me put it that way—the right hon. Member for
Caithness, Sutherland and Easter Ross (John Thurso)—who
has worked tirelessly on behalf of all of us and all the
staff. I would also like to join the right hon. Gentleman
in paying tribute to all the staff who service this House.

I want to raise an issue that I have raised with the
right hon. Gentleman before—specifically about the
security staff. There are about 300 of them who service
this House and provide us with excellent security services
overall. Appendix I to the Finance and Services Committee
report refers to the policy context, stating:

“There are a number of significant policy matters and events
on the horizon that may have a bearing on the budget.”

Included in that list is the

“Renewal of the security arrangements in 2015”.

About 250 of these 300 security staff are members of
the trade union, PCS, and I chair the PCS parliamentary
group—a cross-party group that takes an interest in the
policies of the union, with a particular interest in the
staff who work here.

The right hon. Member for Caithness, Sutherland
and Easter Ross will know the history. The contract
expires at the end of March next year, so its future
will need to be decided. There were discussions about whether
the Metropolitan police would be allocated that contract
and indeed about whether they were interested in having
it renewed. There was a proposal to give the work on
the House’s three main entrances to a private company.
I met Mr Paul Martin to discuss that matter, and I
found him to be nothing but helpful when he informed
us as much as he could about the options available to
him. My understanding, as far as can be discerned, is
that the Met is not keen on continuing the contract, so
the options are privatisation, part-privatisation or bringing
the staff in-house. The staff very clearly want to be
brought in-house.

Prior to or during the summer it was argued that it
would be impractical to split the security arrangements
so that the three gates were given to a private company,
with the rest of the security arrangements being handled
by other staff employed either by the Met or directly or
by another company. Even the Met argued that we need
a fully integrated service rather than have it divided in
this way. I share that view. When will a decision about
this matter be made? Is it forthcoming? The staff want
to know what their futures will be and they favour
maximum security. As I say, if the Met is not going to
continue the contract, they want to be brought in-house.
If there are concerns about rushing to a decision, there
is also the option of extending the existing contract for
a number of years.

My personal view is that I would be very worried and
anxious about bringing in a private company to operate
this contract, certainly if the work were to be divided up
in that way. The last thing I want, frankly, is G4S or
something like it to be responsible for security here,
particularly during a period of heightened security risk,
as we have all acknowledged, and particularly as we
move towards a general election that, to say the least,
will see significant changes taking place in the political
climate.

**Bob Stewart** (Beckenham) (Con): I presume that when
the hon. Gentleman refers to security, he is not implying
that outside contractors would be armed. We would still
require the Metropolitan police to have an armed facility
beside them. I presume he is not suggesting that we
could sub-contract that aspect.

**John McDonnell:** The proposal was for the privatisation
of the three main entrances and all the security aspects
of running them—basically, the search facility. I think
that the Met had come to the conclusion themselves
that disaggregating the security service in that way
would make it very difficult to manage the whole
arrangements. Where we have seen those sorts of
disaggregations of security services, we have seen
breakdowns in communication, leading to reduced security,
putting people at risk. In a heightened period of security—

**Madam Deputy Speaker** (Dame Dawn Primarolo):
Order. The hon. Gentleman was talking specifically
about one section of those who were in the House to
help facilitate it. He was answering an intervention, but
I remind all hon. Members that we do not discuss
security issues on the Floor of the House. The hon.
Gentleman started out in order, but was tempted down
a more complex route about the security of the House.
I know that he wants to return to his substantive point.

**John McDonnell:** It is very easy to be tempted in the
House, especially by the hon. Member for Beckenham
(Bob Stewart). Let me return to the point. It is important
for a decision to be made now so that staff can know
what their futures will be. I suggest that the Committee
should ensure that the security arrangements remain
with the Metropolitan police unless they do not wish
that, in which case staff should be employed in-house.
That would enable us to maximise the security arrangements
of the House during the coming potentially difficult
period.

3.20 pm

**Sir Alan Haselhurst** (Saffron Walden) (Con): I shall
concentrate on the savings programme, and on section 3
of the report.

The biggest challenge in 2010, when the members of
the present Administration Committee were appointed,
was the target that the Committee had been set to cut
the deficit in catering and retail from £5.9 million to
£3 million by the end of the current Parliament. If my figure varies from that of my right hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso), it is because it relates to both catering and retail. As my right hon. Friend said, we hope to achieve a lower figure than the £3 million target, which I think is reasonably to the credit of everyone who has been involved in trying to achieve it.

The Committee's approach has been not just to rely on price increases, but to consider prudent cost-cutting and, more importantly, to increase demand. We resisted a move to separate retail from catering so that we could maintain like-for-like comparison, but we did agree on a separation of management, which has had a very beneficial effect. I shall say more about that later.

Thomas Docherty: Because I have the pleasure of serving under the right hon. Gentleman's chairmanship, I understand what he means when he talks about the catering and retail subsidy. For the benefit of those who do not have that pleasure, will he confirm that our retail outlets have never been subsidised?

Sir Alan Haselhurst: Yes, absolutely. It was purely for budgeting purposes that the two were linked.

We faced a number of obstacles. For instance, there had been a 10% across-the-board hike in prices before our Committee and, indeed, the Finance and Services Committee, had taken office, and that had an initially bad effect on footfall.

Sir Greg Knight: Does my right hon. Friend agree that some of the problems arose from the fact that decisions were made by the House of Commons Commission when it was under full complement? Does he hope, as I certainly do, that in the next Parliament the Commission will not make any potentially difficult or controversial decisions until it has a full complement of members and Back Benchers on both sides of the House are represented on it?

Sir Alan Haselhurst: I certainly agree that that would be desirable. We have tried to anticipate circumstances in which the last price review will outlive the current Parliament, so that there will be some cover while the time is taken to reconstitute Committees which may be subject to the deliberations of the Governance Committee and which may consequently take a different form.

The Independent Parliamentary Standards Authority introduced a subsistence allowance of £15, which I think has had a malign effect on the propensity of Members to use the facilities of the House. Some told their electorates beforehand that they would not claim it, while others simply do not feel comfortable about claiming it while they are away from home on parliamentary business. That has, to an extent, reduced the uptake of facilities, especially in the Members' Dining Room. I found IPSAs' rule that the allowance would be available only if the House's business continued beyond 7.30 pm very difficult to understand, but IPSA has stuck to it firmly, despite all my efforts to persuade it otherwise. It seems to me that whether the House sits until 7.29 or 7.31, the fact remains that many Members who are distant from their homes will have to eat away from home. Many Members now do not eat on the estate, which has had several bad effects.

I cannot be certain whether that led to the vote to change the House's Tuesday sitting hours, although a significant number of Members voted for the change. I have counted them out, as it were. There is a pattern which suggests that if they were no longer deemed by IPSA to qualify for help from the taxpayer for the maintenance of another dwelling close to Westminster, they would prefer to leave earlier rather than returning to, in some instances, fairly distant parts of London late at night. That has led to a disappearance of Members and a weakening of the collegiate nature of the House which I remember from the past.

The Administration Committee has tried to come up with an offer featuring the widest possible variety and appeal in order to sustain demand. However, if Members, staff and other passholders are not using our facilities for whatever reason, the Committee's policy is to let others do so, on the strict understanding that that does not interfere with the prime purpose of the business of the House. We have encouraged third-party commercial hire; we have introduced room-hire fees, not uncontrovertially; and tomorrow and the next day, members of the public will be allowed to book lunch in the Members' Dining Room for the first time. When that had been advertised, it was a sell-out. We shall await the subsequent report, and then consider whether the same might be done during parliamentary recesses.

The figures that my right hon. Friend the Member for Caithness, Sutherland and Easter Ross and I have given are not recognised by the media. We are constantly told that the catering and retail deficit is what it was at the start of the current Parliament, rather than what it has become since we have been introducing our new policies. Sometimes it has been rounded up to more than £6 million, and on one occasion the deficit carried by the House of Lords was included in our figures. A continual wish to denigrate does not help us to give credit to all the people who have worked so hard to be responsible, for the reasons that my right hon. Friend explained.

The media suggest that this is all about 650 Members of Parliament advantaging themselves. However, there are 13,000 passholders on the estate, many of whom earn much less than Members of Parliament, and the catering service is aimed at everyone who has legitimate cause to be here. As I have said, the deficit has been halved. I hope that that will be recognised, and that we will make continuous efforts to achieve further savings and improvements. I pay tribute to the director of catering services, Richard Tapner-Evans, and to the whole of his team for the way in which they have responded to change while maintaining, in my view, very high quality and the reputation of the House's catering.

On the retail side, I think that we have seen nothing short of a revolution. When I was first elected to this House, the only branded products that were available were whisky and cigarettes. For many of us, to give a bottle of whisky on every occasion when we were asked to contribute a prize was too expensive, and even in those days we did not really think of giving cigarettes. Now we have a fine and expanding range of quality gifts and souvenirs. Across the House revenue is up 11% in the July-September quarter compared with the equivalent period last year. The new Jubilee shop opened on schedule in July. The whole area around it has been refurbished, and sales are strong. The only niggle I have is that
and the guided tour and audio guide. Also rated as excellent were staff helpfulness and friendliness. On tours and visitors and bringing more people into the Palace, which has an impact on the bottom line, I know Mr Speaker is anxious that we should make sure we are concentrating on the nature of the signage we can have to attract the eye, and I hope we are winning on that one.

The Members’ shop on the Terrace has seen an increase in the value of transactions as more product lines are introduced, some of which are exclusive to that shop. The summer fair in July in Westminster Hall built on the success of last year’s Christmas fair, and the Christmas fair itself will be repeated on 2 December upcoming, with 60 new product lines available.

In the matter of encaustic tiles, I owe the House an apology—[Interruption]—and not least my right hon. Friend the Member for East Yorkshire (Sir Greg Knight). I was asked by him about encaustic tiles and the possibility of selling the ones that have been retrieved, and I am afraid I gave a very inaccurate answer on that occasion. I am glad to say that that has been triumphantly overcome, however, in that the tiles that have come out whole and satisfactorily have been marketed. They are in a splendid box with a certificate of authenticity signed by me and my opposite number in the other place, Lord Sewel. We have already sold about 100 of them, with, I hope, more to go.

Finally on the retail side, I would like to compliment Diana Christou, who was appointed as director of retail. She has brought great experience and imagination to her work and she and her whole team are to be complimented on what has been achieved.

Our other experimental activity is the introduction of filming within the Palace. This is seen by many as a remarkable location and we tested the water with the film “Suffragette”, which, of course, did have a distinct connection with this place. On the basis of that experience, we are continuing to consider other filming proposals on a case-by-case basis, but we do see great possibilities.

On tours and visitors and bringing more people into the Palace, which has an impact on the bottom line, I can tell the House that since 1 April we have welcomed 127,000 paying visitors to the Houses of Parliament, 84,000 of them over the summer recess. The House was awarded the accolade of best guided tour at the group leisure awards 2014 and a certificate of excellence from TripAdvisor.

In the Association of Leading Visitor Attractions annual benchmarking exercise the House came fourth out of 80 attractions for overall level of enjoyment. Also rated as excellent were staff helpfulness and friendliness and the guided tour and audio guide. Commercial tours have expanded in range and availability. An extra hour has been added to the length of the commercial tour day. Audio guided tours have been introduced, including a family tour. The art and architecture tours continue to be popular and will be expanded in 2015. The tactile tours for blind and visually impaired visitors are also popular and are offered once a month.

In the light of the popularity of guided and audio tours of the rest of the Palace, it may be worth visiting sooner rather than later the issue of charging for tours of the Elizabeth Tower and Big Ben. That issue was highlighted in the House a couple of years ago, and recently 254 e-mail requests were received within the first five minutes of opening for bookings for visits to the Elizabeth Tower, meaning that places were filled within the first two minutes. Expectation from the public has shot up, and it is an expectation we are now having the greatest difficulty in meeting.

Work also continues to establish a logical visitor route, or to make the one we have comprehensible. That is coded language for saying we do the thing the wrong way round. No other tour brings the visitor in at the exit, walks them through to the start and then walks them back again. This is adding to the congestion of the Palace, which was never designed for that number of visitors. The situation at the pinch-points becomes exaggerated, of course, with those numbers going through. This is totally inefficient and unreasonable, and we must consider how we can provide the best possible experience for visitors.

I am grateful to the House for listening to this very concentrated description of what the Administration Committee has been trying to do in its contribution to the overall savings programme. Our overall rationale has been that the Palace of Westminster is a working building—the heart of our democracy—but that it also happens to be an iconic architectural masterpiece. Referring back to something my right hon. Friend the Member for Caithness, Sutherland and Easter Ross said, with the restoration and renewal project to be faced up to in the next Parliament, it is crucial that we save this building. We will be criticised very strongly if we fail to ensure that this symbol of our Parliament and our democracy is maintained to the highest level, to see through another 100 or 150 years.

I have the honour of chairing the Administration Committee, and I want to thank in passing all those who help us most closely in our work. We are a working building and also a visitor attraction and we consider them to be complementary roles. We have been determined in all we have sought to do to preserve the essential purpose of this place, while promoting access to the public, who take great pride in this building and what it means. I have seen the emotion of many people who have come here for the first time in their lives, sometimes in their elderly years, and it is clearly a great experience for them. I do not regard it as in any way cheapening this Palace for it to be more welcoming to visitors, and I know Mr Speaker is anxious that we should make sure that that welcome is warm, while, of course, guarding our security. These are difficult issues to reconcile at times, but the Committee has the interests of this Parliament at this Palace at the very forefront of its considerations, while at the same time trying to ensure that we are responsible in governing its finances and the facilities it contains.
3.38 pm

Mr Clive Betts (Sheffield South East) (Lab): May I apologise to you, Mr Deputy Speaker, to the House and to the Chair of the Finance and Services Committee, the right hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), for not being here for the start of his speech? I was otherwise detained. I must also apologise as I will have to leave just before 4 o’clock to chair a Select Committee. As a member of the Finance and Services Committee, however, I want to say a few words to the House on this annual occasion when we explain what we have been doing with the House’s finances during the previous Session, and present the financial plan for the years ahead and the estimates for next year.

I join other Members in thanking the Chair of the Committee for his able and outstanding leadership over not only the last Session but the whole Parliament, as he has brought us together to make some often difficult decisions. As has rightly been said, the fact that there are so few Members here today with complaints to make—and certainly none who want to suggest amendments—demonstrates that we have just about got the decisions right. The remit we were given at the beginning of the Parliament was challenging, in that we had to make 17% cuts in real terms over the course of this Parliament. Our first criterion was that we had to make those cuts without affecting the ability of Members to do their job, and I think that we have achieved our aim. I have not heard Members saying that their job is now more difficult to do because of the cuts. I think we have managed this programme in a proper way.

These expenditure reductions are larger than those being attempted in virtually any other central Government Department during the same period, although perhaps not so large as those that some local councils are having to deal with. In making the reductions, we have also tried to ensure that this building is no less welcoming to visitors, and in particular to our constituents when they come to see how Parliament operates. I think we have achieved that as well. Having listened to the speech from the right hon. Member for Saffron Walden (Sir Alan Haselhurst), I think we should give credit to the Administration Committee for its work on making this place even more welcoming to visitors, who now have more opportunities to buy when they come here and who also have a greater variety of things to do. That is certainly commendable.

We are now working on the launch of the new education centre, which is welcome. It is important that visitors can come in here to see how Parliament operates and to look at this magnificent building even when we are not sitting, but it is even more important when those visitors are children who are coming here to get an educational experience and to see how Parliament operates and learn about the workings of our democracy. That is something that we have achieved despite the expenditure reductions.

Some of us would say that the replacement of mountains of paper by our iPads has resulted in an improvement in our working conditions. We have achieved a lot of the reductions that we were aiming for through major cuts in our printing budget. Not every hon. Member shares the view that the iPads represent an improvement, but for many they have certainly introduced a more efficient way of working.

I also want to give credit to the Clerk who has just retired, and to the management team, for their efforts in advising the Finance and Services Committee by giving us all the options, alternatives and information to help us to make the right decisions and recommendations to the Commission. Our thanks should extend beyond the Officers of the House who give us advice directly. I am thinking of the work of the catering staff, particularly over the past few years. They have made major alterations to their working arrangements—to accommodate the changes in sitting hours, among other things—while maintaining their professionalism and continuing to provide the excellent service that we have come to expect from them. I should put on record that we in the parliamentary football club will shortly be playing our annual game against the parliamentary chefs. This is one of the ways in which Parliament comes together. It shows that we have a genuine working relationship and that we can enjoy such activities together.

