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PARLIAMENTARY DEBATES

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House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[Mr Speaker *in the Chair*]

Oral Answers to Questions

DEPUTY PRIME MINISTER

The Deputy Prime Minister was asked—

City Deals

1. **Mr David Amess** (Southend West) (Con): What assessment he has made of the progress of the second wave of city deals. [906043]

The Minister of State, Cabinet Office (Greg Clark): Twenty-eight city deals have now been concluded and each one is bespoke to the area that negotiated it. Together the city deals have brought about new investment in roads, support for small businesses, the regeneration of derelict sites, employer-led skills training and an expansion in the number of apprenticeships.

Mr Amess: Southend is not just the alternative city of culture 2017; under this Conservative-led Government, it is also increasingly seen as the place to do business and to invest. Will my right hon. Friend share with the House what progress is being made on the delivery of the Southend city deal programme?

Greg Clark: I will indeed. I had the great pleasure of visiting Southend in March with my hon. Friend and my hon. Friend the Member for Rochford and Southend East (James Duddridge). This is a very good deal for Southend and it is being implemented. Its focus is on supporting small businesses in Southend. Everyone knows that Essex has a formidable reputation for the entrepreneurialism of its people and that is now supported in Southend. The deal will have the further side-effect of helping to regenerate the area of Victoria avenue, and I know my hon. Friend the Member for Southend West (Mr Amess) has long championed the need to improve that area.

Andrew Gwynne (Denton and Reddish) (Lab): The Minister said that city deals are bespoke entities and I certainly welcome the Greater Manchester devolution package. One of the benefits of the regional development agencies that this Government scrapped was that they brought in strategic thinking outside city region boundaries, but that has now gone. What is the Minister doing to make sure that we get proper strategic thinking and strategic planning in place so that we do not just end up with a patchwork of city deals, but get proper decisions that suit areas wider than city regions?

Greg Clark: There is more strategic thinking going on in Manchester, in conversation with the Government, than ever took place when it was suppressed under the regional development agencies. It is a tragedy and a disgrace that a city of the eminence of Manchester should be suborned to a region that was designed in Whitehall and enjoyed no local affection. It is emerging from that and emerging strongly, which is much to the credit of the leaders across Greater Manchester.

Mike Crockart (Edinburgh West) (LD): Will my right hon. Friend share with the House the progress being made with the first Scottish city deal in Glasgow, and are any discussions taking place with other great Scottish cities, such as Edinburgh?

Greg Clark: The city deal with Glasgow was signed during the summer and it is proceeding apace. The medical research centre will be one of the most exciting, cutting-edge opportunities in the country. It involves a long-awaited connection to Glasgow airport and the city. I have received indications from other Scottish cities that they would welcome very much a city deal of their own. No decisions have been taken as to whether that is possible, but I listened very carefully to the representations.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Minister will know that Huddersfield is part of the Leeds economic partnership area. We are not against city deals—we are very interested in them—but, strategically, what is their democratic content? What is the plan for long-term democratic participation? How are we going to attract good people to come in and be the democratically accountable people who run the city deals?

Greg Clark: The hon. Gentleman makes a reasonable point. One of the sadnesses of the tendency to suck power away from our great cities to Westminster and Whitehall is that it reduces the authority and the influence of the leaders of the cities, towns and counties. Empowering the cities and getting them to enjoy their renaissance is a powerful incentive for people to come forward with the ambition and aspiration to lead them, and that is what we are doing.

12. [906057] **Oliver Colvile** (Plymouth, Sutton and Devonport) (Con): My right hon. Friend very kindly gave a city deal to Plymouth earlier this year. Does he agree that, in order to maximise it, we have to make sure that we have good transport links down into the south-west?

Greg Clark: I agree. It was a delight to be at the Devonport dockyard to sign the Plymouth city deal in the company of my hon. Friend. Of course, the south-west relies on good transport connections. He will know that the south-west growth deal included a lot of investment in roads. He was kind enough to come to Exeter for the signing of that deal. I encourage him to work with his local enterprise partnership to put forward the best new projects for what I hope will be the next round of growth deals.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): The Minister will not be surprised to know that I endorse the comments of the hon. Member for Edinburgh

West (Mike Crockart) about Edinburgh being an ideal location for the next round of city deals, particularly for one focused on the regeneration of Leith docks, which happens to be in my constituency.

Greg Clark: I am delighted that representations are coming from all parts of the House for building on the success of our city deals programme.

Local Growth Deals (Lancashire)

2. **Andrew Stephenson** (Pendle) (Con): What discussions he has had with Lancashire local enterprise partnership on the timing and size of the second phase of local growth deals. [906044]

The Minister of State, Cabinet Office (Greg Clark): The first round of growth deals gave a major boost to local economies by investing in transport, skills and housing, and by helping businesses to create thousands of new jobs. I am determined to build on the momentum of the growth deals, so I have invited local businesses and civic leaders from across England to propose the next set of projects to be funded from the local growth fund.

Andrew Stephenson: On 15 October, I met representatives of the Lancashire LEP, and I have since made my views known to them about the importance of Brierfield mill and other projects in my constituency. I have also made my views known to the Minister. How does Lancashire fit into the Deputy Prime Minister's Northern Futures project and the Chancellor's northern powerhouse project?

Greg Clark: Lancashire is absolutely fundamental to the northern powerhouse. For our country to prosper at its optimal level, every part of it needs to be firing on all cylinders, and that certainly includes Lancashire. My hon. Friend has made a powerful case for the Brierfield mill development. I look forward to having the chance to see it in person before long. I encourage him and all Members of the House to engage with their local enterprise partnerships. In my view, Members of Parliament have a pretty good idea of what the most important economic priorities are, so they should feed those priorities into the LEPs.

Political and Constitutional Reform

3. **Mr William Bain** (Glasgow North East) (Lab): What his priorities are for political and constitutional reform in the remainder of this Parliament. [906045]

The Parliamentary Secretary, Cabinet Office (Mr Sam Gyimah): The Government have a full agenda for political and constitutional reform for the remainder of this Parliament. We are currently awaiting the recommendations of Lord Smith of Kelvin on the process of devolving further powers to Scotland, and we will publish draft clauses on that in January 2015. The Wales Bill, which will devolve further power to the Welsh Assembly, is continuing its passage through Parliament. Work continues to be done to investigate the impact of devolution on all nations, particularly in relation to the so-called West Lothian question. We have introduced a Bill on the recall of MPs. We are implementing legislation to deliver a statutory register of consultant lobbyists, which will increase transparency and help to drive up standards in the industry.

Mr Bain: I am grateful for the fact that the Minister's answer did not include plans to repeal the Human Rights Act 1998 or to threaten to withdraw from the European convention on human rights. Does he agree that such plans would diminish our standing in the world, take rights away from millions of people in the United Kingdom, and cause great harm to the devolution settlement in Scotland, Wales and Northern Ireland?

Mr Gyimah: The Prime Minister made very clear at the Conservative party conference the Conservative party's position on the European convention on human rights. As I have said, we have a full agenda for the remainder of this Parliament, which will satisfy all the nations of the United Kingdom.

John Stevenson (Carlisle) (Con): Given the recent announcement of a metro mayor for the Manchester area, it appears that elected mayors are fashionable once more. One barrier to having more elected mayors is the requirement that 5% of the local electorate must sign a petition to trigger a local referendum. Will the Minister therefore consider reducing the 5% threshold to 2% or 1%?

Mr Gyimah: I thank my hon. Friend for that question. I am advised by my right hon. Friend the Member for Tunbridge Wells (Greg Clark), the Minister responsible for cities that councils can resolve to have a mayor and go ahead on that basis, so the 5% threshold should not be a barrier.

9. [906054] **Debbie Abrahams** (Oldham East and Saddleworth) (Lab): I will give the Minister a second opportunity to answer the question asked by my hon. Friend the Member for Glasgow North East (Mr Bain). How are the Tories' attacks on human rights and the removal of critical protections for citizens against the state meant to help the public?

Mr Gyimah: The Prime Minister's position and that of the Conservative party is very clear: the Human Rights Act should work in the interests of the British state and of British people, but it does not always do so. That is why, if there is a future Conservative Government, we will look to exit the Human Rights Act.

Alistair Burt (North East Bedfordshire) (Con): The House of Lords should have 400 Members, all appointed for 10-year terms—possibly with repeat terms for someone exceptional—and an upper age limit. Why do we not just get on and do it?

Mr Gyimah: My right hon. Friend is well aware that a programme to reform the House of Lords was brought before this House and was unsuccessful. However, we have since reformed the House of Lords. The Steel Bill has brought some reform to the House of Lords, in that peers can be made to retire and, if guilty of serious wrongdoing, can be removed from the House of Lords. The Government remain committed to reform of the House of Lords in future.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Surely an obvious reform would be full fiscal autonomy for Scotland, not only to end the disproportionately greater Scottish contributions to the Exchequer that there have been for the past 33 years, but so that we in Scotland can arrange tax and spend to grow the economy, jobs and communities. Full fiscal autonomy for Scotland—there you go.

Mr Gyimah: There was a clear referendum in Scotland and a clear result for Scotland to stay part of the United Kingdom. I advise the hon. Gentleman to wait for the proposals of the Smith commission, from which there will be heads of agreement at the end of this month and draft clauses in January, for the full answer to his question.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): The Minister will know that last Friday, the UK Youth Parliament met in this Chamber. Its priorities were shaped by more than 800,000 young people across the country. Does he agree that that shows again that many young people are engaged in politics? In learning from that and from the experience of the Scottish referendum, is it not time that we finally lowered the voting age to 16?

Mr Gyimah: The hon. Gentleman has asked that question—[Hon. Members: "How old are you?"] *[Interruption.]* How old are you?

The hon. Member for Liverpool, West Derby (Stephen Twigg) has asked that question a number of times. As he is aware, there is no consensus within the Government on the issue, and therefore there are no plans to lower the voting age in this Parliament. It is great to see young people taking an interest in politics—I was at the rock and roll event held in Parliament yesterday as part of Parliament week—but there is no consensus on lowering the voting age at this point.

Constitutional Convention

4. **Nia Griffith** (Llanelli) (Lab): What the Government's policy is on a constitutional convention. [906046]

7. **Mrs Emma Lewell-Buck** (South Shields) (Lab): What the Government's policy is on a constitutional convention. [906051]

The Deputy Prime Minister (Mr Nick Clegg): I have made clear my support for a constitutional convention to ensure that a new constitutional settlement is robust, fair and engages the public. It is clear, especially in the wake of the Scottish referendum and the ongoing work of the Smith commission, that our current constitutional settlement needs root and branch reform, but it must come from the bottom up and be based on the views of the voters, not politicians. I very much hope that we will be able to secure cross-party agreement for a full constitutional convention in the near future.