Sir Alan Haselhurst: I hope that the hon. Gentleman will ensure that his team does not disable our chefs.

Mr Betts: I shall have a special word with our referee, Dermot Gallagher, to ensure that all our activities are conducted properly, and I shall pass on the right hon. Gentleman’s concerns. Perhaps he would like to come and increase the crowd numbers on that occasion? He would certainly be most welcome; his arrival would probably double the number standing on the touchline.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) has mentioned our security staff. They have experienced a lot of concerns in recent years, not least the uncertainty over their future employment. I am talking not about the police but about the other security staff here. They were unsure whether they were going to be outsourced, whether they were going to stay with the Met or whether they were going to be brought in house. They do an excellent job for us. I understand that discussions are now taking place and that there is a possibility that they might well be brought in house. That is certainly what they want; they make no secret of that. It would give them the certainty and security to enable them to carry on giving us that excellent service. My thanks are widened to include all the staff who work for us. They enable us to act as a Parliament in an efficient and effective way, as well as opening up the building to visitors.

We have done reasonably well during this Parliament, but there will be major challenges in the next one. We have decided on a budget that simply keeps pace with inflation, but we are looking for continuous improvement. The capital challenges on the northern estate and the restoration and renewal project are absolutely massive, and they will be a major focal point for the next Parliament.

It is right that we should consider how we can improve not only our day-to-day working but our scrutiny of the Executive, which is an important role for Parliament. I therefore welcome the budget that has been made available for Select Committees when they can show that extra expenditure in a particular area would enable them to do a better job—whether by commissioning extra research or whatever—of holding the Executive to account. That is another small improvement that we are embarking on in the next Parliament, and I welcome it.
Mr Betts

I am delighted to associate myself with the motion on the Order Paper, and I am sure that it will go through unanimously. That in itself is a tribute to the work of the Chair, the right hon. Member for Caithness, Sutherland and Easter Ross, and I thank him and his Committee for the advice they have given to the Commission over the course of this Parliament.

3.46 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): It is a pleasure to respond to this relatively brief debate on behalf of the Opposition. I should like to begin by paying tribute to the right hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) for the way in which he chairs the Finance and Services Committee, as well as for his service in representing the smaller parties on the House of Commons Commission. That is not always the most glamorous of postings, and it is sometimes a thankless one, but it is critical none the less.

I should like to offer the House the apologies of the shadow Leader of the House, my hon. Friend the Member for Wallasey (Ms Eagle), for her absence from the debate. She and the Leader of the House are giving evidence this afternoon to the governance review. The irony that they are not here to take part in the debate on the finance relating to governance will not be lost on us.

We welcome the progress that is being made on the savings programme. The right hon. Member for Caithness, Sutherland and Easter Ross has already highlighted a number of savings relating to printing. I must confess that I am double-hatting here today, in that I also have the pleasure of serving under the chairmanship of the right hon. Member for Saffron Walden (Sir Alan Haselhurst) on the Administration Committee. One of the savings of which we are most proud—it was one that we proposed, and it was accepted—has been the ending of the printing of the leather-bound volumes of Hansard. We have saved the taxpayer more than £1 million a year—it is important to remember that we are talking about taxpayers’ money—by ending the slightly archaic ritual of printing 150 leather-bound volumes of Hansard every fortnight. They were probably just filling up attic space in hon. Members’ properties. Indeed, in some cases, they might even have been holding up the houses.

The right hon. Member for Caithness, Sutherland and Easter Ross also referred to the catering subsidy, which has been reduced by 47% over the past year. There are 15,000 people working on this site across the two Houses, many of whom are in low-paid jobs, and it is right that we, as a good employer, should provide subsidised canteen facilities. Equally, we recognise that, in this financial climate, we have a responsibility to reduce those costs wherever possible. We therefore welcome the 47% reduction that has been achieved in the first six months of this year. I think that the hon. Gentleman referred to a figure of £2.7 million. My understanding was that the figure for the first six months was £1.2 million, which was £360,000 better than the target. Can he confirm—or perhaps get inspiration that will allow him to confirm—that he is confident we can achieve that £2.7 million target for the year?

The right hon. Gentleman also mentioned restoration and renewal, rightly saying that financial planning is crucial. I suppose I am wearing a third hat because, again like the right hon. Member for Saffron Walden, I am a member of the Members advisory group that is assisting in the preparation for restoration and renewal. We believe it is right that we learn from not only mistakes made by other Parliaments, but good practice. Our Parliament is not unique; this is not the only Victorian-era building that requires substantial overall, and Parliaments around the world are facing similar challenges. Our colleagues in Canada, Austria and Finland are going through this process, and others will. Therefore, as the right hon. Member for Caithness, Sutherland and Easter Ross said, it is right that we get the planning right now, as we do not want to see a Holyrood debacle in future years. So we fully support the work being done in that area.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) touched on the security contract. Obviously, I am not going to talk about the specifics, for the reasons that have been outlined by Madam Deputy Speaker. I observe only that we are paying about £30 million a year to the Metropolitan police for that contract, whereas the French National Assembly does not pay a penny for the security support it receives. I hope that the Serjeant at Arms and the director of security will seek to ensure that the taxpayer is not picking up an excessive cost for whoever gets the contract in future years—I am sure that will be the case.

The right hon. Member for Saffron Walden talked about the catering budget, and I will not repeat what he said. May I just echo his remarks about the progress that has been made, on not only obtaining greater income, but reducing our costs? I understand that we have finally hit the critical point where our staff-to-sales ratio has fallen below 100%—I believe it is now 88%, which is a step in the right direction. Labour Members were disappointed in one way that the European Union (Referendum) Bill died, because in the previous Session the Smoking Room was very popular among Conservative MPs on Thursday evenings before the debates on that Bill. I believe I am right in saying that we are now not likely to see as many Conservative MPs propping up the catering outlets on a Thursday evening. The Opposition also welcome the work being done on the diversification of retail opportunities, which the right hon. Gentleman mentioned. There were some recent discussions about extending further the range of products available, with some talk about having Deputy Speaker whiskies or beers. Apparently, that is popular elsewhere, but I could not comment on which would be the most popular Deputy Speaker brand.

The Opposition agree with the right hon. Member for Caithness, Sutherland and Easter Ross, the Chair of the Committee, that we should seek to make relevant external hire opportunities available, but we are also clear that we do not wish to see charities being priced out of using the facilities. Many hon. Members on both sides of the House have long supported local charities and good causes, and we think it is vital that the House balances the desire to bring in greater revenue through third party hires with the protection of smaller charities. We concur with the Committee on Standards that there should be no political fundraising on the premises. I hope the right hon. Gentleman will confirm that whatever external opportunities are provided, political fundraising will not be considered.
My hon. Friend the Member for Sheffield South East (Mr Betts) made an important point about staff relationships, and we agree with it; we wish to see greater progress being made on diversity and equality of staffing. The current Speaker and the House of Commons Commission have made progress on that, but it is important that that work continues. My right hon. Friend the Member for Leicester East (Keith Vaz), in particular, has been championing the cause for some time.

I also want to thank the House staff for their work. A number of staff members have been praised already, so I will not repeat their names, but I wish to add four to the list on behalf of the Opposition: David Natzler, our acting Clerk, who is continuing the good work of his predecessor; John Borley, our director general of facilities, who manages a complex and challenging team; and it is only right that we pay tribute to two Clerks, Helen Wood, on the Administration Committee, and Bob Twigger, who not only clerked the Finance and Services Committee, but has the pleasure of being secretary to the House of Commons Commission—a double treat for him, no doubt!

One thing that my hon. Friend the Member for Wallasey raised last year, on which we are frustrated not to see more progress, is bicameral services. The Opposition appreciate that that is not entirely the fault of those on the Treasury Bench, as some of the responsibility—the culpability—does lie at the other end of the corridor. However, we already see a number of shared services on security, broadcasting and IT, so we feel it is ludicrous that we run two separate catering services and Library services. As the Administration Committee and the House of Commons Commission have said, real progress needs to be made. One hopes that with a new Clerk in post at this end of the building, a new Leader of the House at the other end and indeed a new Leader of the House—of course, temporarily—at this end, we will see in the last six months real dialogue on bringing things together. That is where there are some real opportunities for savings to be made. Obviously, I am also disappointed that the House of Lords does not have the equivalent savings programme in place. It is a credit to you, Mr Deputy Speaker, as one of the members of the Finance and Services Committee, that that Committee has driven savings across the board. We would, however, like to see the House of Lords take up more of its share of this programme.

We welcome the neutral financial remit, as has been set out already, and the fact that it does not set a particular spending path beyond 2015-16 that would fetter an incoming Commission. We entirely concur on the importance of Select Committees and scrutinising the work of the Government, and we welcome the extra funds that are being made available. Although we fully support the proposals for the e-petitions system and the new partnership across Government and the House of Commons, we are slightly concerned about the possibility for spending to rise. I hope the Deputy Leader of the House will confirm whether the Government believe that the overall cost of e-petitions and the Select Committee concerned should not add an additional burden to the Select Committee budget.

We entirely concur with the points made about the education centre, which we believe is an important contribution to fostering a higher level of political engagement among young people across the country. The recent referendum in Scotland demonstrates that when we find the right issue, we can engage young people. The education centre has our full support and we wish it full speed.

Let me close by setting out one important point. It is vital not only that Members have opportunities, through continual professional development, to improve our skill sets, but that the senior management team have the appropriate financial skill sets. My hon. Friend the shadow Leader of the House has made it clear that we believe that the senior management team, including the chief executive—this is without prejudging what the Select Committee under the chairmanship of my right hon. Friend the Member for Blackburn (Mr Straw) may decide upon—must have appropriate financial skills. I hope that the Deputy Leader of the House will echo that in his response.

This afternoon’s debate has been useful. I look forward to the last 177 days before the general election, and we look forward to continuing to make progress on delivering not just parliamentary scrutiny, but good value for the taxpayer at the same time.

3.59 pm

The Deputy Leader of the House of Commons (Tom Brake): This debate has been slightly more entertaining than I had expected. I thought that, like a financial report, it was going to be quite dry, but we have had some entertaining illustrations of the activities that the different Committees are undertaking to realise savings.

I welcome the opportunity to participate in what has now become an annual debate on the House of Commons’ financial plan and draft estimates. In doing so, I should first mention my right hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso). At the risk of making him blush under his beard, I join the tributes that have been paid to him and his Committee for the work that they do in scrutinising the financial management of the House and in advising the House of Commons Commission, which is ultimately responsible for running the House.

Like other Members, I wish to pay tribute to the staff of the House, who support the Committee, the Commission and the Members in the activities that they undertake. I also thank my right hon. Friend the Member for Saffron Walden (Sir Alan Haselhurst) for the role that he plays. He quite rightly pointed out that the finances of this place are not always as they seem, or at least as the press would like to present them. He reflected on the fact that there was a time when the gift shop here was little more than a duty free, selling only whiskey and cigarettes. As someone who has been running a Christmas card competition for reception, year 1, year 2 and year 3 students for the past 17 years, I am pleased that there are now more gifts on offer, as whiskey and cigarettes are clearly not appropriate prizes.

My right hon. Friend also referred to the availability of tiles in the gift shop. I am currently decorating my bathroom at home, so I wish that I had known that earlier—although at £150 a shot, I suspect that we would have had to stick to IKEA as we had originally intended. He quite rightly pointed out—many Members will have seen this—that the House is being used for the first time for the filming of “Suffragette”. He also
referred to the fact that the House is a highly rated tourist attraction. I regret to say that he did not mention that our debates in this place are part of that attraction. Perhaps this debate is one that people who have been to visit today will remember for years to come.

**Sir Alan Haselhurst:** I hope that my right hon. Friend is not egging us on to think of charging people for going into the Public Gallery.

**Tom Brake:** I will leave that to my right hon. Friend. I understand that it will be a popularisation of our debates, and that it is a way of ensuring that the House of Westminster is both accessible and visitor friendly in a way that it is not at the moment.

I wish to comment briefly on the comments made by the hon. Member for Dunfermline and West Fife (Thomas Docherty). I congratulate him on his triple-hatted role. I am familiar with the concept of wearing more than one hat. He highlighted the savings we have made from ending the production of leather-bound books of *Hansard.* That was an appropriate thing to do, especially as it was at the taxpayers’ expense.

On the reconstruction and renovation works that will be undertaken fairly soon, the hon. Gentleman is right that planning them appropriately is essential. I do not like to think of myself as a professional politician, although I am not sure at what point one becomes one and leaves behind one’s previous career. Before being elected to this place, I was a project manager in the IT industry. One thing that must be done before embarking on a project is to work out what one wants to achieve and get it right. Members asked whether our plans for the House included a TV studio. Clearly, we need to establish that well in advance of any renovation work, rather than considering it as an afterthought, as the costs would start to ramp up significantly.

The hon. Gentleman also referred to the importance of diversity in staff, with which I entirely agree. He said that the House of Commons and the House of Lords should be actively considering bicameral services. It would be strange if we as a Government and Opposition called on local authorities to integrate their services, and leaves behind one’s previous career. Before being elected to this place, I was a project manager in the IT industry. One thing that must be done before embarking on a project is to work out what one wants to achieve and get it right. Members asked whether our plans for the House included a TV studio. Clearly, we need to establish that well in advance of any renovation work, rather than considering it as an afterthought, as the costs would start to ramp up significantly.

The hon. Gentleman referred to the importance of senior managers getting the appropriate training, which I support. He concluded by referring to the e-petition system. I concur with his view that that is something that should not come at substantial extra cost. There may be a slight additional cost, as that inevitably happens in a transition period, but, fundamentally, we already have in place the technology and that should be the basis of the system. Any additional costs should be very limited. If, as part of the system, a petitions Committee is set up, it should not be an additional Committee but an alternative to one of the existing Committees in the House. I will not speculate on which, but that may be an appropriate way of dealing with any additional costs that might derive from having a petitions Committee.

It is right to recall the achievements of the House management in successfully delivering the savings programme, which saw a reduction in the administration estimate of 17% from £231 million in 2010-11 to £210 million in 2014-15. That reduction is in line with the programme that has been made right across Whitehall. Although that reduction has inevitably led to some changes, we have not seen any significant diminution in the services and support provided to Members of the House.

I welcome the fact that, although the saving programme has now come to an end, there is no sense of the job being done and now we can get back to normal. That would not reflect the reality of the financial situation, the need for further deficit reduction and the financial discipline in the wider public sector. The Committee’s report outlines the establishment of a continuous improvement approach being promoted by the Cabinet Office to ensure that the House continues to achieve value for money in the services it provides. I also welcome the bicameral nature of that approach. The potential for achieving savings by the two Houses working together should be fully explored.

The Committee notes improvements in financial discipline and internal control. Further improvements in financial performance will require a sharpening of managerial leadership skills right across the House. That is an area on which attention is rightly being paid, and it is a factor that might play into the current review of the governance of the House. I would also like to apologise on behalf of the Leader of the House for his being unable to attend this debate, which is for the same reason that the shadow Leader of the House is not here.

The House will also want to note the potential, outlined in the report, for further savings or income generation. The ICT strategy has not delivered the anticipated savings in 2014-15, and the expansion of commercial activities has not progressed at the pace originally envisaged. Those matters are being taken forward.

The House will also want to note the increase in resources that the Committee has agreed in respect of the budget for Select Committees, following a bid by the Liaison Committee. The extra £854,000 per annum from 2015-16 will enable Committees to have more staff and to commission more research. I think that is a good example of the core functions of the House being enhanced in a climate of overall savings being pursued.

With regard to the medium-term financial plan, we should be conscious of the need identified by the plan for a further £3 million to be found in each financial year from 2016-17 to 2018-19 and that there are major refurbishments in Norman Shaw North to be carried out. Beyond that, there are still decisions to be made on the restoration and renewal of the Palace of Westminster, which will involve substantial expenditure however it is carried out.

Finally, turning to the Members estimate, hon. Members will note that the further expenditure is set to come down slightly, from £41 million in 2015-16 to £40 million in 2018-19, after the substantial exercise of providing new IT equipment for all MPs after the next election. The successful provision of IT and other resources for
new MPs will go a long way towards giving them confidence in the management and governance of the House.

I conclude by again congratulating my right hon. Friend the Member for Caithness, Sutherland and Easter Ross on his Committee’s work, as set out in its report, and on the constructive way in which it continues to support the work of the Commission and the other administrative Committees of the House.

4.10 pm

John Thurso: I am most grateful to all Members who have taken part in the debate. It has been quite wide-ranging and had its light-hearted moments, but it has also been very serious, and I think that it does us credit to have discussed our affairs in that way. I will attempt to answer the questions that have been put directly to me, but if for any reason I miss one, I will certainly write to the hon. Member concerned.

The hon. Member for Hayes and Harlington (John McDonnell) asked about security. I have in my brief, in huge, red, block capitals, the words, “You’re not allowed to talk about security in the Chamber”, so I will not. However, I will say that obviously our security is of paramount importance, and so too is value for money. I observe that many places similar to ours get that best security and best value from an in-House security force. I have no idea what the House might do, but I am sure that it will be based on the best evidence externally.

John McDonnell: I do not want to tempt the hon. Gentleman any further, but can he indicate what the time scale is for decision making on that?

John Thurso: Proposals on the principles of the way forward, rather than the detail, have been received and will be put to the Commission and the House Committee of the Lords at their next meetings. If the proposals are agreed to in principle, the detailed work will take place, but I would not anticipate any particular changes until well into next year. I hope that answer is sufficient for the hon. Gentleman. The director of security would probably give him a fuller briefing, if he would like to take him up on that.

I thank my right hon. Friend the Member for Saffron Walden (Sir Alan Haselhurst) for his full account of the work of the Administration Committee. One of the features of this Parliament has been the Administration Committee and the Finance and Services Committee finding a very good way of working together, with the Administration Committee taking the lead on the services and the Finance and Services Committee taking the lead on the financial implications of that. I am most grateful for his contribution.

The shadow Deputy Leader of the House, or deputy shadow Leader of the House—I am not sure which way around it is—the hon. Member for Dunfermline and West Fife (Thomas Docherty), asked a number of substantial questions. The first was where I got the figure of £2.7 million from. The answer is page 10 of the report, which states:

“In the current financial year, at an equivalent point in the electoral cycle, it is forecast to be £2.7 million.”

However, he is absolutely right to ask, as always, because the update is that the like-for-like total net cost for catering services was £1.2 million in the first six months of 2014-15, against £2.25 million in the equivalent period of 2013-14, a reduction of £1.5 million, or 47%. Certainly, that being £360,000 better than budget, it is to be hoped that that will be carried through to the end of the year. I hope that is a reasonable answer. I will write to him about the first question he asked during my speech, but I direct him to annex D on page 32 in relation to the costs of restoration and renewal.

The hon. Gentleman mentioned charities. I absolutely agree that charities should not be penalised. That is part of the policies that have been adopted, and I see no chance of their being changed.

With regard to raising funds from those who come to watch us in this Chamber, there has never been any suggestion, ever, that money be paid by our constituents and the public to view the legislative process, Select Committee hearings, or any other part of our work—and nor should there be. There is a very distinct difference between people coming as members of the public to engage with the political process and those who come as tourists and pay for the privilege. The two are absolutely not linked.

Thomas Docherty: We entirely agree about the difference between tourism and watching the democratic process, but will the right hon. Gentleman confirm that the Commission supports the position of the Standards and Privileges Committee and the Opposition that political fundraising should not be allowed on the premises?

John Thurso: Indeed; I was about to come to that. It is in the purview of the Administration Committee, principally, but I am fairly certain that the policy is rigid and there is no known attempt to change it.

The hon. Gentleman raised the issue of bicameral services. It is of course worth remembering that the other place is a sovereign House, and therefore, in all we do, we negotiate with it, but cannot force it. This is not a matter for those on the Treasury Bench; it is a matter for the two Houses to reach a conclusion on. The reasonableness that their lordships demonstrated in so rapidly agreeing to a common procurement service bodes well for the future. Certainly, in any sane world, the whole Palace would be run as one, and I am sure that one day we will get there.

This has been a good debate, and I commend all Members who have taken part in it.

Question put and agreed to.

Resolved.

That this House notes the First Report of the Finance and Services Committee, HC 757, and the draft medium-term financial plan for the House of Commons as set out in the Appendix to the Report; and endorses the intention of the Finance and Services Committee to recommend to the House of Commons Commission a House of Commons: Administration Estimate for 2015-16 in line with the financial remit set by the House of Commons Commission.
Rail Services (Portsmouth Harbour)

Motion made, and Question proposed. That this House do now adjourn.—[Dr Thérèse Coffey.]

4.17 pm

Caroline Dinenage (Gosport) (Con): I am very grateful to have the opportunity once again to raise the issue of rail networks in the south of England, particularly with reference to the Portsmouth harbour area, which is part of my constituency. We have had a lot of rail-related news recently, with much discussion about the potential HS3 line and talk of a “northern powerhouse” and a proposed super-hub.

It is important that we start this journey in the north. We always hear about the north-south divide and the need to link up the deprived northern towns with the cities—or rather one particular city—of the prosperous south. This narrative relies on drawing the starkest possible contrast between the run-down, post-industrial centres of the north and the gleaming, global city of London, surrounded by leafy suburbs and sunlit shires. Of course, the truth is much more complex. Child poverty in the Deputy Prime Minister’s constituency in Sheffield is less than a third of that in parts of Portsmouth. In my town of Gosport, which is on the other side of Portsmouth harbour, one in five children lives in poverty—about the same as in the centre of York.

Poverty does not respect geography. BAE’S decision to end centuries of shipbuilding in Portsmouth has exactly the same effect on working people on the south coast as a decision to shut down a mine in County Durham or to close a factory in east Lancashire would have in northern areas. Similarly, proximity to London is no use for people south of the capital if we cannot actually get there. It takes as long to get up to London from Portsmouth as it does to travel down from Doncaster—a journey twice as long. It is absolutely right that we are looking to improve our infrastructure across the country, but, as I will set out, we must ensure that some of the poorest communities in the country, who just happen to be in the south, are not left behind.

Mr Mike Hancock (Portsmouth South) (Ind): I suggest to the hon. Lady, and I hope she agrees, that the journey down from Doncaster to London would be a damn sight more comfortable than the journey up from Portsmouth.

Caroline Dinenage: I think the hon. Gentleman is referring to the quality of the rolling stock we have to endure, which I will certainly talk about in due course.

My constituency is home to Gosport, the largest town in the UK without a railway station. Since the last election, £52 million of public and private money has been pumped into our fantastic new Solent enterprise zone at the disused Daedalus military airfield, but the state of our transport links does not reflect the potential of that investment. Even getting to the nearest station is famously difficult: when we want to catch a train, we must either fight our way up the peninsula to Fareham, on the pitifully inadequate roads, or head across to Portsmouth harbour on the Gosport ferry.

It must be said that business at these stations is booming. The number of passengers using Fareham railway station has gone from 1.5 million in 2009-10 to 1.7 million in 2012-13, while the figure for Portsmouth harbour has gone up from 1.8 million to 2.2 million in the same period—a 20% increase in just over three years. That reflects trends across the country, and the huge increase in demand since privatisation is a tribute to the success of our railways. However, it has been more successful for some than for others.

On journey speed, for example, someone travelling north out of London can be past Peterborough in 45 minutes—a distance of almost 100 miles. By contrast, the distance between Portsmouth and Southampton is just 20 miles, yet that train journey often takes more than an hour, with only two or three direct trains per hour. Inevitably, slow journey times and poor service frequency on the rail network mean that more and more people take to the roads, clogging up the already over-congested M27.

I mentioned earlier the painful journey times up to the capital. If passengers make the pilgrimage from Portsmouth to London, their journey to the busiest station in the UK is barely pleasant. My hon. Friend the Member for Portsmouth North (Penny Mordaunt) has spoken regularly about that, and the hon. Member for Portsmouth South (Mr Hancock) has alluded to the infamous class 450 carriages, the seats of which South West Trains itself found that 59% of passengers cannot squeeze into “when their elbows are taken into account”.

Mobile reception is poor along the route and, should a passenger and their elbows manage to make it to Waterloo, they will arrive at a station so heaving that it sees more people in three hours every morning than Heathrow does in a full day.

Crushed on to little more than benches with limited mobile reception and no wi-fi before being spat out into the cauldron that is Waterloo station, it is little wonder that my constituents feel they are not getting value for money. People in the Portsmouth Harbour area pay a premium to travel in cramped conditions at a snail’s pace. I know that a chunk of the £38 billion the Government are due to invest in the railways will go to South West Trains, and that is, of course, welcome. Indeed, one could argue that it is not only welcome, but deserved. My constituents who travel by South West Trains—in fact, all those who do so—are already subsidising train lines in every other part of the country.

The House of Commons Library estimates that, unlike almost every other line that is subsidised by the Government, passengers on South West Trains will subsidise other train lines to the tune of £1.2 billion over the course of the franchise. Given the pressure on that part of the network, would it not be possible for South West Trains to keep hold of at least some of that money to reinvest in and upgrade the network in the south? This is not a case of asking for more money—we are simply asking for our own money back so that it can be invested in the area where it is needed most. Given the unique population pressures we face in the south-east—the south-east of England and London will grow at an unmatched rate over the coming decade—that seems both necessary and fair.

That could also be a sweetener to incentivise further improvements as part of the refranchising process. When that process comes around in September 2017, there simply must be commitments on better signalling to cut
journey times—potentially even involving a change of signalling around Portsmouth to create more space further up the line—and, of course, refurbished carriages to increase capacity.

In addition, as I said earlier, one of the biggest problems at the London end of the line is the overcrowding at Waterloo. In the recent debate secured by my hon. Friend the Member for Esher and Walton (Mr Raab), the Under-Secretary of State for Transport, my hon. Friend the Member for Devizes (Claire Perry), who has responsibility for rail, said that a few winters ago she saw a wonderful production of “The Railway Children” on one of the former Eurostar platforms at Waterloo. Down south, we do not need the theatre to experience the glamour of 1930s train travel. Our tracks operate on the same lay-out as those laid in 1936. As she said, it is good news that the platforms are coming back into service, but will the Minister give my constituents a timetable for that process?

Finally, better signalling, bigger carriages and longer platforms are all necessary, but they will not be sufficient. In London and the south-east, we will have an extra 2 million people in 10 years’ time, so although all the upgrades to the existing line that I have mentioned are desperately needed, they will be no more than a sticking plaster.

I understand the difficult decisions that this, and indeed the next, Government will have to take on spending—there is less than no money to spend—but if we are seriously committed to building infrastructure fit for the 21st century and want to protect communities along the south coast as we undergo deep economic changes, the only long-term solution will be the construction of another line south from London. That might radically cut journey times, increase capacity and tackle head-on the deprivation that is endemic in too many communities in the south. With that sort of radical thinking, we could create a southern engine to match our northern powerhouse.

4.26 pm

Mr Mike Hancock (Portsmouth South) (Ind): I congratulate my constituency neighbour the hon. Member for Gosport (Caroline Dinenage) on her determination in getting this Adjournment debate. I welcome what she says. She has been consistent in putting her point of view in the House and in the media generally.

I must say that Portsmouth Harbour station has varied very little in the 60 years since I mudarked underneath it as a kid. My goodness me, that station needs something done to it.

We have to look very carefully at train operators’ responsibilities to their passengers. As has rightly been said, this is a boom time for the railways. More people than ever are using our railways, and we should appreciate and be thankful for the fact that people pay an awful lot of money to use.

I hope the Minister will ensure that in the conversations that the Department has with the rail operators, it brings home to them the need to tackle the issues that have been raised. I hope that Ministers will read carefully the Hansard report of this debate and take back to the rail operators the genuine reasons for concern that have been raised. The railways are booming but, sadly, many of the stations and much of the rolling stock are busted. That just is not good enough for the people whom the hon. Member for Gosport and I represent. They deserve better and they need to see better delivery of the service that they pay an awful lot of money to use.

4.31 pm

The Parliamentary Under-Secretary of State for Transport (Mr Robert Goodwill): I congratulate my hon. Friend the Member for Gosport (Caroline Dinenage) on securing this debate. I will do my best to address the points that she raised so eloquently. I apologise for being a poor substitute for the Under-Secretary of State for Transport, my hon. Friend the Member for Devizes (Claire Perry), who has responsibility for rail. She is currently speaking in Westminster Hall, and even she cannot be in two places at the same time.
As my hon. Friend the Member for Gosport knows, the Portsmouth-to-London line is an essential artery that connects communities across Hampshire, Surrey and south-west London. As she said in her speech, it is not only up north that we need to deliver new jobs and prosperity on the back of infrastructure. She mentioned the problems following the cuts to defence jobs in her part of the world.

The railways are a success story of recent times. Passenger numbers have doubled across the country over the past 15 years to the same levels as 1929, but on a network that is half the length. South West Trains operates about 1,700 services a day and about 222 million passenger journeys were made on South West Trains last year. London Waterloo is the UK’s busiest railway station and Clapham Junction station, which is operated by Stagecoach South Western Trains, is the busiest interchange, with somewhere in the region of 23 million interchanges each year.

My hon. Friend is right to raise the issues of journey times and capacity on the route between Portsmouth and London. She mentioned the journey to Doncaster. I will be journeying to York this evening. That journey takes 1 hour and 50 minutes, which is not much longer than the journey down to Portsmouth. Indeed, if one includes the Gosport ferry, that journey takes much longer, even though it is over a much shorter distance.

There are issues of great concern for many passengers who use train services on the route from Portsmouth to London. Many travel for work, but people also travel for leisure, as Portsmouth offers many attractions for the visitor. That is not to mention the important connections to the Isle of Wight and to my hon. Friend’s constituency by the Gosport ferry, for which South West Trains will offer through fares from January. The provision of reliable rail services on the line is therefore enormously important for economic activity and growth along the route.

Nearly 7 million passenger journeys were made to and from Portsmouth stations during 2012-13. Investment has been made and continues to be made to improve the facilities at those stations through schemes such as the national stations improvement programme. Portsmouth stations are served by a number of train operators—South West Trains, Southern and First Great Western—meaning that Portsmouth is connected to much of the south of England and Wales. However, I agree that the speed of those journeys is somewhat slower than on other routes that connect our cities, with the 74-mile journey between Portsmouth and London Waterloo taking about 90 minutes. My hon. Friend will be aware that there are legitimate reasons for that, which must be borne in mind.

The Portsmouth main line is a two-track route between Portsmouth and Guildford, connecting the south coast to London. The route is powered by a 3rd rail DC supply, with a maximum line speed considerably lower than the 125 mph seen on East Coast or Great Western main lines, for example. The line speed south of Guildford falls below 90 mph to 85 mph or less—indeed, to only 40 mph in some locations—on many parts of the route, which is caused by gradients and curves in the line profile. Coupled with the relatively high number of stations at which the train calls along the route, that makes it difficult to increase the line speed of those services.

There are few places where faster trains can overtake slower ones. In the section between Guildford and Havant, the only location where overtaking is possible is at Haslemere. That is not to say that no thought has been given to improving those vital services. Although previous investigations into improving journey times have shown a high cost for minimal benefit, service frequency has been increased where possible. That has been of greater benefit to the large populations using the train service from stations along that route.

There is no quick fix, and I will not suggest there is. The Portsmouth mainline is full to capacity and South West Trains is already operating most peak services at maximum formation. There are constraints on infrastructure and rolling stock, and as we have heard, passengers face difficulties. I am not saying, however, that improvements are not possible, and with the right conditions, journey times can be improved and extra main line capacity added. It is vital that the necessary planning for such investment takes place, and that consideration is given to the needs of the railway as a whole, giving us options for how to meet the demand that is forecast to continue growing over the next 30 years.

The long-term planning process is designed to facilitate the strategic planning of the industry, taking into account the views of the rail industry, funders, specifiers and customers. Network Rail is publishing draft route studies for stakeholder consultation. The draft route study for Wessex is due to be published for consultation later this month. It will set out ideas and proposals for investment over the course of Network Rail control period 6, which runs from 2019 to 2024, and beyond.

Local authorities, including Portsmouth city council, have already had the opportunity to feed into that draft study. It is very much a collaborative process, and I am keen to see it continue. The route studies will be published on the Network Rail website, together with further information about the long-term planning process. I strongly encourage my hon. Friends and their constituents to embrace the opportunity to help us shape the future of that railway, in the collaborative spirit to which I alluded. It is incredibly important for those who use that part of the network to have a say in its future.

Mr Mike Hancock: Will the Minister give an assurance that he will put pressure on train operators to work with the public to bring about improvements? It is one thing to have a consultation, but if nothing is delivered from that, it is a waste of time.

Mr Goodwill: Absolutely. When refencing takes place, not only financial considerations, but other non-financial considerations such as those suggested by my hon. Friend, will be made. Towards the end of my remarks I will mention the rolling stock that is being used and the discomfort that some passengers may feel.