Nia Griffith: The First Minister of Wales, the right hon. Carwyn Jones, has asked for a long time for a full constitutional convention, which would allow people from all parts of the UK to discuss a complex issue with the sobriety and time that it needs. Will the Deputy Prime Minister stick by that, or does he intend to jump on the bandwagon of the Prime Minister's knee-jerk proposals?

The Deputy Prime Minister: I do not think there is anything knee-jerk about the constitutional questions that are now being examined, regardless of whether a constitutional convention is established. The Smith commission needs to, and will, proceed according to the timetable that has been set out in mapping out the next chapter of radical devolution north of the border. Within Government, we are of course looking at the arrangements in this House for debating and voting on matters that affect only English and Welsh MPs. However, all those things can proceed without disrupting the wider need to embrace the public and generate ideas across the country, so that we can introduce root and branch constitutional reform across the United Kingdom, which I think will be needed in the next Parliament.

Mrs Lewell-Buck: The hon. Member for North Devon (Sir Nick Harvey) has reportedly asked the Deputy Prime Minister to do a deal with the Tories on English votes for English laws. I heard the Deputy Prime Minister's earlier answer, but can he unequivocally rule out such a deal and promise that the question of devolution will be decided not in Westminster but by the British people as part of a constitutional convention?

The Deputy Prime Minister: I urge the hon. Lady's party to engage in this issue of what is called English votes for English matters. It is difficult, and it is a dilemma. My party has been clear that what we want is for the people's votes to be reflected in any arrangement in this House, not simply the allocation of votes to one particular party. That is where there is a difference of opinion between the coalition parties. We should grapple with that, and, as ever with constitutional issues, the more we can do that on a cross-party basis the better.

Sir Edward Leigh (Gainsborough) (Con): Will there be a vote in this Parliament on English votes for English business?

The Deputy Prime Minister: Everything will be subject to the publication of the deliberations of the Cabinet Committee currently being chaired by the Leader of the House, and we hope to publish something in the not-too-distant future.

Mr Peter Bone (Wellingborough) (Con): We have a great democrat at the Dispatch Box at the moment, and as usual he of course is right that we should get on with constitutional reform where we can. The House voted by 283 votes to nil for the European Union (Referendum) Bill. Not a single Liberal Democrat voted against it, yet some vicious rumours are going around in the media that the Deputy Prime Minister blocked the money resolution so that debate on the Bill would be halted. Will he take the opportunity to put that lie to rest and say that he was in favour of the money resolution?

The Deputy Prime Minister: I would be delighted. I was fully in support of the money resolution for that private Member's Bill, and for the Affordable Homes Bill on the spare bedroom subsidy, which the Conservative

party blocked. If the hon. Gentleman did not like what happened, he should address his own party's leadership, not me—*[Interruption.]*

Mr Speaker: Order.

Sadiq Khan (Tooting) (Lab): I was quite enjoying that, Mr Speaker.

The Deputy Prime Minister will be aware of the anti-Westminster mood around the country, and he has spoken of anomalies in the way our country is governed. I welcome his support for a peoples-led convention, which the Lib Dems, the Labour party and other parties all support. Why does he think the Conservatives are so against that proposal?

The Deputy Prime Minister: My understanding is that all parties are reflecting on this matter, but as the right hon. Gentleman says, many individuals believe that at this important juncture in the constitutional development of our country, we cannot just hoard the debate here in Westminster; we must open it up to the public and ensure that we look in the round at all the different bits of the constitutional jigsaw. I think—as does the right hon. Gentleman—that that can be done only through a constitutional convention, and I hope that all parties will agree with that in the not-too-distant future.

Leeds LEP (Devolution)

5. **Stuart Andrew** (Pudsey) (Con): What discussions he has had with the Leeds local enterprise partnership on devolving powers and responsibilities from central Government. [906048]

The Deputy Prime Minister: I am pleased to confirm that negotiations on future devolution to the Leeds city region are under way, and I am hopeful of an announcement in the coming weeks. These negotiations build on the growth deal that I recently signed on behalf of the Government, which devolved £573 million to the local enterprise partnership from April next year.

Stuart Andrew: Although I welcome the move away from centralisation that was prevalent under the previous Government, a number of my constituents have raised concerns that devolution of power may still feel centralised from their communities by city centres. What assurance can my right hon. Friend give that the allocation of resources will be based on proven need?

The Deputy Prime Minister: I reassure the hon. Gentleman that the growth deal process that was agreed was based on the needs of the entire functional economic area—namely the £55 billion economy that covers both urban and rural areas in that part of the world. The significant transport fund worth £1 billion will lead to a step change in people moving not just between city centres, which he alluded to, but to moving around all of West Yorkshire. While it might be called a city deal, it radiates out to other non-urban areas in that region.

Philip Davies (Shipley) (Con): What can the Deputy Prime Minister do to ensure that local MPs have a formal role in the decision making process, particularly for transport funds in the Leeds city region, and that decisions are not just carved up by five Labour councils scratching each other's backs to fulfil their priorities, while excluding other parts of the region that have equally important needs?

The Deputy Prime Minister: I certainly agree it is essential that any local enterprise partnership worth the name should consult locally and regardless of party affiliation with representatives in the areas affected, including MPs from all parties.

Topical Questions

T1. [906088] **Mr Stephen Hepburn** (Jarrow) (Lab): If he will make a statement on his departmental responsibilities.

The Deputy Prime Minister (Mr Nick Clegg): As Deputy Prime Minister I support the Prime Minister on a full range of Government policies and initiatives—*[Laughter.]* Oh yes I do—most of the time. Within Government I take special responsibility for the Government's programme of political and constitutional reforms.

Mr Hepburn: More than 1 million people in this country are now surviving thanks to food banks. Does the Deputy Prime Minister regret backing the Tories' war on the poor, and bringing in things like the bedroom tax and changes to council tax that have put so many people in that plight?

The Deputy Prime Minister: Members across the House will be concerned to help those who need support, but before the hon. Gentleman gets on his high horse, he must remember that under his party's stewardship and the previous Government, youth unemployment rose by 45% and the gap between the rich and the poor was larger than in the 1980s, and because they crashed the economy in 2008, £3,000 was wiped off the household budget of every home in this country. That is not a record to be proud of.

T2. [906089] **Duncan Hames** (Chippenham) (LD): I thank the Deputy Prime Minister for his interest in Wiltshire and Swindon's local growth deal. He will have seen our second round bid for the digital Corsham project. Can he assure me that in future these deals will go beyond our much-needed investment in local transport infrastructure and lay the foundations for the skills and businesses of the digital economy?

The Deputy Prime Minister: As my hon. Friend knows, growth deals are not just focused on transport; they very much respond to the proposals put forward by local areas and local enterprise partnerships. I was very pleased that we were able to agree, with the local enterprise partnership in round 1, almost £200 million for the Swindon and Wiltshire growth deal. As he will know, there was over-subscription in the first round. We hope to hold further rounds and I hope the proposal for a digital hub in Corsham will be included from his local area.

Ms Harriet Harman (Camberwell and Peckham) (Lab): The Deputy Prime Minister and his Tory best friends claim that they have turned the economy around, but

the facts are that under this Government more and more people are on zero-hours contracts, the income of people who are self-employed has fallen by 14%, and low-paid and insecure work is leaving more people reliant on benefits to top up their pay and to help to pay their bills. While millionaires enjoy a Tory-Lib Dem tax cut, everyday working families are on average £1,600 a year worse off and struggling to make ends meet. Will the Deputy Prime Minister tell us whose recovery this is?

The Deputy Prime Minister: Almost every time we meet across the Dispatch Box, the right hon. and learned Lady repeats the extraordinary suggestion that we have somehow been responsible for tax cuts for people in the higher tax bracket, when for 95% of the time that her party was in power the top rate was 40p. It is now 45p, which is 5p higher than it was under Labour. As I said earlier, the gap between rich and poor was higher under her party's stewardship of the economy than it was in the 1980s, manufacturing declined four times more than it did under Margaret Thatcher, and we have taken more than 3 million people on low pay out of paying any income tax at all. That is the contrast between our records of which I am very proud.

Ms Harman: The fact is that the Government have cut taxes for millionaires while they have cut tax credits for everyday working people. The fact is that the right hon. Gentleman's Government are borrowing £190 billion more than they planned. They said they would balance the books by 2015, but the deficit is likely to be £75 billion by then. Stagnant wages and too many low-paid jobs have led to a shortfall in tax receipts, meaning more Government borrowing. With thousands more people reliant on in-work benefits, it emerged last week that the Government have spent £25 billion more than they planned on social security. *[Interruption.]* At least the facts I am putting to the Deputy Prime Minister are accurate, unlike the facts he misrepresented. His Government have left hard-working families not knowing how they will make ends meet. Why will he not admit it? He says they have rescued the British economy, but this recovery is only for a privileged few.

The Deputy Prime Minister: Say that to the fact that there are now more women in work than ever before. Say that to the fact that youth unemployment is lower than it was when we inherited the economy from the right hon. and learned Lady. Say that to the fact that we are now days away from being able to confirm that 2 million new apprenticeships are being formed under this Government—twice as many as under the Labour Government. We have cut tax for people on the minimum wage by two thirds. During Labour's time in office there was the ludicrous and unacceptable situation where stockbrokers paid less tax on their dividends than their cleaners did on their wages. We have changed that. We have fixed the economy. They messed it up in the first place.

T3. [906090] **Mr Andrew Robathan** (South Leicestershire) (Con): I was languishing on the Front Bench for some time, so I did not have the opportunity to ask the Deputy Prime Minister a question about consistency that has been bothering me. In 2010, he introduced a measure to equalise the electorates in each constituency. That seemed to me to be very fair and he was very eloquent in saying how important it was to be fair and for each vote to have the same value. Two and a half years later he voted against it. Please could he tell me, the House and the good British people why he did that?

The Deputy Prime Minister: I am delighted that the right hon. Gentleman is now languishing—as he puts it—elsewhere and is able to ask his question. He appears to have forgotten that the proposal to equalise constituencies was part of a wider package of constitutional reform. A deal is a deal, and his party, having committed solemnly to the British people to push for House of Lords reform, flunked it. Quite understandably, therefore, the deal could not be proceeded with.

T5. [906092] **Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): Has the Deputy Prime Minister seen today's report from the cross-party Higher Education Commission that shows how awful is the situation that students in debt face for the rest of their lives? Some 68% of them will never pay back their loan, and many will never get a mortgage, because he deserted them, broke his pledge and voted for £9,000 fees?