I understand that plans for more capacity in years to come are of little comfort to passengers who are experiencing delays and crowding today. That is why we have continued to invest in today’s railway to increase capacity where possible within existing constraints. I am pleased that the Government have pledged more than £38 billion of support for the rail industry up to 2019, improving the capacity and quality of a network...
that is experiencing vast growth in demand. My hon. Friend will be happy to hear that that includes significant investment on the South West Trains network.

In early September this year my colleague, the Under-Secretary of State for Transport, my hon. Friend the Member for Devizes, who has just joined us in the Chamber, joined with South West Trains to announce the latest capacity enhancement to be contracted. Some 150 new vehicles are being manufactured by Siemens to be put into passenger use on South West Trains by the start of 2018.

Caroline Dinenage: We are grateful that South West Trains is putting that investment into its rolling stock, but unfortunately not a single one of those carriages will be in use on the route down to Portsmouth. Will the Minister comment on that point?

Mr Goodwill: As we see rolling stock introduced, it will cascade down, so that benefits will be felt not only by those using the new rolling stock. When Stagecoach South Western Trains introduces these new trains, existing fleets will be cascaded which will see a further four evening peak services strengthened on the Portsmouth main line to maximum formation, addressing some of the under-capacity issues. This is part of plans to provide capacity for an extra 24,000 peak-time passengers each day. This is in addition to the 108 additional carriages that are already starting to arrive and are being put into passenger service, to increase capacity each day by 23,000 in the peaks. A similar cascade is also adding capacity to a number of peak services from Portsmouth.

Over the same period, Network Rail will carry out some major enhancement and renewal works in and around the Waterloo area at a cost of several hundred million pounds. Signalling is an important part of our rail infrastructure. It is often forgotten, but it can be low-hanging fruit in efforts to gain additional capacity. The signalling system that covers much of the suburban network needs to be renewed and, as part of that project, a new turn-back facility will be created at Hounslow so that an additional four services can operate in the peak.

By 2017, Network Rail will have carried out works to bring the remaining four platforms at the former Waterloo international terminal back into full operational use—from its current theatrical use, which we have heard about—for scheduled domestic services, restoring a vital piece of the south-western route infrastructure for railway use. Having those extra platforms available is also essential in the plans that have been developed to then extend platforms 1 to 4 at Waterloo, which serve the main suburban routes, so that they can accommodate 10-car length trains. This removes the last constraint that has hampered plans to increase main suburban capacity from a maximum eight-car operation for many years.

All of this takes time and considerable effort in planning to minimise the impact on passengers as these major engineering schemes are implemented. There will undoubtedly be significant levels of disruption at times, but high quality communication about what this means to passengers and their daily journey will be key.

My hon. Friend mentioned the infamous 450 carriages and their 3 plus 2 seating configuration, which can make the journey elbow to elbow for some people. As people get bigger, that will be an even greater problem. As my hon. Friend the Member for Portsmouth South (Mr Hancock) said, some people with back pain cannot use those trains.

I have heard the passionate calls from hon. Members about the rolling stock on the Portsmouth to London line. The class 450s that were put in place by Stagecoach South Western Trains on that route following the 2006 franchise competition have increased the amount of seating capacity available. Operational constraints of the route ruled out any additional services, so this was South West Trains’ solution to the requirement to accommodate demand within those constraints.

The train operator takes the decision on where to deploy the rolling stock across the franchise network to address capacity issues as efficiently as possible. Stagecoach South Western Trains has chosen to deploy a mixture of class 444s—the white ones—and 450s on services between Portsmouth and London. The 10-car formation class 444 provides 598 seats, whereas a 12-car maximum formation class 450 provides 738 seats. The additional seats provided by the class 450s provide vital capacity for passengers closer to London.

My hon. Friend the Member for Isle of Wight (Mr Turner) could not be here for this debate as he is chairing a debate in Westminster Hall, but he wanted to raise the issue of passengers who cross the Solent after their train journey. All too often, the trains depart a couple of minutes before the ferries, which means a wait of half an hour, or even an hour in the evenings. I am aware of the problems, and we support the idea of a taskforce to look at the transport issues on the island. I encourage my hon. Friend to work with the Isle of Wight council to establish that taskforce. My hon. Friend the Under-Secretary has written recently to the leader of the council to invite them to meet.

The solutions that we have contracted will address the capacity issues on the Windsor and main suburban routes, but we know that capacity issues remain on the main line. We are doing what we can in the short term to add more capacity where this is possible. However, we know that more is needed, as has been made clear during this evening’s debate. We expect the industry to continue to work in the same collaborative way to address and implement a significant solution for the main line in control period 6, and the planning process for that is under way.

Question put and agreed to.

4.45 pm

House adjourned.
Westminster Hall

Tuesday 11 November 2014

[MR ANDREW TURNER in the Chair]

UK Acorn Finance (Mortgages)

Motion made, and Question proposed, That the sitting be now adjourned.—(Damian Hinds.)

2.30 pm

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): It is a great pleasure, Mr Turner, to see you in the Chair and to serve under your able chairmanship.

I preface my comments by saying that, as a member of the legal profession, I am not given to making serious allegations about professional people; in fact, over the past 23 years, I might have done that twice, so I am not a serial offender in that regard. However, what I shall detail today is, to my way of thinking, one of the worst scandals that I have come across in all those years.

I am concerned about the Williams family—a farming family from Cwm Pennant, Garndolbenmaen, in my constituency. The husband inherited the farm in 1996 and subsequently transferred it into his name and that of his wife, with whom he had been working on the farm since 1980. In late 2009, they were introduced to Desmond Phillips of UK Acorn Finance Ltd by a Mr Peter Baskerville, a financial adviser. On 13 December 2010, a meeting was held at Mr Phillips’s office in Highbridge, Somerset; he then introduced them to a Mr Peter Williams, a solicitor who said that he would act for them. Their indebtedness at the time was approximately £650,000, of which £450,000 was owing to the Agricultural Mortgage Corporation plc at a favourable interest rate. After my constituents had made a complete financial disclosure, Mr Peter Williams, the solicitor, advised that he could not accept for them after all as Mr Phillips was his client. That was curious.

On 13 January 2011, Mr and Mrs Williams had another meeting with Mr Phillips, again in Somerset. He introduced them to a Mr Thomas Brennan of Davies and Partners, solicitors. Mr Brennan said he would act for them; he was a close friend of Mr Peter Williams. After that meeting at Highbridge, a Mr Mark Sanders of Carver Knowles, on the instruction of Mr Desmond Phillips, valued the farm in north Wales at £2.2 million.

Mr and Mrs Williams were forced into a succession of short-term bridging loans of between three and six months with UK Acorn Finance Ltd, with enormous arrangement fees and interest costs resulting in a vicious spiral of unnecessary debt over which they had no control. Mr Phillips’s company was raking in all the money. UK Acorn Finance Ltd was owed in excess of £1.2 million with an increase of approximately £550,000 in two years. UK Acorn Finance Ltd has since repossessed the farm.

UK Acorn Finance Ltd always produced legal documentation for signing at the last minute and Mr and Mrs Williams signed it without legal representation or advice. The documents were sometimes driven up from Somerset to be signed and taken back there, Mr and Mrs Williams being told that time constraints made personal visits necessary to achieve the company’s deadlines.

Mr Phillips’s valuer subsequently reduced the value of the farm to £1.8 million. Mr and Mrs Williams were forced by Mr Phillips of UK Acorn Finance Ltd and his associates into enormous, spiralling mortgage debt. Peter Williams and his associate, the solicitor, knew from the outset that that would happen before their now obvious acts of conflict of interest—and, I believe, of conspiracy to defraud.

The true interest and cost of Mr Phillips’s actions have not been calculated, but they are clearly enormous. The reduction in the farm’s value from £2.2 million to £1.8 million, according to the valuer appointed by Mr Phillips—presumably to weaken the value ratio against the spiralling mortgage debt to UK Acorn Finance Ltd—and the manner in which the mortgage and financial affairs have been handled by Mr Phillips, his associates and lawyers, have clearly been reckless, if not, as I believe, fraudulent. Obviously, Mr and Mrs Williams’s credit rating is now in ruins.

In February 2011, Mr Phillips appointed a Mr N.R.C. Burd as the Law of Property Act 1925 receiver—by the way, Mr Burd appears quite often in such cases as the favoured receiver. Mr Peter Williams, then of solicitors Ebery Williams, acted for Mr Phillips, Mr Burd the receiver, Peter Baskerville and UK Acorn Farm Management Services Ltd, behind which stands Paul Johnson. My constituents were told by Mr Phillips that, although they had received no documentation from him, Williams’s company and solicitors had received £48,000. That was without their authority or consent. There were a few small, irregular payments to builders working on the farmhouse, who quickly withdrew their services because they were not being properly paid; Mr Phillips had given an assurance that he would make payments from money he held on their behalf. Mr Phillips has not accounted for a single penny. The total is believed to be in the region of £148,000, and none of that has been accounted for. The matter was reported to the police.

A Vivienne Williams, whose partner is Mr Peter Williams, the solicitor, now of Michelmores solicitors, previously of Burges Salmon, of Ebery Williams, of
Wilson and of Veale Wasbrough, still acts for Mr Phillips’s company, UK Acorn Finance Ltd and has succeeded in repossessing the farm and taking away Mr and Mrs Williams’s livelihood, their stock and their home. Everything they had on earth has gone.

Mr Peter Williams, of Burges Salmon and the various other establishments, does not stay long with a firm. I understand why. His normal modus operandi is one or all of the following in any particular case. The title deeds are split between the residential house and the land. There are separate mortgages on the house and the land and the property is then transferred into a limited company and mortgaged in the company’s name. The mortgage on the residential property then becomes a commercial transaction and is unregulated. All legal protection rights, including those of minor children, are removed by the above.

The house and land are then repossessed separately, devaluing in favour of purchasers who—believe it or not—are connected to the lender. On the way in, they value the property high to justify the payment of huge sums, which are clearly not sustainable and could not be paid back by the borrowers; on the way out, they undervalue it drastically, so that the person connected to the company can benefit.

The “business plan” in this case was prepared by Paul Johnson, who in reality was there to serve the key players: areas of weakness were exposed, particularly regarding cash flow, for exploitation by Peter Williams, Burges Salmon, UK Group and so on. As I said, a succession of short bridging loans in favour of UK Group was effected at a massive cost—an interest rate of 22%, at this time! Furthermore, fees of 9% were rolled up every six months, plus there were huge fees to solicitors and various agents. There was continual procrastination from them when it came to finding cheaper loans.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): My right hon. Friend is making a powerful case on his constituents’ behalf. In Talley in my constituency, there is a case that mirrors the structure of deception perpetrated against his constituents; it involves a company, associated with UK Acorn Finance, called UK Farm Finance Ltd. Does he share my concern that the farming community has been through a rather tortuous time in recent years? It is cash poor but asset rich? When the bridging finance is parted, does he agree that UK Acorn Finance targets landowners who may be in a vulnerable financial position, offering them help and succour, although its only real purpose is to get possession of the property and make a profit out of that?

Mr Llwyd: The hon. Gentleman is absolutely correct. That is certainly the conclusion to which I have come, as have several other Members of Parliament with constituents who have been badly affected by these scams—I can think of a worse word than scam, but not a polite one. As my hon. Friend the Member for Carmarthen East and Dinefwr (Jonathan Edwards) said, the farming community is more vulnerable than the average person, or they have been.

Burges Salmon, the solicitors, had a charge on my constituents’ property for their fees, and endowment policies were assigned. There was also, interestingly, an agreement with the lender for Burges Salmon, the solicitors, to step aside should the lender wish to repossess. As director of the UK Group—they are all the same entity under these different names, hiding behind the corporate veil as some people choose to do—Mr Phillips had his name on the clients’ mortgage, making him a joint owner of the property if the clients were to die; he automatically became the sole owner by survivorship. I think that is hugely unusual.

There were broken promises of funding by Peter Williams and UK Group, upsetting key suppliers to clients, and particularly feed merchants. In effect, they were closing the farm and income stream down, making it impossible for Mr and Mrs Williams to pay the mortgage. That must be the most obvious breach of fiduciary duty there could possibly be, and I hope that the Government—I see that the Minister is listening intently—will be able to do something about this matter. Those are the main points on the way that those involved go about their business.

To my knowledge, there are 44 different complainants, all of whom had complained to Avon and Somerset police by June 2013. The victims are seriously concerned that the police allege that there is no evidence of wrongdoing by any of those involved. The victims have documentary evidence and other evidence that fraud has been committed, as I will now summarise. The police consistently refused to look at the evidence.

There have been fraudulent valuations. A number of valuations are available and in the possession of victims, with widely varying calculations for the same property over very short periods. E-mails and notes also indicate that inflated valuations were being sought by UK Acorn companies in order to lend at a supposedly 70% loan-to-value ratio—but in fact at a much higher LTV or even negative equity. Once money had been paid, minus the huge fees that were withdrawn, there was no chance of escape for the poor people who had entered into the mortgage agreements. Other brokers appear to have been involved; there are numerous companies—I will not go through them all, but they include Commercial First.

Karen Phillips of UK Group—the daughter of Mr Desmond Phillips—has admitted in a hearing in Exeter county court that she substituted execution pages of documents from one document to another. She claimed that she had done so with permission, but could not provide any proof. The above was common practice at UK Group and went alongside the planting
and forgery of signatures—graphologists' opinions have been sought and that has been proved in at least one or two cases—and deeds not being signed according to the Law of Property Act 1925. Signatures were obtained from victims and witnessed afterwards, in some cases, by people who had never met the signatory.

A number of tricks were regularly used to get loans through without proper advice and before the victim had a chance to understand properly what they were signing. That is disgraceful. There was a churning of mortgages, as I have explained, with numerous short-term mortgages. That churning was commonplace at UK Acorn Finance and the charges to be paid for those activities were not disclosed to victims before the commencement of the series of transactions.

In some documented cases, the changing of the mortgage did not provide the victim with any additional funds at all, merely adding further gross fees for the perpetrators. Surely that is fraud by misrepresentation. Evidence suggests that both the brokers and the lenders were involved in defrauding not only the borrowers, but the lenders to them and in the securitisation of the supposedly long-term documents.

Strong documentary evidence also suggests that most of the mortgages were set up to fail and that once executed, the lenders did their best to thwart the victims' efforts to fund the repayments. The use of LPA receivers was suspect at the very least and it was the same character virtually each time. He certainly did not appear to have aimed to maximise the returns from repossessed properties, further disadvantaging victims. Des Phillips and others associated with him have purchased a considerable number of repossessed properties.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): I am listening very carefully to the right hon. Gentleman, because I was not aware of these circumstances until he brought them to my attention. He has referred to police involvement, but I wonder whether any of these firms or the people involved had contact either with the Financial Ombudsman Service or the Financial Conduct Authority, or its predecessors, in addition to the police. I am sure he will have more to say about the police, but did they also have contact with those organisations?

Mr Llwyd: Yes, they did, and I want to say a brief word about that towards the conclusion of my remarks. At least 44 cases were reported to the Avon and Somerset police, who unfortunately, took very little interest in what was going on—the chief executive of Avon and Somerset police is an ex-partner of Burges Salmon, by the way, so that is another interesting piece of information. Peter Williams was at one time a partner in Burges Salmon, as was John Smith, the chief executive, and he certainly did not appear to police involvement, but I wonder whether any of these firms or the people involved had contact either with the Financial Ombudsman Service or the Financial Conduct Authority, or its predecessors, in addition to the police. I am sure he will have more to say about the police, but did they also have contact with those organisations?

Mr Llwyd: Yes, they did, and I want to say a brief word about that towards the conclusion of my remarks. At least 44 cases were reported to the Avon and Somerset police, who unfortunately, took very little interest in what was going on—the chief executive of Avon and Somerset police is an ex-partner of Burges Salmon, by the way, so that is another interesting piece of information. Peter Williams was at one time a partner in Burges Salmon, as was John Smith, the chief executive of Avon and Somerset police, and he was appointed in 2009. Avon and Somerset police describe themselves on their website as long-standing clients of Burges Salmon. That article also appears on Burges Salmon's website.

All known complaints to the police and those handling this matter remain unanswered, and I have to ask why. Interestingly enough, they said that they could not find any information, but a letter from the manager of the financial activities regulator, Niki White, of Avon and Somerset police came up to attend the repossession hearing in the Williamses' case. Why exactly I do not know. On the one hand she was pretending to give some succour or comfort to the Williamses that the police were doing something, but on the other hand a letter from the manager of the financial activities regulator to the solicitors acting on behalf of the perpetrators says:

“In your letter dated 16th August 2013, you have questioned DC White’s attendance at Court on the 7th August 2013. Her attendance on that day was to ensure that the Court understood the extent of the Police involvement and were not misled into believing that a criminal investigation was already underway.”