The Deputy Prime Minister: I am perplexed. When those controversial changes were introduced, the hon. Gentleman said they would be too harsh on students, but now he is criticising them because students will not have to pay off their outstanding loans. It cannot be both. He predicted at the time that fewer people would be going to university, but there are more youngsters on full-time courses now then ever before; he predicted that fewer kids from disadvantaged backgrounds would be going to university, but there are now more kids from poorer backgrounds at university than ever before; he predicted that kids from black and minority ethnic backgrounds would not go to university, but there are now higher rates of participation in university among kids from BME backgrounds than ever before. Why does he not stick with the facts?

T7. [906094] **Nigel Mills** (Amber Valley) (Con): In a recent informal ballot I organised in my constituency, more than 80% of those who replied wanted to leave the EU. Is it not now time for a Government Bill so that we can have the referendum that people want?

The Deputy Prime Minister: I suspect that the hon. Gentleman and I will have been in the same Lobby back in 2011 when we introduced legislation on behalf of the coalition guaranteeing in law something that could not be tampered with by future Governments and Parliaments: the circumstances in which a referendum on our membership of the EU would take place—when the rules next change and we are asked to endorse a new treaty. That was our view then, and it remains my view now. It is perfectly free to do so, but his party has decided to change its mind radically since then.

T6. [906093] **Mrs Emma Lewell-Buck** (South Shields) (Lab): The Liberal Democrats have said they want to reform the bedroom tax, so why did the Deputy Prime Minister and his colleagues not support the Bill brought in by my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) to exempt the 60,000 unpaid carers being hit by this unfair policy?

The Deputy Prime Minister: The hon. Lady is right that, on the basis of research we commissioned in government, we think that amendments need to be made so that new social tenants only receive the housing benefit they need for the number of bedrooms they have, but the Liberal Democrats feel that disabled adults should be treated the same as disabled children and that those offered an opportunity to downsize should have the provisions applied to them. That was the subject of the private Member's Bill of my hon. Friend the Member for St Ives (Andrew George). If we had been granted a money resolution, we could have voted on it in this House.

T9. [906096] **Mark Hunter** (Cheadle) (LD): May I thank the Deputy Prime Minister for recently visiting my constituency to promote the northern futures initiative? Does he agree that the idea of giving real power back to the great northern cities is long overdue, and will he give the House an update on recent progress?

The Deputy Prime Minister: As ever, it was a great pleasure to visit my hon. Friend in his constituency. He is right that through city deals and local growth deals we are finally loosening the clammy grip of Whitehall that for too long has stifled innovation and autonomy in our local communities, particularly our great cities, in the north and the elsewhere, which should be powerhouses able to make up their own minds, rather than being hamstrung by Whitehall red tape.

T8. [906095] **Natascha Engel** (North East Derbyshire) (Lab): On Friday, the UK Youth Parliament held its sixth annual sitting in this Chamber. Last year, its members chose votes at 16, and this year they chose mental health services and the living wage, as their main campaigns. Could the House mark the importance of the Youth Parliament perhaps by having an annual debate on the subject chosen by it?

The Deputy Prime Minister: Of course, I defer to you, Mr Speaker, and the usual channels, but I hope we can take up that idea. In selecting mental health for debate, the Youth Parliament was right to shine a spotlight on the sometimes awfully under-resourced and badly organised children and adolescent mental health services around the country. They need reform and improvement, and it was right to push the House to do that. I hope we can take up the hon. Lady's suggestion of an annual debate on the topics the Youth Parliament selects in the future.

T10. [906097] **Andrew George** (St Ives) (LD): My right hon. Friend made it very clear that he would grant a money resolution necessary for the EU referendum to proceed once the same facility was in place for the first private Member's Bill that dealt with the bedroom tax or spare room subsidy. What can he do to make sure that the Prime Minister respects the decision of Parliament and does not abuse the privilege of Executive power?

The Deputy Prime Minister: On the private Member's Bill and the Prime Minister's decision to withhold the money resolution, the Prime Minister will need to reply directly to my hon. Friend. But the convention of granting money resolutions to private Member's Bills is a long-standing one that, broadly, should be respected.

T12. [906099] **Mr Michael McCann** (East Kilbride, Strathaven and Lesmahagow) (Lab): Does the Deputy Prime Minister agree that with so many different constitutional processes under way and so many different views being expressed on our country's constitutional future, we are in danger of creating an even bigger dog's breakfast than we already have?

The Deputy Prime Minister: As I explained, excessive neatness—the idea that we have everything rolled into one single process and decided simultaneously—is probably unrealistic and undesirable. But especially in the wake of the Smith commission and the debates we are having about how we administer votes in this House on English and Welsh matters, we need a wider constitutional convention stretching into the next Parliament to bring all the different threads together in the way that the hon. Gentleman implies.

T11. [906098] **Sir Andrew Stunell** (Hazel Grove) (LD): I thank the Deputy Prime Minister for the energy that he has put into making the northern futures project work. Does he agree that growth in investment in infrastructure is a fundamental part of that? Does he also agree that getting the second phase of the Hazel Grove by-pass in my constituency has to be a part of that process?

The Deputy Prime Minister: I am sure that the Hazel Grove by-pass weighs heavily on the mind of the Chancellor, much as it does on my right hon. Friend's and mine. He is right to say that revamping our national infrastructure, particularly those parts of our transport infrastructure that are still Victorian and in some cases somewhat dilapidated, is a major national mission that we must persist with over many years.

T13. [906100] **Diana Johnson** (Kingston upon Hull North) (Lab): Talking of great northern cities, I know that Hull is outside the Deputy Prime Minister's golden triangle. Will he explain to my constituents why, in his statement of 6 November, he did not back Hull's privately financed bid to get rail electrification to Hull in time for 2017 and the city of culture and why he said that we would have to wait until the 2020s?

The Deputy Prime Minister: I do not recall responding in the way that the hon. Lady suggests.

Diana Johnson: He did not respond at all.

The Deputy Prime Minister: The hon. Lady says I did not respond at all. As she will have noticed this morning, there are many Members of this House who have local infrastructure projects and who, quite rightly, want to see them advanced. I defer to nobody in my zeal to see road and rail improvements across the country. I know that this is an alien concept to her side of the House but affordability is something that one must attend to. If she is saying that there is a fully formed and fully affordable means by which electrification can be provided, of course that is something that all of us would back.

Mr Speaker: Mr Mulholland? Not here. I call Mr Blackman.

T4. [906091] **Bob Blackman** (Harrow East) (Con): Across London, and in my constituency in particular, some 10% of the adult population now come from eastern Europe but only about 3,500 appear on the electoral register as EU citizens not eligible to vote. There are now 4,000 EU citizens registered to vote who may think that they have a vote in the general election. Could my right hon. Friend do something to clean up the electoral register so that those who are entitled to vote can vote?

The Deputy Prime Minister: I am grateful to my hon. Friend for raising this but we are not aware of individuals from EU countries being on the electoral roll for UK parliamentary elections. EU nationals are entitled to vote in the UK in European Parliament elections and local elections, and EU nationals on the electoral register have a separate mark against their name to indicate that they cannot vote in UK parliamentary elections. That system has served us well, but I and other Ministers will look at the issue that he describes.

T14. [906101] **Douglas Carswell** (Clacton) (UKIP): The Deputy Prime Minister talks about a cross-party constitutional convention. To ensure that it is not an establishment fix, will cross-party participation include those parties committed to a post-EU future?

The Deputy Prime Minister: As I said, all constitutional issues are always best dealt with on a cross-party basis. More than that, I think it is best dealt with when we embrace the public rather than make it just for politicians sitting in this Chamber—including, dare I say it, for such an anti-establishment figure as the hon. Gentleman. That seems to me to be the real thing that we should be doing—opening up this constitutional discussion to involve as many members of public as we can in the years ahead.

Several hon. Members *rose—*

Mr Speaker: Order. I ask the hon. Member for Burton (Andrew Griffiths) to take his seat. We want to see not the back of his jacket, but the front of his face. We are grateful to him.

Mr Philip Hollobone (Kettering) (Con): Why is far more not being done to ensure that UK nationals who live abroad are put on to the UK electoral register?

The Deputy Prime Minister: I think a fair amount is being done. The hon. Gentleman will be familiar with the time limits that operate with respect to people exercising their right to vote here if they live abroad, but at the end of the day British citizens who live abroad will be very mindful of their rights and can take them up very easily. Many British citizens living abroad do take them up on a regular basis.

Mr Iain McKenzie (Inverclyde) (Lab): Would the Deputy Prime Minister consider replicating the Scottish Government's unique approach to attracting and retaining people on the electoral register by admonishing them for all their historic council tax debts?

The Deputy Prime Minister: I am not aware that we are planning to do that. As the hon. Gentleman knows, we have progressed with individual voter registration—first advocated by Labour when in government—and we have transferred data from other databases on to the individual voter registration database to ensure that the vast majority of voters are transferred on to individual voter registration without having to do anything themselves.

Dr Julian Huppert (Cambridge) (LD): I welcome the work of my right hon. Friend and others to support the Greater Cambridge city deal, which will make a huge difference for transport and housing needs in the Cambridge area, but does he accept that if we had more devolution of powers to Cambridge we could do better—not just for ourselves, but in terms of our contribution to the rest of economy? Will he look very carefully at what other powers could be given?

The Deputy Prime Minister: My hon. Friend is quite rightly proud of the astonishing economic dynamism of Cambridge and the surrounding area, which was of course reflected in the first city deal. I think it is a good thing that there is now such ambition to build on that city deal and go further. I know that my right hon. Friend the Secretary of State has listened very carefully to my hon. Friend's representation and is keen to push this further.

Mr David Winnick (Walsall North) (Lab): Before this Session comes to an end, why cannot the Deputy Prime Minister bring himself to apologise for having voted for and supported from the beginning the hated bedroom tax?

The Deputy Prime Minister: Perhaps I will do so when the hon. Gentleman apologises for seeing his party going on a prawn cocktail charm offensive with the City of London, sucking up to the bankers and crashing the economy. Perhaps then we could all start apologising.

ATTORNEY-GENERAL

The Attorney-General was asked—

Unduly Lenient Sentences

1. **Martin Vickers** (Cleethorpes) (Con): What discussions he has had with his ministerial colleagues on the effectiveness of the unduly lenient sentence scheme. [906103]

The Attorney-General (Jeremy Wright): I have regular discussions with ministerial colleagues on a range of matters, including the effectiveness of the unduly lenient sentence scheme. In the year to 30 October, the Law Officers considered 362 cases under the scheme and referred 100 offenders to the Court of Appeal. Some 69% of those offenders then had their sentences increased by the court for some of the most serious violent and sexual offences, including murder, rape and sexual assault.