That was despite the police at the same time telling the right hon. Member for North Somerset (Dr Fox) that an investigation was under way and that it was an in-depth investigation. But interestingly, a couple of months after that letter, they say that “we have been in discussion with other regulatory agencies. The purpose of this was to look at whether there are…other opportunities to address the situation or to influence regulation of this kind of activity in the future.”

They say that unfortunately they have not been able to progress it further. So they have concerns both on the criminal side, it seems to me, and, as the hon. Member for Kilmarnock and Loudoun (Cathy Jamieson) says, on the regulatory side, which I am sure we all share.

However, Avon and Somerset police have consistently blamed the Serious Fraud Office for not opening an investigation. That is ironic, because the police themselves have refused to open an investigation, although they have said to at least one Member of Parliament that they have done so. They have also tried to block Dyfed Powys police in Wales from investigating. I believe that something is amiss in Avon and Somerset police. As I have said, John Smith, the chief executive, is now writing to complainants and making decisions, but not mentioning the fact that he used to be a partner in one of the firms that is, or should be, in the firing line.

Let me say a word about Mr Desmond Phillips. Again, this touches on the important point that the hon. Lady made about regulation. In 1975, at the age of 22, Mr Phillips was made bankrupt. In 1976, he was convicted of theft at Shepton Mallet magistrates court. In 1987, his timber and haulage business collapsed, leaving creditors with a loss of £300,000. In 1991, Phillips's company brokering endowment policies collapsed. Many customers were farmers. Insurance companies claimed that they were owed £300,000 on commissions that had been paid out on policies that failed to materialise or were subsequently cancelled.

In 1992, Phillips underwent his second bankruptcy, owing £170,000. That was discharged in the late 1990s. In 1994, the BBC Radio programme “Face the Facts” was the first programme on Phillips. In 2008, there was a judgment against Phillips at the High Court in Manchester for £250,000 and costs. That was subsequently paid, I believe. In 2010, there was an individual voluntary agreement in respect of all his debts. In 2011, Acorn subsidiary UK Country Capital collapsed, owing £17.3 million to Barclays bank. On 16 April 2014, “Face the Facts” described him as “The Country Rogue”.

Two bankruptcies, one IVA and 14 county court judgments have been recorded against Mr Phillips and, I believe it or not, a decade of years ago his bankrupt vet was renewed by the regulatory authority. That is quite incredible. I have documentation with me to show that Clive Maxwell, chief executive of the Office of Fair
Trading, said that he was a fit and proper person to be lending money. I find that utterly incredible and I am sure that the Minister, in due course, will want to consider that aspect of the matter. In fact, Phillips's licence was renewed in May 2012, so that was after most of the bad things that had happened and certainly after what had happened in the case of the Williamses.

I have said that I cannot understand why Avon and Somerset police have not researched this matter properly. I have myself dealt with the Serious Fraud Office and the Attorney-General and have met His Honour Judge Geoffrey Rivlin, the senior adviser to the fraud office. I was told by the fraud office that it deals only with very large frauds. In my instance, it is for £1.5 million, but if we multiply that by anything between 30 and 50 constituents or Members of Parliament, it is a massive fraud. No one can deny that.

I have said that there is a dossier of 44 cases that alleges similar conduct in them all. An especially incriminating document was prepared by Mr Levy, a barrister who specialises in this area. It is entitled “Appointments under flawed security”. He questions why Acorn has persistently used the LPA receiver Mr Burd. The only possible explanation is that Lloyds bank was comfortable with the methods used, because it was lending on to Acorn, as we know, and it was turning a blind eye to all that was happening, in breach of any fiduciary understanding that I have ever come across anyway.

In case anyone thinks that I am just a conspiracy theorist, the following Members of Parliament, to my certain knowledge—I am sure that there plenty of others—are also involved in trying to deal with the matter: my hon. Friend the Member for Carmarthen East and Dinefwr, the hon. Members for Vale of Clwyd (Chris Ruane), for Brecon and Radnorshire, for North Cornwall (Dan Rogerson), for Brigg and Goole (Andrew Percy), for North East Somerset (Jacob Rees-Mogg), for Pendle (Andrew Stephenson), for Penrith and The Border (Rory Stewart) and for Thirsk and Malton (Miss McIntosh), the right hon. Members for South East Cambridgeshire (Sir James Paice) and for Preseli Pembrokeshire (Stephen Crabb), the hon. Members for Caerphilly (Wayne David), for Wantage (Mr Vaizey), for Folkestone and Hythe (Damian Collins), for North Devon (Sir Nick Harvey) and for Selby and Ainsty (Nigel Adams), the right hon. Members for Thirsk and Malton (Miss McIntosh), and for Sheffield and Ainsty (Nigel Adams), the right hon. Member for Bexhill and Battle (Gregory Barker) and for Selby and Ainsty (Nigel Adams), the right hon. Member for Selby and Ainsty (Nigel Adams), and the hon. Member for Somerton and Frome (Mr Heath). There is also a Member of the other place who is actively involved in trying to assist people whom he knows.

As I said, I have been in contact with Avon and Somerset police, North Wales police, the Attorney-General, the Serious Fraud Office, the regulators and His Honour Judge Geoffrey Rivlin, the chief adviser to the SFO. So far, very little has been achieved, and it is to my huge regret that such measures have not been pursued.

The conclusion that I draw from this terribly unhappy affair is that even if the modus operandi of UK Acorn and the allied companies is not fraudulent—I believe that it is—they of course have been in flagrant breach of their fiduciary duties to the borrowers. What that means may be obvious, but I will explain it. There is a fiduciary duty on a lender to ensure that the borrower can sustain the payments under the mortgage; otherwise, it is a straightforward taking of his property. That is an obvious point, but in this case there have been instances in which there has been overvaluation of properties in order to make an advance that would not be sustainable on the business case. That is clear in virtually every case that I am aware of. I think that there are elements that are criminal, and I hope that we will be able to shine a light on this behaviour, but even if I am wrong, there have been serious, repeated and consistent breaches of fiduciary duty.

I put to the Government the following points. I know that the Minister is in the Treasury, not the Home Office, but will she please pass some of this information on to her colleagues in the Home Office? I am sure that she will. I ask the Avon and Somerset police to come clean as to why they are not properly investigating or, alternatively, to say that they will now investigate thoroughly these very, very serious complaints. They are complaints that have ruined the lives of, to my knowledge, 44 or 45 families. I am sure that Members of Parliament will know of many other people who were affected, and there will be others who have not complained. There is even a woman who has completely lost her mind and is in prison as a direct result of the situation. I could name her, but I do not want to embarrass her. She is in touch with me, and she is still in prison.

There are others who have lost absolutely everything. They have the shirt on their back, and that is about it. In the meantime, Desmond Phillips is still lending money recklessly and making huge amounts of money against the assets of innocent people whom he has duped. I would ask also that the Avon and Somerset police fully assist the Serious Fraud Office to undertake its work. I believe that we are talking about a massive fraud, in which the SFO, if it has any purpose at all, should be involved. I have been trying to persuade Sir David Green to get involved, and I do not know whether the problem is one of resource, or what it is. To my way of thinking, if we send the SFO one file that shows underhand behaviour, the SFO should consider it. We have sent 36 files to the SFO, all of which show similar, if not identical, MOs, which suggests to me that something is really amiss.

Jim Shannon (Strangford) (DUP): I apologise for not being here at the start of the debate. I had some constituents to see and I could not get down in time. I know of a number of families who have difficulties financial and who were referred to UK Acorn Finance Ltd for help. The company took advantage of their circumstances. Does the right hon. Gentleman now feel that it is time for Government to regulate the company? The regulation of loan companies is in the news today, and that company must be regulated as well.

Mr Llwyd: Absolutely, and the hon. Member for Kilmarnock and Loudoun made that point earlier. The hon. Member for Strangford (Jim Shannon) made that point well, and I am sure that the Minister heard it. I did not know that the hon. Gentleman also had constituents who were affected, but the case is evidently familiar to even more Members than the large number whose names I read out. I am sure that the Minister will have listened carefully to what the hon. Gentleman had to say.
There is a need, in my view, immediately to withdraw Mr Phillips’s licence to work in the financial industry and, crucially, to consider whether the regulatory authorities have done their job well, or at all. There is an obvious rhetorical answer to that question. I would also like to see the investigation and urgent consideration of serious and deep breaches of fiduciary duty. I believe that we owe it to our constituents, many of whom have lost everything they had—their income, their livelihood, their homes, their heirlooms, their livestock and the roof above their heads. My constituents Mr and Mrs Williams believed, perhaps naively, that Phillips and UK Acorn Finance Ltd were on their side. They were clearly wrong, and they have paid an extremely heavy price. To deny them redress is wrong and, in my view, totally unacceptable.

3.3 pm

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): I congratulate the right hon. Member for Dwyfor Meirionnydd (Mr Llwyd) on securing the debate. He referred at the outset to his profession as a lawyer, and he has more than done justice to the case on behalf of his constituents. He said that he felt frustrated and aggrieved that a solution had not yet been achieved. It is clear from his presentation and the vigour with which he has prosecuted the case that the lack of a resolution of the situation does not reflect a lack of effort on his behalf.

I was not aware of the issue before the right hon. Gentleman brought it to my attention, and I am grateful to him for supplying background information. As the representative of a rural constituency, it occurred to me that many more people may have fallen prey to similar situations but, for various reasons, may not yet have approached a Member of Parliament or felt able to go into the public domain. We can only try to understand what it must have been like for the right hon. Gentleman’s constituents to have lost not only their family home and heritage, but their livelihood. Other Members, no doubt, have constituents who have been in similar circumstances.

It was interesting to hear the right hon. Gentleman’s description of the process. The Minister may want to say more about this, but it seemed to me that some of the issues that go back some time might now be caught by changes in the regulatory environment. I hope that is so, and I seek an assurance on that. Sadly, the situation the right hon. Gentleman described mirrors complaints we have heard about the financial services sector and the small business environment. In some cases, there have been suggestions of predatory—I use that word advisedly—activities, in which people came together to try to buy up small businesses that were in difficulty. A collection of people with connections would benefit from that, and they would not have the best interests of the clients at heart.

The right hon. Gentleman put across the point about fiduciary duty extremely well. On a day when we have heard that the Financial Conduct Authority has, at long last, taken steps to deal with some of the worst excesses in the payday lending industry, it is timely to reflect on what other areas need to be tightened up to ensure that such practices such as the right hon. Gentleman described cannot happen. There are parallels between failing to carry out due diligence as to whether people can afford a product and whether it is the correct product for them; and instead of getting people out of a spiral of difficulty, setting them off on a downward spiral into further debt and increased interest charges, with the subsequent loss of their home and livelihood.

Some of the problems may be picked up by changes in the regulatory regime. However, I am concerned that, as the right hon. Gentleman has indicated, notwithstanding all the concerns about the individual whom he mentioned, that person is still deemed to be a fit and proper person. I am sure the Minister will want to reflect on that and tell us whether anything can be done to bring the matter to the attention of the regulatory authorities. In addition, perhaps the Home Office can be asked to look into the problems with the police. I cannot speak for the police and I do not know what the Home Office or the Serious Fraud Office would do, but a significant amount of evidence has been presented. Even if that evidence had been thoroughly investigated and nothing was found to be wrong, the process should be transparent and should not leave a scintilla of doubt about whether there were conflicts of interest or inappropriate behaviour. At the moment, no one can have confidence that the matter has been fully investigated.

I echo the points that have been made by the right hon. Gentleman and other Members on behalf of their constituents, and I look forward with interest to what the Minister has to say. She may have difficulty commenting on some of the specifics of the case, but I hope she will take up the point about passing information to the Home Office. I also ask her to consider whether anything further can be done to make sure that the Financial Conduct Authority is aware of the concerns raised in the debate. It is important that we assess which of the practices involved in the case would be caught by the changes in regulation, and whether there are any potential loopholes. I have taken a particular interest in having a fiduciary duty in financial services more broadly, and I continue, through Finance Bills and other measures, to try to have it written into legislation that anyone in any circumstances providing financial information and advice should be a bound by such a duty, as the right hon. Gentleman suggested.

I look forward to hearing what the Minister has to say. The issue’s being considered here today will not undo the wrongs and damage that have been done to the right hon. Gentleman’s constituents and others, but I hope it will be of some comfort to them to know that people are interested in it and wish to pursue it, in order to ensure that these things do not happen to anyone else in the future.

3.10 pm

The Exchequer Secretary to the Treasury (Priti Patel): It is a pleasure to serve under your chairmanship, Mr Turner.

I congratulate the right hon. Member for Dwyfor Meirionnydd (Mr Llwyd)—I hope my pronunciation is just about correct—on securing an extraordinary debate on what is, it is fair to say, a disturbing issue. He has been assiduous in his campaign to represent his constituents, and I pay tribute to him for the work he has done. I also thank him for sharing with me the background information on this very specific case, and I have read much of it. Such debates are so important. By highlighting the facts and drawing them to the attention of the House, we can try to effect some change in the right place.
notwithstanding the fact that the right hon. Gentleman gave a tremendous list of the organisations that have already been approached to investigate and address the case.

It is deeply disturbing to hear not only about what has happened and its overall impact on the right hon. Gentleman's constituents, but that there are some 44 other cases, spanning about 20 other Members' constituencies, and that so many other individuals have been targeted. I therefore pay tribute to the right hon. Gentleman for raising this distressing case and highlighting the range of issues associated with the individuals he named.

I hope the right hon. Gentleman and other Members will understand that it is not appropriate for me to comment specifically on the individual case, which is subject to a range of proceedings. However, I should make it clear that I intend to take away all the points he raised and to share them with the Home Office, as he suggested. That absolutely has to happen.

The right hon. Gentleman mentioned a specific individual's history, and their case is quite alarming. He touched on bankruptcies, IVAs and county court judgments—the list is endless. He also mentioned that that individual's licence was renewed in 2012. I will pass the case to the regulator. The Financial Conduct Authority is fully independent, but it will be sent the details he highlighted. It is only right and proper that the FCA, with the full powers that it has, look at this case.

I will share with Treasury and Home Office officials the details the right hon. Gentleman has raised. I will ask them to consider what steps the Government can take to address every concern he has outlined. It is only right and proper that we do that. In the meantime, I hope he and other Members will find it helpful if I set out the approach the Government take on some of the issues he has brought to the attention of the House.

The hon. Member for Kilmarnock and Loudoun (Cathy Jamieson) mentioned payday loans, which have, thankfully, come under greater regulation today. The legislation the Government have introduced, along with changes that have been made over the past few years, are intended to bring in more robust consumer protections. That is right and proper, because we do not want vulnerable individuals to be targeted in a malicious way. We have heard about one such case this afternoon, but we have seen similar cases with the payday loan industry, and it is right that the right protections are there.

That is why the Government established a strong, independent regulator—the Financial Conduct Authority—dedicated to ensuring that financial services firms treat their customers fairly. Fairness and transparency are absolutely key. We do not want to hear of cases such as this ever again. This is about protecting consumers. However, the protections provided by the FCA do not generally extend to lending to businesses in the same way as they do to consumers, as the right hon. Gentleman highlighted.

Mr Llwyd: I must say I am encouraged by the Minister's response, because I believe she will diligently pass on the information about this case, and I am grateful for that. However, on commercial lending being different from domestic lending, there is every reason to leave farms in the domestic area, because if something goes wrong, people do not just lose a house, which is bad enough—they lose everything. The people in this case wanted to absolve themselves from ordinary, proper, decent responsibilities towards borrowers.

Priti Patel: I fully understand the impact on the individuals. We should be clear that people have lost their livelihood; this is about losing not just bricks and mortar and a roof, but an entire livelihood.

Cathy Jamieson: When the Minister makes her representations and passes information to the FCA, might she not want to highlight this issue? It appears that the intention has been to use a loophole—redefining a domestic premises as a business premises—potentially to get round some of the regulations.

Priti Patel: The point is well made. This is clearly about the impact on individuals and their livelihoods. We need to ensure that loopholes are closed and that individual protections are put in place. The Government are clear about being committed to introducing FCA regulation, where there is a clear case for doing so, in the right and proper way. However, there is a balance: we do not want to impose greater burdens, additional red tape and costs on financial firms, but we want to ensure at the same time that consumers are protected.

Businesses are expected to be better placed than consumers to judge whether contracts they make with other businesses are in their interests, so they do not necessarily need the protection of FCA regulation in the same way. However, the point that has been raised really is valid, because we are talking about the impact on smaller businesses. Of course, such businesses have a different right of recourse—to the Financial Ombudsman Service. This is always about the right kind of protections and information, and making sure that consumers are protected and loopholes closed. At the same time, however, there is, from a regulatory point of view, a fine balance.

I reiterate that this is a serious and significant case, and there are avenues I can look into—speaking to the Home Office, in particular, and asking Treasury officials to look into the issue.

For micro-businesses—businesses with a turnover of less than £2 million and fewer than 10 employees—the Financial Ombudsman Service is an independent, non-Government body established under statute to provide proportionate representation and independent resolution of complaints against financial services firms. That is predominantly for bank customers. Those decisions are binding, which is to be welcomed.

The right hon. Gentleman has made representations on behalf of his constituents, but there seems not to have been the positive engagement he is looking for, so we will address the issue on that basis.

I want to touch on the subject of fraud. If it is believed that a business is a victim of fraud, there is an additional avenue to explore. From April 2013, all reports of fraud are now made to Action Fraud rather than the police. The right hon. Gentleman spoke in some detail about Avon and Somerset Constabulary. Obviously he has engaged with it on behalf of his constituents; but Action Fraud is a Government-supported specialist fraud reporting and advice service. It is not a law enforcement body and therefore does not investigate
crimes, but it provides a portal for the collection of crime reports and information so that they can be analysed. Going by the files and information that the right hon. Gentleman has sent me, there is a lot of information that could be analysed through law enforcement mechanisms. Where viable that would be sent out to the local force. I should be happy to discuss with the right hon. Gentleman how matters could be followed up using that avenue.

Although business lending is not regulated, the major lenders already take steps, as we have heard, to prevent repossessions and insolvencies. I understand the highly specific nature of the case that the right hon. Gentleman has brought to the House today, but there are processes through which businesses affected by repossession and insolvency can work properly with third parties on repayment plans and so on.

Cathy Jamieson: Given that the case we have heard about today concerned not only a business but a home, will the Minister commit at least to seeing whether anything else should be done about insolvency practice and guidelines in such circumstances?

Priti Patel: I am sure that the Government will be able to look into that, because small businesses in particular suffer in such circumstances. Small businesses that are closely intertwined with family business become subject to different conditions from those affecting larger ones, and the implications are different for them if they reach the devastating time when they go into insolvency and get an individual voluntary arrangement. The process is traumatising, which takes us back to the point made by the right hon. Gentleman: it is a question of an individual’s livelihood, as well as a business.

Mr Llwyd: The Minister is, may I respectfully say, very responsive to what has been said. The hon. Member for Kilmarnock and Loudoun made the point that farms are a special case. We have already mentioned that they are often asset-rich but cash-poor; so they are there for the picking. Given that, to my knowledge, there are at least 44 different cases—perhaps 45, or perhaps even more—with roughly the same MO, surely there must now be a redefinition. Otherwise, the same thing will happen again. The people responsible are sharks who will continue to absolve themselves from regulation and play fast and loose with innocent people, with the disastrous results I have described.

Priti Patel: I think I have made it clear that the practices we have heard about this afternoon are wrong; we have heard about their devastating impact. Clearly, the case is distressing and complex, and we will look into every aspect of the matter that the right hon. Gentleman has raised. I will write to him personally once we have done so, and follow things up with him, to see how we can provide support and assistance in pursuing the matter. There is potential to examine definitions as well. I understand the circumstances in question, and the impact and implications of what has happened.

I hope that I have been able to reassure the right hon. Gentleman that we are committed to putting in place the appropriate protections. We have really only touched on some of the areas in which the Government are working to protect consumers. We have heard a lot in the news today about payday loans—one such area. Today the right hon. Gentleman has brought the attention of the House to a very particular case. He has shown tremendous dedication to his constituents in supporting the affected families. He mentioned that there are potentially 44 other cases, and I would encourage the other Members who have such cases to engage in the issue as well. It is through such a collected evidence base that we will be able to effect change, and through due diligence and due process that we will get the justice needed by the right hon. Gentleman’s constituents.

3.25 pm

Sitting suspended.
Great Eastern Main Line

4 pm

Ben Gummer (Ipswich) (Con): Setting aside the usual form, Mr Turner, it is a genuine pleasure to serve under your chairmanship. I hope, in this short Adjournment debate, to outline the case for investment in the Great Eastern main line.

I know that you are aware of the possibilities in East Anglia, Mr Turner—you have some knowledge of the area—but just to recap, we have in Norwich one of the largest agglomerations of scientific research and development in the country; just down the road from Ipswich, in Martlesham, we have the largest European centre of research and development in software; and we have the largest port in Britain in Felixstowe. Up and down the line we have centres of engineering and technical excellence that complement the amazing growth of Cambridge in our next-door county. Taken together, the counties of this region comprise the second largest contributor to the United Kingdom Exchequer of all UK regions and, indeed, it is one of only two regions that make a net contribution to Her Majesty’s Treasury. This region is already contributing significantly to British growth, jobs and prosperity, but herein lies the problem.

Although we are contributing significantly and growing—indeed, we grew throughout the recession—there is so much more that we could do, if only we had decent infrastructure connections. That is the miracle of East Anglia. It is not so much that all this is going on, but that we have achieved it with the oldest carriages, one of the slowest lines and some of the most expensive tickets for people going to Chelmsford, Colchester, Ipswich and Norwich. All that has been achieved, despite the lack of both a motorway and that critical train line.

That is the context of the Chancellor’s visit to Norwich this time last year, when we proposed to him a significant upgrade in railway infrastructure. He commissioned a task force, which I was happy to serve on, under the chairmanship of my hon. Friend the Member for Norwich North (Chloe Smith). That task force was able to bring together critical elements that had been lacking so far, including a broad, robust engineering research project into what was needed to bring additional services, improved reliability and increased speed to the London to Norwich line. We developed such a study to the demanding criteria of the Department for Transport. That is the basis of the report, which was delivered to the Chancellor last week.

In short, the proposal is for an investment in infrastructure of approximately £476 million, allied with a commitment that the 2016 franchise include investment in new rolling stock, not just for the inter-city carriages going all the way to Norwich, but for the suburban and commuter lines that run in between Essex and London and some running between Ipswich and London. Taken together, that new rolling stock and investment in infrastructure will add the capacity, speed and reliability improvements that we need so desperately on our line. At the conclusion of that investment, we would have new rolling stock running at 60 minutes, or just under, to Ipswich and 90 minutes to Norwich, and three services an hour to Norwich and four to Ipswich, with much better reliability than commuters have, sadly, had to put up with recently.

This is a bold proposal, but not extravagant. We are not asking for High Speed 4, but we are asking for a decent railway that will take commuters and business people and travellers reliably, comfortably, safely and quickly between the world’s financial capital and our great regional centres. That is the basis of our demand. We expect to be able to produce in return a potential economic delivery of £4.5 billion, which is almost 10 times the amount of the original investment by the Department, should that be secured—one of the highest gross value added scores achieved by any rail project or proposal yet put before the Treasury.

People may ask, “If this is so blindingly obvious, given the huge economic return, why has it not happened before?” It has not happened so far because the region has lacked the political purpose to be able to deliver such a project. That is what is new. We have brought together local authorities, both district and county, and the New Anglia local enterprise partnership, and the Essex LEP. I should like to put on the record the excellent way the New Anglia LEP has co-ordinated the proposals and the excellent drive it is currently giving to Norfolk and Suffolk, which is delivering real benefits for our counties.

We also brought together all the region’s Members of Parliament. That, too, is different. There was not previously the drive—crucially, a cross-party drive—from representatives in Norfolk, Suffolk and Essex that now exists. Our beloved coalition colleague, the hon. Member for Norwich South (Simon Wright), has joined us here and we also had helpful interventions from our colleague, the hon. Member for Colchester (Sir Bob Russell). This has been a cross-party job, with all of us working together—councils, businesses and MPs—to put a coherent case for our constituents. If this investment is secured, we can deliver increased prosperity and more jobs—10,000 more in my constituency—for our constituents. Most importantly, those will be high-value jobs, with people investing in high-value businesses in Ipswich, Norwich, Colchester and up and down the line. That is exciting.

I ask the Minister to confirm that she has seen the report and understands what we are asking for, and that she is going to lobby the Treasury for what is possibly one of the most exciting rail projects on her Department’s desk.

Although I have said that this is a cross-party arrangement, we have had a difficult time getting coherence from Labour party representatives in the region. The candidate for Norwich South favours full renationalisation of the railways. The candidate for Norwich North proposes that public bodies be allowed to bid for rail franchises, as Opposition Front Benchers have suggested; however, it is sad to see that the Opposition are not represented in this debate on an important matter for our region. That prompts me to conclude that if there were to be a Labour Government and significant legislative change, everything we are proposing would not just be put at risk: it would not happen. The project has to start in 2016—we have one window in control period five and at the beginning of control period six—if we are to succeed in getting new rolling stock ahead of the implementation of disability regulations in 2020.

We have to get this investment now. I know that both the Chancellor and the Department, which we have talked to, understand, yet the noises we hear from
Labour suggest that they would first want to undertake a massive reorganisation of the rail industry. Frankly, if they do they will be unable to commit to a new franchise being let in 2016, nor to the kind of investment that is needed. Has the Minister received any representations from Opposition Front Benchers about this project? Do they support it and regard it as valuable? The candidate for my seat has said, in a cavalier fashion, that he cannot believe that a future Labour Government would go back on any proposals accepted by this coalition Government. I am sure the shadow Chancellor would be interested to know about the costed proposal that has been dumped in his lap, but, frankly, we have not heard about that from Opposition Front Benchers either.

We accept that it is a large amount of money. It is a significant piece of investment, but it is not extravagant and it is needed. For true cross-party support on this, we need to have not only the commitment of this Government—they have been most helpful in allowing us to bring forward these proposals—but the cast-iron commitment of the shadow Chancellor that he would carry forward this investment, should there be a Labour Government in 2015. We do not only need that; we need the cast-iron commitment of the shadow Transport Secretary that there would be no top-down reorganisation of the rail industry, which would make all this impossible.

I raise those points only because they are the one fly in the ointment, and it is a wonderful ointment. It will make a significant difference to our region and to Norwich, Ipswich and towns in Essex. It will allow us to release our full potential as a key driver of the British economy. Most importantly to us as Members of Parliament representing mixed constituencies, it will give opportunities for jobs and prosperity to people who have so far been left behind, not just by previous Governments, but by previous representatives in our seats. That is why it is so important to us to achieve the investment now, for the good of our constituencies, our region and our people.

Several hon. Members rose—

Mr Andrew Turner (in the Chair): I call Robert Halfon.

Robert Halfon (Harlow) (Con): I suggest, Mr Turner, as this debate is more directly relevant to the constituency of my hon. Friend the Member for Norwich North (Chloe Smith), that she go first. I know that she asked to speak after me, but I feel morally that that is the right thing to do.

4.11 pm

Chloe Smith (Norwich North) (Con): I thank my hon. Friend the Member for Harlow (Robert Halfon), who is kind in ceding his place. His moment will come very shortly. It is for me to add to the arguments of my hon. Friend the Member for Ipswich (Ben Gummer). As he capably laid out, this has been a big project. It has been a joint project, and we hope it will be successful. It is new for the region to have three counties working together, and that has been extremely important. We speak today with the full blessing of our colleagues on the task force from Essex—those in Parliament and those in the business community—and the many thousands of passengers who are signed up to the report. We have brought those people together for the first time in this kind of work. We have done the detailed analysis and it was our great pleasure to present that in the past few days to the Minister, the Secretary of State for Transport and the Chancellor, who asked us to set up the task force and put together the work.

My hon. Friend explained the ambition we have for our region. He is, in fact, the originator of the hope our region that we can be the California of Europe. He is absolutely right to have set out what we could have back for the mere £476 million investment that we ask for. The benefit-cost ratio identified in the report is crystal clear and is higher than that for High Speed 2 at £9.50 generated for every £1 invested. That is another of the report’s strong arguments.

We think that the decision from here is simple. As my hon. Friend laid out, we ask for confirmation of the infrastructure improvements and that new rolling stock be provided for. There is, however, the downside: we cannot go on like this. We cannot go on without the improvements we call for in the report. Our constituents and people throughout Norfolk, Suffolk and Essex—including the tens of thousands of employees, students and passengers represented by those who signed up to the report—pay their way in tickets and season tickets, and they know they are not getting the service they deserve. We know they are not getting the service they deserve, and we have been honest about that in the report. The report is frank in saying that to miss this opportunity to invest would condemn those passengers—our constituents—to another decade of misery on this train line.

We cannot go on with such ageing rolling stock, for a number of very good reasons, one being the reliability problems it has caused. One need only to have looked at the Eastern Daily Press and other regional papers over the summer to have seen the chaos on our line resulting from breakdowns and delays. They compound each other, because of the quality of the stock and the infrastructure we are dealing with. We all have examples of constituents who have been prevented from getting to work at all—indeed, prevented from getting anywhere at all. That is not acceptable in this day and age, particularly given that they are already commuting up to two hours a day each way.

Another reason why we cannot continue with this rolling stock is that in years to come, it will be unlawful under the Disability Discrimination Act 1995. That underlines the point that now is the time for action on the rolling stock and the accompanying infrastructure improvements.

Simon Wright (Norwich South) (LD): I thank my hon. Friend, my hon. Friend the Member for Ipswich (Ben Gummer) and the task force for their incredibly important work. For all the reasons already given, I would like to see the rolling stock substantially improved, overhauled and, I hope, replaced with new stock. Does my hon. Friend the Member for Norwich North (Chloe Smith) agree that it is important that we consider the working environment provided by any replacement rolling stock? It must be comfortable and must provide free wi-fi for all passengers, power sockets and the various facilities that commuters and those working on these trains need.

Chloe Smith: I endorse the points made by my hon. Friend and constituency neighbour. The task force has been able to secure some short-term improvements—such
as the provision of power points—not to all stock across the franchise fleet, but to the InterCity stock that serves his constituents and mine. That, however, just gets us to an equal starting point. We have so much more to do, as the report makes clear.

The task force has laid out the problem and how we can solve it. It has laid out the unique opportunity we have, why now is the time to act, and the consequences of not acting. Such investment does not go ahead without the commitment of Members of Parliament and the partners who worked with us on the report. These things do not happen by accident: we have pulled together a year’s worth of hard work, undertaken not only for those whom we represent, but for many thousands of passengers. I think they stand with us today in saying that these issues must be raised in Parliament, and it falls to us as their representatives to do so. I sincerely hope that we are successful, so that those passengers can once again have faith in their rail service.

4.18 pm

Robert Halfon (Harlow) (Con): It is a pleasure to serve under your chairmanship, Mr Turner. I will speak very briefly. First, I congratulate the three Members who are here. They are formidable fighters for their commuters. Although the debate is primarily on the Great Eastern main line, I will briefly talk about the problems of rail infrastructure across the east of England. In particular, I will talk about my line—the West Anglia line—because the problems of infrastructure investment are similar.

My constituents, many of whom commute from Harlow and surrounding villages to London, regularly complain of serious overcrowding on trains to Liverpool Street station, despite ticket prices continuing to increase. Does the Minister agree that, in addition to improvements to the Great Eastern main line, more investment is needed across the east of England and Essex and on the West Anglia main line in order to increase capacity on commuter trains and to ensure that commuters receive value for money? We need to invest not only in rolling stock, but in stations across Essex and the east of England, such as Harlow Mill, Sawbridgeworth, Roydon and, obviously, the main Harlow Town station. The smaller stations are badly in need of refurbishment and do not offer adequate protection from poor weather. Will the Minister look into that?

Many commuters frequently raise with me the fact that it is cheaper to travel by London underground from Epping rather than by train from Harlow. In some cases, it costs £2.50 a day rather than £5.00. I have just spoken about increasing capacity, but the Stansted Express should stop at Harlow more often and we need better rolling stock. We also need a proper move towards Oyster-isation and the smart-card system that has been promised to us in the past. If the Minister is unable to answer all my questions today, I would be grateful if she could write to me.

4.21 pm

The Parliamentary Under-Secretary of State for Transport (Claire Perry): It is a pleasure to serve under your chairmanship, Mr Turner. I warmly and sincerely congratulate my hon. Friend the Member for Ipswich (Ben Gummer) on securing this vital debate on required future improvements in this vibrant region of the UK. I pay tribute both to the Members present today and to the team that has worked so hard with them on the report over the past year. I had the pleasure of meeting members of the team, particularly Mark Pendlington, who leads the New Anglia local enterprise partnership. I know that many others have also been involved in putting together this excellent piece of work.