Martin Vickers: I thank my right hon. and learned Friend for that reply, and welcome the fact that many sentences have been increased. My constituents, however, find many sentences passed by the courts to be far too lenient. It is clearly important to maintain public confidence in the sentencing process, so what other steps does my right hon. and learned Friend intend taking to ensure that that is the case?

The Attorney-General: Of course, this is a remedy for those exceptional cases where the judiciary pass what are considered by the Court of Appeal to be unduly lenient sentences, and I think it is right that we have that mechanism available to us. I believe that the judiciary generally get it right, but that when they do get it wrong, it is important to have a mechanism to correct things.

Keith Vaz (Leicester East) (Lab): I raised with the Attorney-General's predecessor the case of Elena Fanaru, a young woman who was killed by a driver who did not have insurance and got a shockingly lenient sentence. The key is keeping in touch with either the victims or, where they are deceased, the families of the victims. Can the right hon. and learned Gentleman reassure us that that is happening throughout this process?

The Attorney-General: Yes, I can give the right hon. Gentleman that assurance. As he says, it is important that people affected by offences of this kind have an opportunity to invite the Law Officers to consider the matter. As he will know, not every offence is currently included in the scheme and not every case that is referred to the Law Officers will subsequently be referred to the Court of Appeal, but I think it important that those people have an opportunity to raise their concerns, and that others who have no connection with the case have that opportunity as well. I emphasise again that only in exceptional cases will the matter be taken further.

Andrew Griffiths: My constituent Mr Christopher Adams pleaded guilty to three offences of sexual activity with a young woman in my constituency who had the mental age of a child. Although he had pleaded guilty and had been told by the judge that he should expect a lengthy custodial sentence, he actually received only a community order—not even a restraining order to keep him away from the young girl concerned. That case cannot be referred under the unduly lenient sentence scheme because it does not qualify: the system does not consider it a serious enough offence. My constituents feel that it is a serious enough offence. Is it not time that we examined that case and others of its kind with the aim of enabling them to be reviewed if the sentence imposed was not strict enough?

The Attorney-General: I commend my hon. Friend not just for raising that case today, but for communicating with me about it more than once. He feels very strongly about it, and I understand why: it is clearly a very terrible case. At present, as he will know, the balance is struck between a manageable system that enables us to pass truly exceptional cases to the Court of Appeal and ensuring that people have an opportunity to raise their concerns. I can tell him, however, that I am looking at the unduly lenient sentence scheme again to ensure that its scope is appropriate and that it is coherent and sustainable, and I will take careful note of what he and others have said as I do so.

Philip Davies (Shipley) (Con): As the Attorney-General knows, I refer a number of cases to him for appeal against unduly lenient sentences, and I am very grateful to him and to the Solicitor-General for the way in which they consider them. The Solicitor-General has now begun to view the behaviour of offenders after their conviction to establish whether they have gone on to the straight and narrow as a factor in the decision on whether to appeal. On that basis, is it not time that we increased the period during which people can appeal against unduly lenient sentences from 28 days to perhaps double that, so that everyone has more of a clue about the path on which the offender has embarked after he has been sentenced?

The Attorney-General: That is certainly one of the criteria that are considered, but it is not the only one. Most consideration concerns whether the judge applied the information that was available to the sentencing judge appropriately in determining whether a sentence was unduly lenient.

The issue of the time limit for making a reference under the scheme is a vexed one, and I know that my hon. Friend has raised it before. I think it is important for there to be certainty and a fixed end point, and for defendants to understand clearly that after a fixed period they will know what sentences they will be serving. For that reason, I am not currently minded to extend the time limit, although, as I have said to my hon. Friend, I am considering other aspects of the scheme very carefully.

Pro Bono Work

2. **John Stevenson** (Carlisle) (Con): What steps he has taken to promote pro bono work among members of the legal profession. [906104]

8. **Miss Anne McIntosh** (Thirsk and Malton) (Con): What steps he has taken to promote pro bono work among members of the legal profession. [906110]

The Solicitor-General (Mr Robert Buckland): The Attorney-General and I are the pro bono champions for the Government, and part of our responsibility is to uphold the rule of law. I am helped by two pro bono co-ordinating committees, which bring together the leading organisations dedicated to the delivery of pro bono legal help and representation both here and abroad. The Attorney-General and I attended a number of events as part of the recent national pro bono week to highlight the importance of pro bono, and to encourage the profession to continue its engagement with pro bono initiatives.

John Stevenson: Let me begin by declaring an interest, which is in the Register of Members' Financial Interests. I am a solicitor.

I commend the Solicitor-General for encouraging members of the legal profession to do pro bono work. Does he agree that we should encourage other professionals, such as accountants and surveyors, to do likewise?

The Solicitor-General: I strongly believe that showing a willingness to work with the community for the community's benefit enhances the reputation of professions such as the law and accountancy.

Miss McIntosh: As a non-practising Scottish advocate, I congratulate and pay tribute to the legal profession for its generosity in the pro bono work it does. Will my hon. and learned Friend assure the House that we are reimbursing all the costs in particularly costly family

law and custody cases? I have had a number of difficult ones in North Yorkshire, which has been a pilot scheme for early adoption. We must make sure the full costs are awarded for legal representation in these very difficult emotional cases.

The Solicitor-General: I am grateful to my hon. Friend for her question. The amount of money or financial equivalent now being generated by pro bono work is about £601 million-worth of work. A number of family case judgments have recently caused a lot of interest. In two of them in particular I am glad to say civil legal aid was awarded after full information was obtained. In another case, there were particular difficulties with the application of the threshold test in an application to discharge an adoption order. I know those matters are concerning the Ministry of Justice, and I am sure my colleagues in that Department will be able to deal with the issues as they arise.

Huw Irranca-Davies (Ogmore) (Lab): The firms and individuals who engage in pro bono work are to be commended, but we in the UK are not alone among continental neighbours in being behind the curve in terms of our pro bono offer at the same time as legal aid has of course been cut. Does the Minister, as pro bono champion, anticipate that pro bono will now fill the gaps left by the withdrawal of legal aid?

The Solicitor-General: Pro bono work is never a substitute for legal aid. It is an adjunct to legal work, but not a substitute. That has applied throughout the development of pro bono work, and at various times we have seen previous Labour Governments make changes to legal aid. I think it would be wrong to correlate the two.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): I work with a man called Glyn Maddocks, who puts an enormous amount of pro bono time into miscarriages of justice, and many solicitors and legal people do that. Does the Minister share my concern, and will he talk to the Law Society about this, at increasing evidence of lawyers—solicitors—working in a grey area where I believe they are becoming very suspect in the way in which they handle their affairs?

The Solicitor-General: I listened very carefully to the hon. Gentleman. The Solicitors Regulation Authority deals with professional misconduct and I know that it takes all complaints very seriously indeed. The solicitor profession has a long and honourable tradition of quality work and I know solicitors would want that to be maintained, so if there are any particular cases, I urge they be taken up with the SRA.

Hate Crimes (Disabled People)

3. **Paul Uppal** (Wolverhampton South West) (Con): What steps the Crown Prosecution Service has taken to increase the conviction rate for hate crimes against disabled people. [906105]

The Solicitor-General (Mr Robert Buckland): The proportion of successful outcomes of disability hate crime cases increased from 77.2% in 2012-13 to 81.9% in 2013-14. To build on this improvement, as recently as last month the CPS published a new disability hate crime action plan further to improve the prosecution of disability hate crime and the experience of disabled victims and witnesses.

Paul Uppal: I thank my hon. and learned Friend for that response. In my constituency, I have worked with various organisations and individuals who have highlighted to me the fact that from a BME community background this can often be a culturally taboo subject to talk about. May I impress upon my hon. and learned Friend the importance of being mindful of that, and that we should send a strong, robust message on hate crime, through not just his own good offices but those of other organisations as well?

The Solicitor-General: I thank my hon. Friend for that question and I hear very much what he says, and I am sure the CPS hears it too. All discrimination cases should be treated equally. It is troubling that disability hate crime remains the lowest strand of offences prosecuted, which is why the CPS action plan is a vital step forward.

Bill Esterson (Sefton Central) (Lab): My thoughts are with the family and friends of Erick Maina, who was tragically found dead over the weekend after apparently taking his own life. Shockingly, racist graffiti referring to Erick appeared in my constituency in the days after his death. Will the Minister commit to reversing the recent decline in prosecutions so that appalling acts of hate crime such as that linked to Erick's death are dealt with in the strongest possible way?

The Solicitor-General: The hon. Gentleman has raised a grave and serious case, and it is one of a number that are concerning us as constituency MPs. The 10-point disability hate crime action plan will help to reinforce the message to prosecutors and to the police that hate crimes can take many forms. An example is people who befriend individuals with learning difficulties, then use coercive control to commit crimes against them. That is a hate crime.

Mr Marcus Jones (Nuneaton) (Con): As a member of my local Mencap organisation, I am well aware of the concern about disability hate crime. I hear what my hon. and learned Friend says about the progress being made on conviction rates, but is he confident that he will continue to make progress in that regard, and will he say a bit more about how an improved conviction rate can be achieved?

The Solicitor-General: My hon. Friend has mentioned Mencap, whose "Hear my voice" campaign is playing an important part in raising awareness of disability hate crime. In the prosecution of these cases, it is important that we widen the ambit to consider the entire experience of people with learning difficulties and lifelong conditions in the criminal justice system. Frankly, it has not been a good one, and I will do all I can to offer leadership to ensure that real change in the criminal justice system can be obtained for people with learning difficulties and disabilities.

Julie Hilling (Bolton West) (Lab): Prosecutions for hate crimes are down, compared with the figures for 2010-11, even though the Home Office evidence and

our own postbags show that incidents of hate crime—particularly disability hate crime—are increasing. What is the Solicitor-General doing to determine the cause of the drop in prosecutions, and to improve the response of the law enforcement agencies?

The Solicitor-General *rose—*

Mr Speaker: Order. I am sorry to embarrass the hon. Member for Wolverhampton South West (Paul Uppal), but I must make this point because this is the second time today that this has happened. An hon. Member must not leave the Chamber while the exchanges on his or her question are in train. Members really ought to know that, and I think that most do. The hon. Gentleman is normally the most courteous of individuals, but he must stay, whatever other commitments he might have, until those exchanges have been completed. That is the courtesy that we expect of Members.

The Solicitor-General: Coming back to the question from the hon. Member for Bolton West (Julie Hilling), she is right to make that point. It is encouraging to note that prosecutions have increased from 150 or so five years ago to between 400 and 500 now, but the action plan contains provisions to offer further training to prosecutors and the police so that they can be fully aware and put themselves into the shoes of people with learning difficulties. There was also a high-level management conference last week at which a service user with disabilities came to speak to prosecutors and to lay it on the line about their experience.

Mr Philip Hollobone (Kettering) (Con): The proportion of cases being successfully prosecuted is impressive and increasing, but the overall number of convictions is still very small. I reckon that it is nine a week, out of a population of 63 million. Which parts of the country are doing this best, and how can the other parts of the country learn from them?

The Solicitor-General: I do not have the specific figures, but I know from a recent report from Her Majesty's Crown Prosecution Service inspectorate that there have been examples of best practice in the north-west and the north-east. Those examples could be followed by other CPS areas to help to increase the number of prosecutions.

Child Abuse

4. **Kerry McCarthy** (Bristol East) (Lab): What recent assessment he has made of how effectively police and prosecutors co-operate in securing convictions of perpetrators of child abuse. [906106]

6. **Helen Jones** (Warrington North) (Lab): What recent assessment he has made of how effectively police and prosecutors co-operate in securing convictions of perpetrators of child abuse. [906108]

7. **Debbie Abrahams** (Oldham East and Saddleworth) (Lab): What recent assessment he has made of how effectively police and prosecutors co-operate in securing convictions of perpetrators of child abuse. [906109]

The Attorney-General (Jeremy Wright): The Crown Prosecution Service prosecutes child abuse cases robustly. In 2013-14, the number of child abuse prosecutions rose by 440 to 7,998 and the conviction rate rose to 76.2%—the highest ever, and a reflection of the close co-operation between the police and the CPS.

Kerry McCarthy: I thank the Attorney-General for his response. The excellent recent report produced by my hon. Friend the Member for Stockport (Ann Coffey) raised concerns in relation to child sex exploitation and grooming in the Manchester area that negative comments by the CPS about the victims' behaviour had influenced the decision not to bring charges. Will he ask Her Majesty's Crown Prosecution Service inspectorate to review those charging decisions made by the CPS to ensure that the new guidelines—which do not allow prejudices and stereotypes about the victims to be taken into account—are now being adhered to?

The Attorney-General: Yes, I have seen the report by the hon. Member for Stockport and I agree that it is an impressive and particularly striking piece of work. I hope the hon. Member for Bristol East (Kerry McCarthy) will be relieved to know that updated guidance for Crown prosecutors on this type of offence is already available and makes precisely the point to which she refers. A number of myths need to be addressed, and not only in the minds of prosecutors; there needs to be communication with courts and juries to make sure that some expectations that some jurors and some prosecutors have of how victims of this type of offending ought to behave are challenged and dealt with. That guidance is in a much better place now, and the CPS is serious about it.

Helen Jones (Warrington North) (Lab): The excellent report by my hon. Friend the Member for Stockport showed that there had been 13,000 complaints of serious sexual assault against children in six years but only 1,000 convictions. Is it not time to review not only the guidance for prosecutors but how the police handle these cases, how they deal with victims and the kind of evidence they collect, to ensure that these crimes are taken seriously and that they realise that these are children who cannot give consent, whatever their circumstances?

The Attorney-General: Yes, the hon. Lady is certainly right about the last point she makes, and it is important that everybody keeps that in mind in these cases. As she will understand, I do not take responsibility directly for what the police do, but it is important that Crown prosecutors have the earliest possible interaction with investigators to make sure these cases develop in the right way. Again, that forms part of the updated guidance and we are keen to see that it happens. In addition, it is important that we have specialist prosecutors who understand these cases well. The CPS is now taking that approach and it is a positive move forward, which will mean that these cases are prosecuted in the most effective way.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): These statistics are shocking and I am grateful for the Attorney-General's reassurance that they will be reviewed. Will he be discussing with the Home Secretary today's report by Her Majesty's inspectorate of constabulary about the non-recording of 200,000 reported sexual offences?

The Attorney-General: Yes, and clearly this matter is of great concern. The hon. Lady will understand that that report was commissioned by my right hon. Friend the Home Secretary, who I know will wish to take up some of its recommendations very clearly, and I will certainly discuss with her what more the CPS can do to assist. The hon. Lady will also understand that, notwithstanding the point I made to the hon. Member for Warrington North (Helen Jones) about the need for Crown prosecutors to be engaged at an early stage, these prosecutors cannot be engaged right from the outset. It is important that once they are, they engage properly and prosecute these cases effectively.

Mr Speaker: I am trying to help Members but they must help themselves. Extreme brevity is now required, not preambles. We need short questions and short answers.

Tessa Munt (Wells) (LD): Edward Graham, a retired serviceman, was recently sentenced to 13 years' imprisonment for 23 counts of sexual abuse, after a trial by a court martial. I understand that a court martial should be used for service personnel only for matters of military discipline, so will the Attorney-General have discussions with the Secretary of State for Justice and the Secretary of State for Defence to ensure that all future cases not involving matters of military discipline are investigated by the police and tried by the civilian courts?

The Attorney-General: Let me be as brief as I can, Mr Speaker. I understand that the only way of prosecuting this man was via a court martial, because the offences took place before the law had changed to allow for the prosecution of this type of offence in a civilian court in this country. So if a British court was to take it, it had to be a military court. It was a good example of the effective prosecution of historical abuse claims.

David Mowat (Warrington South) (Con): There have been several recent instances of victims of child abuse being subjected to intimidatory and vicious cross-examination by defence barristers, which will be a deterrent for those people coming forward in the future. Is there more we can do to raise standards in this regard?

The Attorney-General: Yes, I hope there is. First, I should say it is right that the defence case is put to prosecution witnesses and to complainants, and that will often be a difficult experience. However, aggressive cross-examination is not necessarily the same as effective cross-examination, and it is important that defence advocates as well as prosecution advocates understand that clearly. I know that the Lord Chancellor is interested in talking to the legal professions about the best way to ensure the necessary training is delivered, and, as I have said, as far as prosecutors are concerned that is already being done.

Mr Peter Bone (Wellingborough) (Con): It has been reported in the media today that a 12-year-old boy was murdered in the 1980s by a Member of Parliament at a depraved sex party. What resources will the Attorney-General put to that investigation?

The Attorney-General: My view is that the Crown Prosecution Service should pursue cases where the evidence exists to wherever the evidence leads regardless of the position held by the person being investigated. If evidence is brought to light to justify such an investigation, I would expect it to be carried out.

Rape and Domestic Violence

5. **Justin Tomlinson** (North Swindon) (Con): What steps the Crown Prosecution Service has taken to improve the conviction rate for rape and domestic violence in the last two years. [906107]

The Solicitor-General (Mr Robert Buckland): The Crown Prosecution Service has taken a number of steps to prioritise effective prosecutions of rape and domestic violence. In June 2014, the CPS published, with the police, a national rape action plan to improve the investigation and prosecution of these crimes. In addition, in May 2014, the CPS launched a public consultation on legal guidance to prosecutors on cases involving domestic violence.

Justin Tomlinson: Will the Solicitor-General join me in thanking Swindon's women's refuge and victim support teams for providing a vital service that gives victims of crime the confidence to speak out?

The Solicitor-General: I am happy to join my hon. Friend in doing so. I have visited the refuge; it is an example of best practice and one of a large and growing network of crisis centres that help and support women who have nowhere else to turn.

Emily Thornberry (Islington South and Finsbury) (Lab): Although it is important to improve conviction rates, we must also look at why so few rape cases make it to trial. Today, Her Majesty's Chief Inspector of Constabulary published a critical report, which contained some really troubling findings, especially in relation to the handling of sexual offences. The inspector found that serious sexual offences were not being recorded. They included 14 rapes where offenders had simply been issued with an out-of-court disposal, and in many of those cases they should have been prosecuted. I have been expressing concern for some time that there needs to be far greater CPS oversight of police decision making in cases of rape and other serious sexual offences. Does the Solicitor-General agree that this report illustrates that that plan is the right one to take, and will he support Labour's proposals to ensure that before a rape case is dropped a CPS lawyer must look at it?

The Solicitor-General: The hon. Lady makes proper points about a report that raises serious concerns. It is right to note that, in the year ending June 2014, the Office for National Statistics recorded a 29% increase in reported and recorded rapes, so progress is being made, but much more needs to be done. The national rape action plan is a vital part of ensuring that more is done by police and prosecutors to monitor why cases are not followed through. We know that sometimes the reasons for that are quite complex and varied.

Apprenticeships (Child Benefit and Tax Credit Entitlement) (Research)

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

12.37 pm

Jesse Norman (Hereford and South Herefordshire) (Con): I beg to move,

That leave be given to bring in a Bill to provide for a programme of research into the costs and benefits of extending eligibility for Child Benefit and Tax Credit entitlement to young people completing apprenticeships; and for connected purposes.

The Government have made excellent progress over the past four years in increasing the take-up of apprenticeships. Across England, more than 1.9 million apprenticeships have started since 2010, with the number of apprenticeships overall having more than doubled in this Parliament. In my own constituency of Hereford and South Herefordshire, between 2010 and 2014, 2,210 apprenticeships were started compared with 2,340 in the previous four years, which is an increase of 80%. But that terrific growth has largely been due to increasing numbers of over-25 year-olds starting apprenticeships. The number of 16 to 19-year-olds starting apprenticeships has remained relatively flat. In 2011-12, there were some 130,000 apprenticeship starts among 16 to 19-year-olds. That fell to 114,000 in 2012-13. The provisional figures for 2013-14 indicate that apprenticeship starts for 16 to 19-year-olds rose slightly to 118,000. So the huge increase overall in apprenticeships does not seem to be getting much traction among school leavers, and it is worth asking: why not?

At my local jobs fair in Hereford last March, a friend who works in the local jobs club pointed out to me a serious inconsistency in how the benefit system treats young people. If a 16 to 19-year-old stays in education, their family can continue to claim child benefit and tax credits for them. But if that same young person takes up an apprenticeship instead, they are counted as being in work and their family can no longer claim benefits on their behalf.

Clearly, apprenticeships are work, but as the apprentice minimum wage is just £2.73 an hour, the youngest and most poorly paid apprentices will often be earning less than their family could receive in benefits for them. The minimum wage for under-18s not in apprenticeships is £3.79 an hour, rising to £5.13 an hour for 18 to 20-year-olds, so the young apprentice ends up neither receiving benefits nor earning the normal minimum wage.

Of course, there are many reasons why an apprenticeship is highly worth while even with the relatively low apprentice minimum wage. Many employers invest heavily in high-quality apprenticeships, and an apprenticeship serves as a stepping-stone between training and full employment, but we must also consider what benefits are lost to the family of someone who becomes an apprentice at this early age. The area is extremely complex, as the House will know, but I have checked the following numbers with the Library.