The report is particularly helpful in that it sets out the underlying value that proper infrastructure development can bring. We are good at modelling transport benefits, but capturing the gross value added and the broader economic benefit is more difficult. However, the report is an exemplar of how to do that. The analysis will help to reinforce the need for and benefits of the vital investments in the transport system that serves the cities and communities of East Anglia, which, as so eloquently pointed out by my hon. Friend, is the UK’s second largest region in terms of economic contribution and is focused on high-value, white-hot growth industries, such as life sciences and biotech.

Of course, it is not only this region that needs rail investment. As my hon. Friend the Member for Harlow (Robert Halfon) pointed out, there is under-investment right across the railway network. In the past 20 years, we have seen record numbers of passengers taking record numbers of journeys. In some cases, however, the railways have kept up. Satisfaction, punctuality and safety have all increased, and EU figures found that we have the most improved railway in Europe. Despite that, extraordinary growth in demand coupled with a lag in infrastructure investment means that we face overcrowding in some parts of the country and areas where journey times may increase. The great thing is that, as a coalition Government, we are finally realising the vital role of investment in transport infrastructure. We are seeing record levels of railway investment and the biggest investment in rail and rolling stock since Victorian times, with £38 billion being spent over the next five years on maintaining, upgrading and improving the network.

Mr Andrew Turner (in the Chair): Order. I wonder whether the Minister could face the Chair.

Claire Perry: Forgive me, Mr Turner. You are quite right to correct me.

It is an opportune time to review the case for investment in the region, which is why the report is so timely. We have already committed to £170 million of track and signalling improvements on the Great Eastern main line next year and have agreed a package of improvements with the Abellio Greater Anglia franchise, including additional services between Stansted and Cambridge and refreshed trains on the Norwich to London route. I was joined by hon. Friends on a visit to road test some of the improvements. In fact, there is a photo somewhere of my hon. Friend the Member for Ipswich trying out the new loo—in a mock-up capacity only. It is good to see that we are not standing still and waiting for investment; we are upgrading in line with what passengers require, which means simple things such as new toilets that do not leak, new carpets and seat covers, plug sockets and new lighting. Regarding wi-fi, which is available to all
customers on inter-city services and free to first-class passengers, we are trying to find out the future deployment plans. I agree with my hon. Friends that it is an important part of the package going forward and will write to them.

Abellio Greater Anglia will work with the industry to develop and deliver all the Government’s control period 5 projects, including Crossrail, Great Eastern main line infrastructure improvements, improvements to the Ely area, Stratford to Angel Road capacity improvements, a new station at Lea Bridge, and additional peak capacity in 2014 to 2019 into Kings Cross and Liverpool Street to meet forecast commuter growth. There will also be additional freight capacity. We have not discussed freight, but it is an exceptionally important part of the railway mix, and we are considering ways of unblocking lines to allow both and freight and passenger trains to run. This is an incredibly opportune time for such a report. My boss the Secretary of State and I have both read it, and we are looking carefully at how the improvements might be delivered.

I commend the work that the group behind the report has done to unblock some of the long-held barriers of party political or cross-county agendas. It has been refreshing to see a strong cross-party and cross-county approach to the work. My hon. Friend the Member for Ipswich asked whether I had received any representations from the Opposition Front-Bench team, or indeed any Opposition Member, on this subject, but the answer is no. I am unsurprised, however, given that the previous Government electrified only eight miles of track in 13 years and failed to realise the valuable role that transport plays in building economic growth in regions across the country.

Chloe Smith: Does the Minister agree that it is a great shame that Opposition Members are not present to speak for themselves on the matter?

Claire Perry: It is a great shame, but it does not surprise me.

The Government will now be asking Network Rail how to progress the detailed development of the case that has been eloquently made for the line-speed changes, using the funding provided in the current rail investment strategy, to fund the best-value-for-money elements for completion by 2019. The opportunity for shorter journey times will be included in the development of the franchise to 2016, which is to be awarded from October of that year onwards. That could lead bidders for the new franchise being asked specifically in their proposals how to address the requirements set out in the “Norwich in 90” report, in particular the totemic achievement of the 90-minute travel time. We propose to publish the consultation for the next East Anglia franchise on 1 December 2014, so it is an important time for anyone who wants to make further representations. In future franchise competitions, we expect bidders to give weight to both financial and quality considerations of rolling stock, focusing on passengers.

It is an exciting time for the rail industry across the UK. I heartily welcome the report, which represents an excellent forensic analysis of what can be unlocked with relatively small investment. I look forward to working with colleagues in taking the recommendations forward.

Ben Gummer: Does the Minister agree that letting the franchise in 2016 is a critical moment for ordering new rolling stock? If that were delayed, the report’s contents could not be delivered.

Claire Perry: My hon. Friend will be reassured to know that the new franchising timetable that my Department has put in place is running like clockwork—like a punctual train—so we anticipate that we will stick to the timetable.

Robert Halfon: Will the Minister give way?

Claire Perry: Just briefly, as I want to make a point about a visit that I am making on Friday.

Robert Halfon: Will the Minister confirm that she will write to me regarding my points about the West Anglia main line and Harlow?

Claire Perry: I was just moving on to what I am going to do. I will be delighted to write to or, even better, meet my hon. Friend to talk specifically about improvements for his hard-pressed commuters.

My hon. Friend the Member for Ipswich will be delighted to hear that I will be in his city—[Interruption.] Excuse me, his town.

Wayne David (Caerphilly) (Lab): Village?

Claire Perry: Town, definitely, sir. I will be in my hon. Friend’s town on Friday, where I look forward to attending the Suffolk rail conference and hearing about the importance of investment in the region and understanding a little more about what passengers require.

In conclusion, the report is a wonderful piece of work. I pay tribute to all those involved and look forward to working with my hon. Friends in the room—it would be lovely to have some input from Opposition Members on such an important issue—in trying to implement what is feasible and practicable.
Welfare Reform (Welsh Valleys)

4.29 pm

Wayne David (Caerphilly) (Lab): It is a pleasure to serve under your chairmanship, Mr Turner.

As a Member of Parliament representing a seat in the south Wales valleys, I am only too aware of the impact on my constituents of the Government’s changes to welfare over the past few years. I have constituents who have had to wait nine months for their personal independence payment applications to be processed or who have had zero points allocated by Atos in their work capability assessments, only to win their cases on appeal and so achieve more than 15 points. I have had numerous cases of people who have experienced unfairness because of the bedroom tax. Many constituents who have come to my surgery are genuinely struggling to make ends meet. Such individuals are close to the point of despair because of the Government’s welfare changes.

Huw Irranca-Davies (Ogmore) (Lab): I congratulate my hon. Friend on securing this important debate and thank him for his generosity in giving way. May I draw his attention to a report that came out earlier this year, commissioned by the Government themselves, on the rise in food aid and food banks in the UK? Three causal factors were identified, two of which were the cumulative effect of benefit changes and the delays in the payment of those benefits, putting working people in the food banks.

Wayne David: My hon. Friend makes his point extremely well and reinforces my points about the everyday hardship experienced by so many of our people—our poor people, in particular. All of us who represent valley seats are well aware of such examples, and many others.

Jessica Morden (Newport East) (Lab): I thank my hon. Friend for securing an important debate on a piece of work that focuses on the valleys, but is also important for constituencies such as mine. Does he agree that the impacts that the report talks about are keenly felt by many constituencies such as mine? Some reports estimate that 74% of savings from benefit changes come directly from women’s pockets.

Wayne David: My hon. Friend makes her point well. I am aware of an excellent paper prepared by Chwarae Teg that highlights how women are all too often at the sharp end of benefit changes in Wales and elsewhere.

I have been aware of all the changes on an individual basis, as they have affected my constituents, but until recently I was not fully aware of the impact that the reforms are having on the south Wales valleys as a whole.

Nia Griffith (Llanelli) (Lab): Does my hon. Friend agree that it is not simply the individuals who feel the effect, but the small businesses in the area and in our town centres, such as in Llanelli? More and more money is being sucked out of the community. It would be far better to tax the rich, rather than to penalise the poor, because the money of the poor goes straight back into the community.

Wayne David: Yes. My hon. Friend touches on the central point of my speech. The welfare changes are having a detrimental effect not simply on individuals, but on the community as a whole, in a variety of different ways.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): On that theme, Sheffield Hallam university has just produced an important report on the welfare changes of the previous Labour Government and the coalition Government, indicating that more than £1 billion has been taken out of the Welsh economy as a result. The biggest single hit was the changes to incapacity benefit, which was a reform of his previous Labour Government.

Wayne David: The hon. Gentleman has led me on neatly to my next point and the central part of my contribution this afternoon. That is to talk not about the work of the previous Labour Government—yes, we began the process of welfare change, but we did it fairly—but about what we have seen since: a completely unfair introduction of welfare reform, or so-called welfare reform, that, more accurately, has been a way of making crude cuts affecting some of the poorest and most vulnerable in society.

As the hon. Gentleman said, however, an excellent report was published by the Industrial Communities Alliance in Wales. It was written by Christina Beatty and Steve Fothergill of the Centre For Regional Economic and Social Research at Sheffield Hallam university. The report sets out in well researched detail the scale of the Government’s cuts on one of the most deprived areas of the United Kingdom and quantifies in great detail the impact that those cuts are having on the economy of the south Wales valleys.

It is important to remember that not all the cuts have yet been implemented but, when they are, the valleys will lose around £430 million a year. That is an average of £650 per adult of working age. Those are massive figures, especially when we realise that the impact on the valleys is far greater than it is on virtually any other part of the United Kingdom. Without taking into account the household benefit cap and the bedroom tax, the overall financial loss for the United Kingdom as a whole is £475 per working-age adult—for the south-east of England, £370.

The contrast with the valleys is sharpest in parts of southern England outside London. In parts of Surrey, Berkshire, Hampshire, Oxfordshire and Buckinghamshire, the financial loss per adult of working age is estimated to be little more than a third of the loss for the people living in the south Wales valleys. The Government’s welfare cuts are therefore accentuating the already huge differences between well off and poor areas, and are having a hugely negative impact on the local economy across the old south Wales coalfields from Torfaen to Ammanford.

If that were not bad enough, Beatty and Fothergill have dug down to ward level and shown that the financial loss per adult in the poorest parts of the valleys is truly horrific. By looking at official Government data, they have shown that in Maerdy in the Rhondda the overall financial loss per adult is £1,050 per year and in Pen-y-waun, near Aberdare, it is £1,840 per year. In my own constituency, the loss is £820 in Treforest and £790 in St James. In St James, for example, which includes some relatively well off areas, the loss is greatest at sub-ward level,
among some of the poorest people in Caerphilly. If that is true in my constituency, I am sure that it is also true elsewhere.

The huge loss of income has not only a hugely negative effect on the individuals and families concerned, but a massive effect on the local economy—a point made by my hon. Friend the Member for Llanelli (Nia Griffith). Over time, Beatty and Fothergill estimate that some 3,000 jobs in consumer services can be expected to be lost as a result of the Government’s welfare policies. The Government’s argument, of course, is that reforming welfare in such a way is increasing the incentive for people to take up employment—I am sure we will hear that from the Minister—but the trouble is that in many parts of the valleys the local economy is incredibly weak and there is little sign of significant growth in quality job opportunities. What growth we do see tends to be in jobs that are part time, have zero-hour contracts attached to them and are very low paid.

There is another factor. Beatty and Fothergill have pointed out that the valleys have an archetypal “weak local economy” with a large pool of people who are unemployed. The consequence is that bringing into the labour market more people who have been on long-term disablement benefits does not necessarily lead to those people getting jobs. Men and women with health problems or disabilities, with few formal qualifications and little if any skilled work experience, and often in the latter phase of their working lives, are rarely employers’ first choice.

Ann Clwyd (Cynon Valley) (Lab): I am sure my hon. Friend will agree with me that the situation of disabled people in the valleys is particularly bad. We have the highest proportion of disabled people compared with other parts of the United Kingdom. Those people will be especially badly hit by the continuing cuts in welfare. Disability attendance allowance and housing benefit form part of a list of things that impact on them. Does he believe that particular attention needs to be paid to the needs of the disabled in the south Wales valleys?

Wayne David: Yes, indeed, that is absolutely correct. My right hon. Friend makes her point well. To begin with, we have a larger proportion of people who suffer from disabilities than many other parts of the United Kingdom, because of the industrial past of the south Wales valleys. Such people are being especially hard hit by the Government’s policies.

Many of the people who are losing benefits are not securing employment—certainly not of the reasonably well paid variety. They are suffering a huge cut in their income levels and their standard of living. The report by Beatty and Fothergill points to the resources coming to the valleys from the European Union and compares those to the financial loss from welfare reform. We all know that as west Wales and the valleys were originally designated an objective 1 area, and then a convergence area, they received significant European regional development fund and European social fund moneys. From 2014 to 2020, we will see additional EU aid amounting to £1.6 billion. That funding will be worth around £120 million per year to the valleys, but, as I said earlier, the valleys’ loss through welfare reform is estimated at £430 million a year. In other words, the welfare cuts will remove almost four times as much money as the valleys receive in EU regional aid.

Let us not forget that the ongoing welfare cuts will be running in parallel with the harshest cuts in local government services that we have ever seen. Having been shielded by the Welsh Government until now, local government in the valleys is being forced to introduce unprecedented cuts in expenditure, which will inevitably hit hard those who rely most on local authority services: the sick, the disabled, women, the old, the young and the disadvantaged. Not only will services be hit, but we are likely to see jobs being lost and local economies suffering through the knock-on effects of the contraction of local government. Although the Beatty-Fothergill report does not examine what those cuts will mean, there is absolutely no doubt that they can only make a bad situation very much worse.

The Beatty-Fothergill report demonstrates that Wales is being hit harder by welfare reform than almost any other part of the United Kingdom, and that the valleys are being hit “exceptionally hard”. It concludes:

“The South Wales Valleys, long afflicted by the loss of jobs in coal, steel and manufacturing, have been the target of many regeneration efforts, some more successful than others. Welfare reform unequivocally works in the opposite direction: the poor will become poorer, and the poorest areas will fall further behind.”

Nothing highlights more clearly the need for a Labour Government in Westminster after next year’s general election. That Government need to pursue—I believe they will—policies that have at their heart the need to regenerate the economy of the south Wales valleys. We need policies that will provide well paid jobs, build on the excellent work of the Welsh Government’s jobs growth fund and harness creativity and drive so that entrepreneurship becomes the hallmark of the valleys.

Jonathan Edwards: I voted against the Welfare Reform Bill on Second Reading, and was proud to do so—reading the report, I feel vindicated. Will the hon. Gentleman outline which measures introduced by the current Government will be repealed by the next Labour Government, if there is one?

Wayne David: I am happy to say that top of our list will be the bedroom tax. We have made an unequivocal commitment to getting rid of that. Of course there will be welfare reform, but it will be genuine reform. The system needs to be modernised, but we will not place an undue burden on the poor and those who are least able to suffer cuts. Frankly, we will turn on its head a Government policy that is designed to make the poor poorer and the rich richer. We will have a Labour Government who will stand four-square behind ordinary people. Such a Government, armed with the policies that I outlined, will work in genuine partnership with the Welsh Government. I am confident that will happen and that a new and positive chapter will begin for the south Wales valleys.

4.44 pm

The Parliamentary Under-Secretary of State for Wales (Alun Cairns): It is a privilege to have the opportunity to respond to the debate and to serve under your chairmanship, Mr Turner. I congratulate the hon. Member for Caerphilly (Wayne David) on securing this important debate.
I have listened carefully to the concerns raised by the hon. Gentleman and other right hon. and hon. Members who have contributed. The Government are making welfare changes that will turn around so many communities and offer them hope. I want to underline at the outset the context and circumstances in which our reforms are taking place.

The hon. Member for Caerphilly talked about the economic situation in the valley communities. I wonder whether he will acknowledge that although Wales is now the poorest part of the United Kingdom, that was not the situation inherited by the previous Labour Government in 1997. Over the duration of the previous Administration, Wales became the poorest part of the United Kingdom. We have heard about regeneration plans, but we did not see any of those plans succeed or transform the prospects of the communities that he highlighted.