First, the family will lose child benefit. If the apprentice is the only child in the family, that will be £20.50 a week. If the family is in receipt of child tax credit, they will also lose up to a further £3,295 a year, or £63.37 a week. Indeed, colleagues have reported that they might also lose housing benefit. If a person aged 16 to 19 works 30 hours a week at the apprentice minimum wage, they will earn £81.90, on which they will not pay tax or national insurance, so the net effect of a 16-year-old's going into an apprenticeship on minimum wage could be a drop in family income of just under £2 a week, or a little over £100 a year.

How, then, do these young apprentices fare relative to someone who is in full-time education? The family of a 16 to 19-year-old in full-time education will continue to be eligible for child benefit and other benefits for that child, even when that child is in paid work. They might also be entitled to a 16-to-19 bursary, or the education maintenance allowance if they live in Wales, Scotland or Northern Ireland. We must not forget that full-time education is defined as more than 12 hours a week of supervised study, and that many apprentices will do seven hours a week in their work.

I am highly sympathetic to the Government's position on this issue, which is that

"When a young person takes up an apprenticeship, they are classed as in employment with training. From that point, benefits for the young person paid to their parents cease."—[*Official Report*, 28 January 2014; Vol. 574, c. 757.]

But as the National Institute of Adult Continuing Education has pointed out in supporting the Bill today, the notion that a young apprentice should be considered a non-dependent in relation to benefits would be challenged by many parents, to put it mildly.

Apprentices are caught in the middle between training and employment. As the idea of an apprentice minimum wage implicitly recognises, what matters is not the classification but the human consequences for those affected by the loss of benefits, and the deterrence from taking up an apprenticeship that results. This is an injustice that affects the least well-off in our society and we need to fix it, and that is why I urge the House to support the Bill.

Question put and agreed to.

Ordered,

That Jesse Norman, Angie Bray, Jim Shannon and Mr Graham Stuart present the Bill.

Jesse Norman accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 9 January, and to be printed (Bill 121).

Small Business, Enterprise and Employment Bill (Programme) (No. 2)

Motion made, and Question proposed,

That the Order of 16 July 2014 (Small Business, Enterprise and Employment Bill (Programme)) be varied as follows:

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

2. Proceedings on Consideration shall be taken on the days shown in the first column of the following Table and in the order shown in that column.

3. The proceedings shall (so far as not previously concluded) be brought to a conclusion at the times specified in the second column of the Table.

Proceedings	*Time for conclusion of proceedings*
First day	
New Clauses, new Schedules and amendments relating to Part 4	4.00 pm on the first day
New Clauses, new Schedules and amendments relating to Part 1; New Clauses, new Schedules and amendments relating to Part 2; New Clauses, new Schedules and amendments relating to Part 3; New Clauses, new Schedules and amendments relating to Part 5; New Clauses, new Schedules and amendments relating to Part 6	7.00 pm on the first day
Second day	
New Clauses, new Schedules and amendments relating to Part 11; New Clauses, new Schedules and amendments relating to Part 7; New Clauses, new Schedules and amendments relating to Part 8; New Clauses, new Schedules and amendments relating to Part 9; New Clauses, new Schedules and amendments relating to Part 10; New Clauses, new Schedules and amendments relating to Part 12; remaining proceedings on Consideration	Two hours after the commencement of proceedings on Consideration on the second day

4. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion three hours after the commencement of proceedings on Consideration on the second day.—*(Matthew Hancock.)*

12.44 pm

Toby Perkins (Chesterfield) (Lab): We felt at the time of the original programme motion that the Government were in a bit of an unseemly rush to get through all this, and debate on the Bill has showed that although the Government might be in a rush, there was a lack of attention to detail on some of the key points that the Government might have thought important in putting together a Public Bill Committee. Not unlike proceedings today, Committee proceedings started with the Minister for Business and Enterprise racing in just after we had started.

Some things that one might usually expect a competent Government to have got together in advance of a Bill Committee did not appear to be there. For example, they did not have Members on the Committee who supported significant parts of the measure, and they clean forgot to vote against some amendments.

Everything was rather slapstick at first, but since Committee the Government's approach has taken a slightly less savoury turn. Report was brought forward, apparently to reduce the time available for campaigning on important issues such as the measures on pub companies; there was a significant amount of public opinion that further changes were needed to those.

At 6 pm yesterday we still did not have the order in which matters would be debated today. That impacts on the capacity of hon. Members and those who want to follow the proceedings of the House to be involved. It is a disappointing turn for democracy that the Government should behave in such a shabby manner, given that we will discuss important issues.

A number of Members want to debate the issues before us, especially pub companies, so I do not propose detaining the House with a vote on this programme motion, but I do want to put on the record that the way in which this important issue has been approached, and specifically the way in which everything has been left so late, and the last-minute changes to what was to be debated and when, reflect poorly on the Government.

12.46 pm

The Minister for Business and Enterprise (Matthew Hancock): I will be brief. I want just to clear up a couple of inaccuracies. There was time to spare in Committee; the Committee reported to the House earlier than planned by a few hours, and several of the sittings ended at 4 o'clock, rather than 5 o'clock, as agreed. It is important that the House notes and the record shows that in Committee we considered the Bill in full and had more than enough time; we did not use it all up.

Secondly, as always and as is normal, we have agreed the timings of Report through the usual channels. It is absolutely right that we should spend plenty of time on the issues on which there is the most interest. By changing the timings of Report, we have managed to expand the time available to debate pubs, not least because that seems to be the issue in the Bill that is of the greatest interest to Members. We have more time, and we would have had more still had the hon. Member for Chesterfield (Toby Perkins) not chosen to use some of it debating how much time we should have to debate these important issues, so I think we should get on with it.

Question put and agreed to.

Small Business, Enterprise and Employment Bill

[1st Allocated Day]

Consideration of Bill, as amended in the Public Bill Committee

New Clause 6

Power to grant exemptions from Pubs Code

'(1) The Secretary of State may by regulations provide that the Pubs Code does not, or specified provisions of the Pubs Code do not, apply in relation to—

(a) the dealings of pub-owning businesses—

(i) with tied pub tenants of a specified description, or

(ii) in relation to tied pubs of a specified description;

(b) the dealings of a specified pub-owning business or pub-owning businesses of a specified description—

(i) with their tied pub tenants or tied pub tenants of a specified description, or

(ii) in relation to their tied pubs or tied pubs of a specified description.

(2) Regulations under subsection (1) may, in particular, specify a description of pub-owning businesses or tied pub tenants by reference to—

(a) the nature of the tenancy or licence, or

(b) the nature of any other contractual agreement entered (or to be entered) into by the tied pub tenant with the pub-owning business, or a person nominated by that business, in connection with the tenancy or licence.

(3) The regulations may provide for circumstances in which a tied pub of a specified description is to be disregarded for the purposes of section 64(2) and (3) (determining whether a business is a large pub-owning business).

(4) In this section "specified" means specified in regulations." *—(Jo Swinson.)*

This amendment gives the Secretary of State a power to make regulations exempting from the Pubs Code dealings with a particular type of tenant, or in relation to particular types of pub premises. The regulations may set out circumstances in which a particular tied pub is not counted for the purpose of calculating whether a company is a "large pub-owning business".

Brought up, and read the First time.

12.48 pm

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Jo Swinson): I beg to move, That the clause be read a Second time.

Mr Speaker: With this it will be convenient to discuss the following:

New clause 2—*Pubs code: market rent only option for large pub-owning businesses—*

'(1) The Pubs Code shall include a Market Rent Only Option to be provided by large pub-owning businesses in respect of their tenants and leaseholders.

(2) A Market Rent Only Option means the right of the tenant, or leaseholder, of a pub owned by a large pub-owning business, to be offered such tenancy or lease in exchange for an independently assessed market rent paid to the pub-owning business and, for the avoidance of doubt, not thereafter being bound by "a tie", meaning an agreement meeting, in whole or in part, Condition D as defined in section 63(5) of this Act (obligation to buy from the landlord, or from a person nominated by the landlord, some or all of the alcohol to be sold at the premises).

(3) For the purposes of this section, the definition of Condition D in subsection (2) is to be interpreted to include an obligation to buy or contract for goods and services other than alcohol.

(4) For the purposes of this section, the definition of a "large pub-owning business" is a business which, for a period of at least six months in the previous financial year, was the landlord of—

(a) 500 or more pubs (of any description); and

(b) one or more tenanted or leased pub.

(5) The Pubs Code may include provisions to permit a brewery which qualifies as a large pub-owning business to continue to require that specified brands produced by that brewery (required products) are sold within its tenanted or leased pubs—provided that such tenants and leaseholders are free to purchase such required products from any supplier.

(6) The Pubs Code shall contain provisions requiring that the offer of a Market Rent Only Option to a tenant—

(a) at the point of lease, tenancy contract or other agreement renewal, or at rent review or five years from the date of the previous rent review;

(b) when the large pub-owning business gives notice of, or imposes, (whichever is the earlier) a significant increase in the price at which it supplies products, goods or services (falling under subsections (2) or (3)) to the tenant;

(c) when a large pub-owning business implements, or gives notice of, a transfer of title;

(d) when a large pub-owning business goes into administration; or

(e) upon an event outside of the tenant's control, and unpredicted at the time of the previous rent review, that impacts significantly on the tenant's ability to trade.

(7) The terms of an offer under subsection (5) shall include provision for a 21 day period of negotiation, commencing from the tenant giving notice of an intention to pursue a Market Rent Only Option, in which the large pub-owning business and the tenant may seek to negotiate a mutually agreeable Market Rent Only settlement.

(8) Following the negotiation period under subsection (7) there shall follow a 90 day period of assessment. In this period—

(a) an independent assessor shall be appointed with the agreement of both parties by joint private instruction and on the basis of an equal apportionment of costs; and

(b) under arrangements and criteria that the Adjudicator shall establish, such an assessor shall be—

(i) independent of both parties; and

(ii) competent by virtue of qualification and/or experience.

(c) if the business and tenant cannot agree on an appointee then a person shall be appointed, on the application of either party, under arrangements established by the Adjudicator;

(d) the appointed assessor shall then assess the market rent for the property operating as a pub with no "tie" as defined in subsection (2) and submit to both parties the resulting sum for such a rent; and

(e) at the time of the three month assessment period, the tenant shall have the right to pay no more than the sum determined under paragraph (d) to the pub-owning business and, if previously one party to a "tie" as defined in subsection (2), shall no longer be bound by it.