Huw Irranca-Davies: Just to test the logic of the Minister's proposition, does he recognise that the last time we saw a massive increase in those on incapacity benefit and other benefits was during the 1980s? I do not want to revisit the wholesale closure of the mines, but will he tell me what regeneration strategy was put in place at that time?

Alun Cairns: I find it strange that the hon. Gentleman has gone back to the 1980s. I was still in school—that is how long ago it was.

It is relevant that when this Government came to power in 2010, Wales was the poorest part, nationally or regionally, of the United Kingdom. In 1997, when the previous Labour Government came to power, it was not. There needs to be a recognition of the context in which the welfare changes are taking place. The data are quite stark. The hon. Member for Caerphilly mentioned support from European aid that has gone to west Wales and the valleys. I remember that that support was discussed as a one-off opportunity, but we have just come to the third prospective round of European aid. That demonstrates the legacy that the previous Administration left.

Nia Griffith: Will the Minister tell us what he is going to do to improve the record of his Government's Work programme, which is failing the people in the valleys, and particularly those who are furthest from the workplace, such that Oxfam Cymru has said that some people are being “parked” and are not being given the opportunities they should have?

Alun Cairns: I am grateful to the hon. Lady for raising that point. I will cover that as I make some progress with my speech.

I want to underline the context in which the Government are responding, with Wales, sadly, the poorest part of the United Kingdom. We inherited a situation in which parts of Wales were also sadly blighted with worklessness. In some communities, a third of the working age population were claiming out-of-work benefits. The Government had to act. We have taken steps—
of benefits so that there is more incentive for people to take low-wage jobs because they are receiving hardly anything, and sometimes nothing, on welfare.

**Alun Cairns:** I am trying to get on to universal credit, but I will highlight how the poorest will be better off financially. We cannot take one policy in isolation and we must consider the reduction in unemployment—I hope that the hon. Member for Caerphilly will recognise that.

We want a system that is easy for people to use but ensures that customers receive all the benefits to which they are entitled. We want a fair system that reflects the heart of our nation—a nation that looks after those who need it but ensures fairness for hard-working individuals and families.

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Worklessness needed addressing and is being addressed. Surely we must all be concerned that 200,000 people in Wales have never worked. That is wholly unsustainable. As Welsh MPs, we should want the Government to do all they can to move people from dependence to independence. I am sure the hon. Member for Caerphilly supports that and that we can continue to enable people to free themselves from a lifetime on benefits and enable them to achieve their goals.

**Huw Irranca-Davies:** Does the Minister accept my proposal that to free someone from benefits to go into a job with poverty pay is a strange sort of freedom? Does he agree that we must ensure that that work pays and that there is no increase in the bill on taxpayers to subsidise poverty pay, as there is at the moment, including with housing benefit?

**Alun Cairns:** The hon. Gentleman makes a point that I will try to cover when I come to universal credit. The introduction of universal credit will always make people better off while they are in work. I have highlighted one example and could cite many more of people who were trapped in the benefits system. All parties have recognised the need for reform and the universal credit will bring about the change to move people from dependence to independence. Clearly, it is not good for individuals, their families or their communities to be out of work and it is certainly not good for the rest of the nation.

Successive Governments have failed to tackle the problem, but we have tackled it head-on. We are working to improve the incentive to work because it remains the best route out of poverty. Hon. Members will be pleased to hear that the latest statistics show that the number of workless households in Wales has fallen by 19,000. Across the south Wales valleys, 17,000 more people are in work since the election and almost 12,000 have come off benefits. I hope that the hon. Member for Caerphilly will recognise that.

**Wayne David:** Does the Minister accept that in-work poverty is now greater than ever before?

**Alun Cairns:** That is one thing that universal credit will put right because people will always be better off. I will come to that in a moment. Our reforms are already reaping benefits. People are moving from dependency on benefits and into work. That is a positive step for Wales, for communities and for the individuals who, for far too long, have been locked in the benefits system.

The welfare system we inherited was built for 1940s society and is no longer able to deliver the support that people need in a modern flexible labour market: the sort of market that communities are already adapting to. Our benefits system needs to reflect that and to support people who need it.

A flexible labour market will be supported by universal credit because households in Wales will be entitled to £163 more a month on average and 75% of those who will gain will be in the bottom 40% of the income distribution curve.

**Nia Griffith:** Will the Minister look again at research by the Joseph Rowntree Foundation that has shown that some families, by working more hours, will lose out? Will he ask the Secretary of State to look again at how the taper will work in universal credit?

**Alun Cairns:** I will happily look at the Joseph Rowntree Foundation’s report, but I again emphasise that universal credit will leave people with an average of £163 more a month and 75% of them will be in the bottom 40% of income distribution. My point is that the very poorest in society and the community will not only be incentivised by universal credit to get back into work, but receive an uplift in their monthly income as a result, as they stand. People will always be better off in work than in one example I have highlighted in which people were happy to work 16 hours a week because they retained their benefit, but working the 17th hour was simply not worth their while. That was not what they wanted, nor was it what employers wanted because of the inflexibility that that built into the labour market.

**Ann Clwyd:** What about the workers at Remploy? We heard all the arguments for shutting Remploy and getting rid of many disabled workers. I understand that very few of them have found alternative work. What about them?

**Alun Cairns:** With credit to the right hon. Lady, who has been a strong champion of constituents with disabled rights for many years and has gained respect throughout the House, I underline the comments made at the time by Disability Wales that Remploy and the segregation of disabled employees was something for the last century rather than this century. It wants the mainstreaming of disabled people. Disability Wales clearly recognises and champions that.

**Jonathan Edwards:** On universal credit, is it not the case, as the “Dispatches” programme highlighted last month, that the roll-out is in complete chaos and is a shambles, and that Jobcentre Plus is unable to deal with the demands of the roll-out set by the Department?

**Alun Cairns:** The hon. Gentleman will know that, in Wales, Shotton in Flintshire is where universal credit has been rolled out. The response has been remarkable in incentivising people into work. Some 75% have responded positively and said that they are now in a better position to find work as a result of universal credit than they were under the previous system.

In the minute remaining, I ask Opposition Members for support, because there is a responsibility on all MPs. Reference was made to council cuts and I underline the fact that council taxes in Wales rose when there had...
[Alan Cairns]

broadly been a freeze in England. We need to draw attention to that. Local authorities must keep their bills as low as possible.

Housing benefit has been considered and discussed. Only three local authorities in Wales applied for additional discretionary housing payments. Caerphilly was one, so I give recognition and credit to Caerphilly. If housing benefit and the spare room subsidy are such an issue, why did the other 19 local authorities in Wales not make an application for the additional funding that was available? I hope that the hon. Member for Caerphilly would support that.

5 pm

Sitting adjourned without Question put (Standing Order No. 10(13)).
The Minister for the Armed Forces (Mr Mark Francois): In my written statement of 21 July 2014, Official Report, column 100WS, I informed the House that I intended to bring the statutory corporate governance intervention in Doncaster metropolitan borough council to an early close, once the Doncaster Children’s Services Trust was fully up and running.

The Doncaster Children’s Services Trust has now had responsibility for children’s social care services in the area since 30 September. I am therefore today revoking the intervention directions made under the Local Government Act 1999 to end the statutory corporate governance intervention in Doncaster.

I put the Doncaster corporate governance intervention in place in 2010 following an independent inspection report which raised serious concerns about the governance and performance of the council. I asked a team of three commissioners to oversee the council’s governance. In June of this year, a local government association peer challenge found that the council’s performance had materially improved, both politically and managerially, and that the council was no longer an outlier in terms of the performance expected of a local authority, except with regard to children’s services which have now been transferred to the Doncaster Children’s Services Trust.

This shows that such a targeted approach to intervention can turn around a dysfunctional mayoral administration.

On 10 September following serious concerns raised about child sexual exploitation in the neighbouring borough of Rotherham, I announced, Official Report, column 37WS, that I was appointing Louise Casey to undertake a statutory best value inspection of Rotherham metropolitan borough council, and to report to me on whether she considered, as result of undertaking the inspection or otherwise, there are any further matters which might appropriately be drawn to the attention of authorities and other local service providers generally to assist them to improve the delivery of their services, particularly those relating to children and young people.

The Government consider that it is of the utmost importance that councils everywhere vigorously and effectively undertake their responsibilities for safeguarding children and young people. In the light of Louise Casey’s reports, we will take all actions necessary in relation to Rotherham or councils more generally, and my decision today is of course without prejudice to that.

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Agriculture and Fisheries Council

The Secretary of State for Environment, Food and Rural Affairs (Elizabeth Truss): The next Agriculture and Fisheries Council will be on 10 November in Brussels. My hon. Friend, the Under-Secretary of State for Environment, Food and Rural Affairs (Lord de Mauley), will represent the UK. Richard Lochhead MSP will also attend.

There are both agriculture and fisheries items on this month’s agenda.

On fisheries, agreement of the Council regulation fixing fishing opportunities for EU vessels for certain deep-sea fish stocks in 2015 and 2016 is expected.

On agriculture, there will be an exchange of views and possible agreement on state aid in the Republic of Cyprus in the form of a tax exemption on motor fuel used for agricultural purposes. There will also be an exchange of views on the Commission’s amending letter No.1 to the draft general budget 2015, which relates to the use of the crisis reserve to fund the support schemes available to farmers affected by the Russian import ban on agricultural food products.

There are currently five any other business items: Organic production and labelling of organic products.

Peaches and nectarines in relation to the Russian ban.

Protection of honey bees in Europe.

Authorisation scheme for plant protection products.

Young farmers.
Alcohol Licensing

The Minister for Crime Prevention (Lynne Featherstone): Today I am publishing a consultation on the community and ancillary sellers’ notice (CAN). The CAN will allow particular low-risk businesses and community groups to sell a small amount of alcohol, while providing appropriate, light-touch controls. This new authorisation under the Licensing Act 2003 has been introduced in the Deregulation Bill, which is currently being considered by Parliament. This consultation asks for views on the details that will be set out in regulations.

Under existing arrangements small accommodation providers such as bed and breakfasts and community groups are subject to the same licensing regime and scrutiny as businesses which sell much higher quantities of alcohol including large hotels and off-licences. These groups have told us that these requirements are heavy handed for those who want to sell small amounts of alcohol as part of a wider service. The coalition Government are committed to reducing the unnecessary burdens on responsible businesses, but not at the expense of undermining safeguards against crime and disorder or public nuisance and we want to get this balance right. I hope that all those with an interest in this matter will respond to the consultation.

A copy of the consultation document will be placed in the Library of the House.

Modern Slavery

The Secretary of State for the Home Department (Mrs Theresa May): Following my statement on 9 April this year announcing a review of the national referral mechanism, I am pleased to announce that the review has concluded, and its report is published today. The review examined whether the national referral mechanism provides an effective and efficient means of supporting and identifying potential victims of human trafficking and whether it can, or should, cover all victims of modern slavery.

The review team has undertaken extensive research, and engaged with a wide range of organisations from across the UK and beyond. The review has made some sound recommendations, focused on improving the victim experience, which I welcome. The report also makes recommendations specifically aimed at protecting child victims of trafficking. These proposals, other than those recommendations specifically aimed at protecting child victims, will apply in England, Wales, Scotland and Northern Ireland. It should be noted that Scotland and Northern Ireland have differing support arrangements for victims.

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Strengthening support for victims of modern slavery and human trafficking is a major part of our response to this evil crime, which we are tackling through both legislation in the Modern Slavery Bill, and non-legislative work. A copy of the review will be placed in the Library of the House and our response will be set out in our strategy on modern slavery which will be published shortly.

The Secretary of State for the Home Department (Mrs Theresa May): On 7 July, Official Report, column 23, I announced to the House that Peter Wanless and Richard Whittam QC would be conducting a review of two independent reviews that were commissioned by the permanent secretary at the Home Office in relation to child abuse. The full report by Peter Wanless and Richard Whittam QC will be placed in the Library of the House today and will also be available on gov.uk.

In response to public concern, Peter Wanless and Richard Whittam QC were asked to lead this work to address the allegation that, in the 1980s, the Home Office failed to act on information received in respect of child sexual abuse.

They have concluded that, in respect of the first review commissioned by the permanent secretary, “the conclusions were reasonably available to the Reviewer on the information then available”, and that they “agree with recommendations made”. In respect of the second review commissioned by the permanent secretary, Peter Wanless and Richard Whittam QC make it clear that they, “have seen no evidence to suggest PIE was ever funded by the Home Office because of sympathy for its aims.”

Their review makes three recommendations for the Department, all of which have been accepted. These were that:

They endorse the recommendations made in the first review.

Where an allegation of child abuse is made it must be recorded and the file marked as significant. That significance should then inform the Department as to how to handle that file, its retention and the need to record when—if at all—it is destroyed. This approach is relevant, not only to the Home Office, but could usefully be adopted across Government as well.

There should be a system within the Home Office of recording what information is sent to the police and then a formal procedure of confirming what the result of that reference is.

My officials have already implemented the recommendations from the first review commissioned by the permanent secretary, which have now been endorsed by Peter Wanless and Richard Whittam QC. They will work to implement recommendations two and three of Peter Wanless and Richard Whittam QC’s review as soon as possible.

I have also written to Peter Wanless and Richard Whittam QC today on two particular aspects on which I am seeking further reassurance. First, their consideration of how the police and prosecution authorities handled any material that was handed to them at the time. The Home Office will publish its response to this question, to ensure full transparency on this point.

Secondly, I have asked them for similar assurance in relation to the full unredacted final reports of the first investigation, and the list of the 114 files considered in their review, to establish whether any of the material mentioned in these was ever passed to the Security Service and, if so, what action the Security Service took in respect of this material.

Peter Wanless and Richard Whittam QC’s full report, which is being placed in the Library of the House today, contains a number of annexes. These annexes include copies of the full reports from the first review that the permanent secretary commissioned. Peter Wanless and
Richard Whittam have made only the redactions that they judge are necessary to ensure publication does not jeopardise any future criminal investigations or trials.

Publication of this review today is an important step in ensuring institutions take seriously their duty to protect children from abuse and to learn lessons from any failures.

WORK AND PENSIONS

Credit Reference Agencies (Client Information)

The Minister for Pensions (Steve Webb): Section 40 of the Child Maintenance and Other Payments Act 2008 gives the Department for Work and Pensions’ Child Maintenance Group the power to disclose client information to credit reference agencies. This can be done when a client has been non-compliant and has a liability order imposed on them or where they have requested that their information is shared.

It is our intention to commence this power in February 2015. We intend to lay regulations setting out the information that can be disclosed, and thus enabling the power to be used, in March 2015 with the intention of them coming into force by the end of the same month. These regulations will be confined to setting out the information required by credit reference agencies to affect the credit rating of a non-compliant non-resident parent against whom the Department holds a liability order.

This power was consulted on as part of the 2006 Command Paper Cm 6979 “A New System of Child Maintenance”. The responses received were generally supportive of implementing this power.

In my response to written parliamentary question 213703 tabled by the hon. Member for Edinburgh East (Sheila Gilmore), on the subject in July 2014, I said I would consult on this power before regulations were laid.

Further investigation has shown that there is no flexibility regarding the information we will need to provide to credit reference agencies to affect a credit rating of a non-resident parent against whom we hold a liability order. Given this position, a consultation would have no scope for changing the information that would be set out in these regulations. Consequently I have decided not to consult on this power at this stage.

However, if it is decided that further information should be disclosed to credit reference agencies under this power, there will be a consultation in advance of any further regulatory changes.
Ministerial Correction

Tuesday 11 November 2014

TREASURY

Immigration Act (Bank Accounts)

The following is an extract from the Fifth Delegated Legislation Committee debate on the draft Immigration Act 2014 (Bank Accounts) Regulations 2014 on 5 November 2014.

Cathy Jamieson: I may have missed this, but did the Minister give an assurance regarding the larger credit unions that operate a wider scope of banking services in relation to current accounts?

Andrea Leadsom: I did not. I am sorry—I must have missed the hon. Lady’s request on that point. To the extent to which larger credit unions are offering current accounts, which I defined as carefully as I could in my opening remarks, they will be captured by the legislation.

[Official Report, Fifth Delegated Legislation Committee, 5 November 2014; c. 11.]

Letter of correction from Andrea Leadsom:

An error has been identified in the response given to the hon. Member for Kilmarnock and Loudoun (Cathy Jamieson) in the Fifth Delegated Legislation Committee debate on 5 November 2014.

The correct response should have been:

Andrea Leadsom: I did not. I am sorry—I must have missed the hon. Lady’s request on that point. To the extent to which larger credit unions are offering current accounts, which I defined as carefully as I could in my opening remarks, they will **not** be captured by the legislation.
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