(9) The Pubs Code shall contain such measures as ensure that—

(a) the Market Rent Only Option is conducted in accordance with timing provisions and procedures, in accordance with RICS guidance, as specified in the Pubs Code; and

(b) large pub-owning businesses are prohibited from acting or discriminating against any of their tenants who choose the Market Rent Only Option.

(10) The Secretary of State shall confer on the Adjudicator functions and powers in relation to the Market Rent Only Option, that include—

(a) determining what constitutes a significant increase in price, as mentioned in subsection (6)(b) in the event of a dispute between tenant and business;

(b) adjudicating in disputes concerning the process or outcome of the market rent assessment; including the power to set the market rent if the Adjudicator deems the process or decision to have been flawed; and

(c) receiving, investigating and adjudicating in relation to complaints made under subsection (9)(b).

(11) The Secretary of State shall make provisions for the implementation of the following measures in this section by regulations amending the Pubs Code. Such regulations shall be made under negative resolution procedure. The Secretary of State may make provisions changing the types of agreement that fall under subsection (2) by regulations. Such regulations shall be made under negative resolution procedure."

Government amendments 29 to 41.

Amendment 5, in clause 6, page 47, line 19, leave out "tied" and insert "tenanted, leased or franchised".

Government amendments 42 to 58.

Jo Swinson: I am glad to be able to get on to the debate on part 4 of the Bill, which is about pubs. There was considerable debate in Committee on the measures to introduce a pubs code adjudicator and a pubs code, and I am sure that we will have another lively debate today. As my right hon. Friend the Minister for Business and Enterprise has already mentioned, there is considerable interest in this matter in all parts of the House, and it is important that we have good scrutiny of the Bill.

New clause 6 ensures that the definition of a tied pub does not inadvertently capture restaurant or hotel premises, which was a concern raised in Committee. We are aware of one fish and chip restaurant chain that could meet the conditions set out in clause 63, and it is possible that there are others. We all know a pub when we see one, and we all know the difference between a pub and a fish and chip restaurant, but defining that in legislation can prove difficult, particularly given increased food consumption in pubs, which is in large part the result of the hugely successful smoking ban making the experience much more enjoyable. That is a new way in which pubs have diversified, and indeed increased their income, but it makes separating them by legal definition more complex.

New clause 6 therefore provides the Secretary of State with a power to exempt a particular type of tenant or premise from the pubs code in secondary legislation, so that we can ensure that it is only pub premises that are in scope. For the avoidance of doubt, amendment 58 sets out that regulations created through the exercise of that power will not be subject to the hybrid instrument procedure.

There are two other big issues addressed by the amendments in this group. Our discussions today obviously follow many years of consideration by the Select Committee on Business, Innovation and Skills, which has, along with its predecessor Committees, looked in particular at problems in the tied pub sector—I think that there have now been four reports. I would like to pay tribute to the hon. Member for West Bromwich West (Mr Bailey), who I see is here, as well as to his Committee and its predecessors for all their work to ensure that the problems were heard, investigated, documented and addressed.

We heard concerns from Members on both sides in Committee about smaller companies and family brewers being covered by the statutory code and adjudicator. We also heard assurances, through the evidence submitted by smaller companies and family brewers, that they would continue to fund the voluntary regulation system, which I know many hon. Members feel strongly about.

Richard Fuller (Bedford) (Con): The Minister says that there were concerns, but will she also acknowledge that the Government were defeated in Committee because of the strength of those concerns?

Jo Swinson: Absolutely. We have been considering how best to respond to those genuine concerns. This Government have no wish to overburden small business. Indeed, we have done a huge amount to reduce regulation on business, particularly small business. Of course, this is a small business Bill. We are trying carefully to strike the right balance between helping smaller pub-owning companies and helping individual tenants and small business people who are struggling with some of the difficulties documented in the Select Committee reports.

We have listened to all the concerns put to us and, on further reflection, have decided not to press amendments 29 to 33, 41, 43 and 44, which were designed to reinstate smaller pub companies within the scope of the statutory pubs code, albeit with lesser requirements. Instead, we will bring forward amendments in the other place to change the exemption to those companies that own fewer than 350 tied pubs. We think that strikes the right balance between preventing overburdening of genuinely small family brewers and ensuring adequate protection of tied tenants in a way that is proportionate.

The hon. Member for Chesterfield (Toby Perkins) made the point in Committee that a threshold of 500, which would have been set out in the Bill, would not have ended up capturing some groups that perhaps would have been expected to be captured. This change will ensure that the adjudicator's attention, and indeed the costs of compliance with the measures, is focused on the largest companies in the sector and on the end of the market where most complaints originate.

Richard Fuller: I just want to clarify what the Minister said. I think that I might be seeing the deft hand of my right hon. Friend the Minister for Business and Enterprise, who seems to be the only one in the Department who understands small businesses. Can the Minister explain to the House what the big difference is between 500 and 350, or is she just grabbing at a number that does not look like 500, which she said in Committee was the right one?

Jo Swinson: The hon. Gentleman could recognise and welcome the fact that the Government have responded to the concerns he raised and have moved on the issue, but he has chosen not to, given his comments about colleagues in the Department, with which I wholehearted disagree. We must ensure that we consider those concerns, but they were raised not only by his colleagues, but by my hon. Friend the Member for St Austell and Newquay (Stephen Gilbert), who was a member of the Committee, and by Opposition Members concerned about the issue.

Toby Perkins (Chesterfield) (Lab): That is a fundamental part of this. The Government lost the vote in Committee, and now they say that the Bill will go right through to

[Toby Perkins]

Third Reading as it is, but that they have some vague idea of doing something about the matter in another place. As we have been through Committee and are now on Report, that does not give this House much opportunity to debate whether we are happy with these eventual changes.

Jo Swinson: We have between now and 4 o'clock to have that discussion. What I have clearly set out is in line with what the hon. Gentleman wanted in Committee, which was for smaller companies to be excluded. As I have said, he made the very reasonable and rational point that there were some companies—this deals with the intervention from my hon. Friend the Member for Bedford (Richard Fuller)—that had in excess of 400 tied pubs, for example, and it might seem strange to people that such companies would not be covered. We listened in Committee and now propose that the threshold should be 350 tied pubs, rather than 500. I think that it is a positive thing that the Government have listened to the views of hon. Members and responded accordingly.

Toby Perkins: For the benefit of the House, can the Minister clarify how many businesses she believes will now be brought into scope that would not have been previously?

Jo Swinson: Three further businesses would fall into that category. It is obviously a fluid issue, because companies buy and sell pubs all the time, so that might change in future.

Sheryll Murray (South East Cornwall) (Con): I am grateful to the Minister for listening to the will of the Committee. It is reassuring that the Government listen when amendments, such as the one that I tabled, receive cross-party support. Will she please clarify whether, when she talks about tied pubs, she is referring to tied pubs excluding managed pubs—in other words, short-term tenancies and leases excluding managed houses?

Jo Swinson: The definition is as set out in the Bill. Where a pub is directly managed, it does not meet the definition of a tied pub. I hope that gives the hon. Lady the reassurance she seeks.

As I have said, the Government have listened and recognised that the largest number of concerns originate at the end of the market with the largest pub companies, which is why we will focus the pubs code adjudicator on those companies. We recognise that there are concerns about other parts of the market, but clearly the House can return to those issues in future if it so wishes. We think that focusing the adjudicator's attention in that way will resolve the vast majority of the issues that we have identified in the market.

We have listened to the concerns about smaller pub companies and family brewers. Of course, later this afternoon we will discuss another issue about which hon. Members from various parties have expressed strong views. It is clear from the number of hon. Members who have put their name to new clause 2 that there is a strong desire in the House for the statutory code to go further and to introduce the market rent only, or MRO, option.

We ran a consultation on that whole issue. As I pointed out in Committee, and as was said on Second Reading, it was one of the most popular consultations the Department has run in a very long time.

It received a huge number of responses because tenants, individuals and campaign groups take a great interest in the issue. Many representations were made on whether there should be a market rent only option and there was support from many quarters for that approach, but we recognise that there could be uncertain outcomes from such an approach. We would not want unintended consequences to harm the sector and the people we are trying to protect—

Greg Mulholland (Leeds North West) (LD): Will my hon. Friend give way?

Jo Swinson: I will finish my sentence, then I will give way to my hon. Friend, who has such a strong record of campaigning in this area.

We recognise that many hon. Members worry that the pub companies need the very real threat of tenants going free of tie before they will offer their tenants a good tied deal. I can commit today that the Government will bring forward amendments in the other place to respond to this. Following the many Select Committee reports and the campaigning by my hon. Friend the Member for Leeds North West (Greg Mulholland) and others in all parties in the House, we have listened to those strong representations and we plan to add to the Bill a power to introduce a market rent only option after two years if a review concludes that the measures have not delivered sufficiently for tied tenants.

Greg Mulholland: I thank my hon. Friend for all the work she has done. I will respond to that last point when I make my speech. She commented on the popularity of the consultation; two thirds of all who responded backed the market rent only option. None supported what the Government are proposing—a parallel rent assessment—so what was the point of the consultation?

Jo Swinson: The point of a consultation is to explore the issues and, if necessary, to make changes to the Government's proposals in response. That is exactly what we have done. The parallel rent assessment responds to some of the concerns expressed in the consultation about the initial ideas that we had outlined. It is right that the Government should be flexible enough to respond to a consultation. If the Government go into a consultation with a set of plans and come out of the consultation with exactly the same set of plans, that means either that the plans were perfect—sometimes that may be the case—or that the Government refuse to listen. That was the point of the consultation on this issue.

My hon. Friend makes the point that there was great support in the consultation for a market rent only option. He is right. The Government recognise that. Although I appreciate that he will be disappointed that that will not culminate in the Government accepting his new clause 2, it gives a great fillip to campaigners who have worked on this issue and shows that the Government are serious. We think that the parallel rent assessment approach that we have outlined will deliver the "no worse off" principle, which we should all be able to agree is what we want for tenants. We will make sure

that with the further power, the market rent only option is still on the table if, for any reason, the parallel rent assessment proposal does not deliver the intended outcome.

Toby Perkins: I will not dwell on the fact that the Minister is suggesting that a consultation is a success if the Government change their view and conclude that something that no one was asking for is the right answer. The industry is desperate for certainty. If we come out of the process proposing another review in two years which might change the whole landscape yet again, does the Minister agree that we will have failed to give the industry the certainty it requires?

Jo Swinson: We recognise that a significant number of companies appreciate the beer tie. For many tenants and companies it is a model that works well, as Members on all sides would agree. Therefore, we do not want to undermine it. There is a danger that that could happen under the market rent only option. Equally, I understand that many people advocate that as a market-based solution to deal with the issue. We are trying to forge a way forward that will have the confidence of the industry and will allow the market rent only option to be introduced two years after commencement of the Bill if a review finds that the parallel rent assessment is not working. It is clear that the "no worse off" principle is paramount and needs to be delivered. We believe that the parallel rent assessment will deliver that, but if it does not, we do not want to have to introduce another piece of primary legislation. We want the Government to be able to act swiftly.

Anne Marie Morris (Newton Abbot) (Con): I have listened with interest to the discussion of issues relating to new clause 2 and I agree that it is good to hear that the Government have moved on these matters. However, two years is a long time into the future. Another Government will be in office and a review would be toothless unless we are very clear about the criteria for judging whether the Government's current proposals have succeeded. I would be grateful if the Minister could clarify what she is proposing. It needs to be concrete and specific to have any value.

Jo Swinson: We are proposing a power for the Secretary of State to introduce the market rent only option following a review that finds that tenants are not sufficiently protected by the system that we put in place. An important point that should reassure my hon. Friend is that we are creating a pubs code and putting a pubs code adjudicator on a statutory footing, so there will also be a significant individual who is independent, who is an expert and who has great experience of dealing with disputes. If cases go to arbitration, the adjudicator may be involved in investigations as well. The pubs code adjudicator will have a substantial amount of information at his or her disposal. We will not be in the situation that we have been in up to now, where it would be more difficult to assess the position. The adjudicator will enable us to make that assessment and to have an independent voice to set out what may need to happen further.

Andrew Griffiths (Burton) (Con): Does the hon. Lady accept that, in an industry that employs thousands upon thousands of people and creates millions of pounds-worth of wealth for this country, there will be incredulity that amendments are to be made within hours of the Bill leaving this House? We have had four BIS Committee inquiries into this and years to discuss the issues, yet the Minister comes scrabbling to the Dispatch Box just a few hours before we are due to vote on the measure. How can that give the industry any confidence?

Jo Swinson: I regret the fact that my hon. Friend is disappointed, but he was often disappointed in the Public Bill Committee when we were not able to accept his amendments on a range of issues which, if taken together, would have undermined the purpose of the Bill. I know that he speaks up for his constituents and he represents one of the larger pub companies that has its base in his constituency, so I understand where he is coming from. His view of what needs to happen to address the problems and injustices in the industry is very different from that of many, and perhaps most, Members of Parliament. We want to make sure that we get the details right. We want to listen to the House. That is what a responsible Government do.

Richard Fuller: Perhaps I was unchivalrous earlier when I said that the Minister does not understand business. It is clear that the Government are on the run. This is the second issue on which they are proposing changes. What role has the Secretary of State for Business, Innovation and Skills played in these last-minute shenanigans?

Jo Swinson: Yes, the hon. Gentleman was unchivalrous and I am not sure he rescued the situation with that intervention. My right hon. Friend the Secretary of State, my right hon. Friend the Minister for Business and Enterprise who is my fellow Bill Minister and I discuss these issues as the hon. Gentleman would expect, as we try to make sure that we give the right response to the concerns raised in Committee.

Andrew Griffiths: Will the Minister give way?

Jo Swinson: I would like to make a little progress, then I will give way to my hon. Friend.

We have set out in the Bill the parallel rent assessment process, which gives tenants the opportunity to request a parallel rent assessment so as to be able to ascertain—

Sheryll Murray: Will the Minister give way?

Jo Swinson: I have said that I will make some progress and then I will be happy to give way.

The parallel rent assessment process will enable tenants to get the information they need to assess the deal that they are being offered by their pub company—to look at the figures and decide whether they are being offered a good deal or would be better off under a free-of-tie option. Of course, the pub companies would hope that if, as they say, they are offering a genuinely good deal under the tied model, then very many tenants will be very happy to continue in that vein. However, if the parallel rent assessments show that they are worse off, or if there is a suggestion that the parallel rent assessments are not being properly and accurately completed, then the adjudicator has the power to ensure that the assessment is done again or, if necessary, to provide for a different rent to be set. The parallel rent assessment has the

[Jo Swinson]

potential to revolutionise the experience of tenants, and it should reassure them that we are serious about this. If the pub companies do not reform and their behaviour continues as it has, we will be able to legislate further to introduce the market rent only option to ensure that tenants get a good deal.

I hope that my hon. Friend the Member for Leeds North West and those supporting his new clause will be reassured by this commitment. It is right that we give the new system a chance to deliver a fair deal, with an added power for Government to introduce a market rent only option should pub companies fail to do as they should. I think that that will focus minds. I am keen to listen to the debate that will take place on this issue.

Sheryll Murray: Will the Minister give way?

Jo Swinson: I will; I said that I would once I had made some progress. Perhaps that was not clear to my hon. Friend.

Sheryll Murray: I wanted to intervene on a specific point, but I am grateful to the hon. Lady for eventually giving way. Will she please confirm what dialogue she has had with the industry, since the Committee stage just a couple of weeks ago, about the new measures of which she is informing the House today?

Jo Swinson: This is not the first intervention that my hon. Friend has made, and I am obviously happy to respond to it. The industry has made significant representations in writing and had the opportunity to contribute at the public evidence session, which is an excellent, fairly new innovation in this House from which we all benefited in Committee.

Andrew Griffiths: Will the Minister give way?

Jo Swinson: I would like to finish my answer to my hon. Friend the Member for South East Cornwall (Sheryll Murray) before I take another intervention.

In Committee, we had the opportunity to hear from and to have these discussions with the industry, as well as with campaign groups—we must recognise that both sides are important in this. Since then, written correspondence has taken place, to which I have responded to deal with some of the issues raised. Of course, as Minister, I will continue to do so.

Stuart Andrew (Pudsey) (Con) *rose—*

Andrew Griffiths *rose—*

Jo Swinson: I give way to the hon. Member for Pudsey (Stuart Andrew), who has not yet intervened.

Stuart Andrew: Our concern is that a lot of pubs could close over two years. We want assurances that there has been lots of dialogue with the industry and with pub owners who are going through these difficult times to make sure that they are happy with the proposal that the Minister is now bringing forward.

Jo Swinson: During the process of developing this legislation, there has been significant dialogue and consultation on the whole area through the formal consultation that Government held, to which we had the response earlier in the summer. I have met, through various round tables, members of companies that own pubs, family brewers, and tenants' groups.

Andrew Griffiths: Will the Minister give way?

Jo Swinson: I am being asked to give way before I have finished responding to the previous intervention.

Mr Speaker: Order. I appreciate Members' interest in these matters, but it is a little unseemly for them to try to intervene on a Member—in this case, the Minister—who is already responding to an intervention. Timing is of the essence in these matters. Be patient—the Minister is a most gracious and accommodating Minister.

Jo Swinson: Thank you very much, Mr Speaker.

My right hon. Friend the Business Secretary, my hon. Friend the Member for Cardiff Central (Jenny Willott)—who did her job so brilliantly during the six-month period when I was on maternity leave—and I have had various face-to-face meetings and held round table and discussion events. I have met some of the individuals who have been through the PICAS and PIRRS—pubs independent conciliation and arbitration system and pubs independent rent review scheme—processes. We have had those meetings face to face. There has been significant correspondence—reams and reams of correspondence—between me, as Minister, but even more so, in terms of the level of detail and volume, between my officials and these companies and campaign groups. I therefore do not think that the hon. Member for Pudsey can suggest that there has not been consultation. Equally, it would be impossible for me to stand here and say that everybody is entirely happy with these proposals; that was never going to be possible. I am sure that even the BIS Committee would recognise that there are very strong views on this issue, often in contradictory directions. We are trying to find the right way forward that best protects tenants while not imposing unnecessary burdens on businesses.

I now give way to the hon. Member for Burton (Andrew Griffiths).

1.15 pm

Andrew Griffiths: I thank the Minister for giving way, because this is a very important issue. Investors will be looking at her statements today. This could affect the viability and the profitability of businesses, together with thousands of jobs. She has announced a brand-new element—the introduction of the free-of-tie option but with a two-year wait. Can she confirm whether she has spoken to a single member of the industry about the implications for their business of that two-year delay—to one person, yes or no?

Jo Swinson: I would like to correct the hon. Gentlemen's characterisation of what is happening. He is saying that this is the market rent only option but with a two-year wait. To be absolutely accurate, it is a power for the Secretary of State to introduce the market rent only option after a period of two years if a review finds that that is necessary. That is not exactly the same thing. It is important to put that on the record.

Throughout this process, the Government have been engaging with companies and with individuals. The market rent only option was extensively covered and discussed within the consultation process. I have had very many such discussions with companies over the course of the past 18 months. As was put to us forcefully on various occasions, some large pub companies will not welcome this and are very opposed to it. At the same time, we recognise the issues that have been raised in successive BIS Committee reports about the tenants who are suffering and the need to do something about it. We think that our parallel rent assessment is a proportionate and sensible way forward that will deliver for tenants, but we are keen to make sure that if that does not happen we do not end up at this stage again; we need the ability to act swiftly to introduce a market rent only option.

Toby Perkins: Let me try to clarify this. In the last few moments we have discovered that there is to be a two-year review before fundamental change to the industry, leading to two years of uncertainty. Is the Minister saying that she has discussed a whole series of things over 18 months but has not spoken to anyone within the industry about the new development that she is presenting to us today?

Jo Swinson: I am saying that we have had plenty of negotiations and discussions about all the different options, but specific round tables have not been reconvened with the industry since the Committee stage. We know where the industry stands on this. My officials are in regular contact with the industry and with campaign groups, who have been making their cases fervently. Many Members represent tenants and also have pub companies and family brewers in their constituencies. Ministers have had many discussions with those hon. Members on behalf of their constituents who have raised these issues over the past couple of weeks since the Committee stage. Indeed, we also had such extensive debates in Committee. There has been plenty of consultation.

Grahame M. Morris (Easington) (Lab): In relation to the Minister's discussions with the Federation of Small Businesses, it estimates, according to the information that I have, that implementing the market rent only option would boost the economy by £78 million, and that over 90% of pubco tenants would have much more confidence to invest in their businesses, helping local economies to grow.

Jo Swinson: The hon. Gentleman makes a powerful point. As I have said, a range of different of views and issues have been raised and it is impossible to please everybody. Although some of the larger companies oppose the introduction of a market rent only option, organisations such as the FSB, as the hon. Gentleman points out, are campaigning to implement it.

Julian Sturdy (York Outer) (Con): Will the Minister give way?

Jo Swinson: I will give way once more before I move on, because the hon. Gentleman has not intervened yet.

Julian Sturdy: The Minister says that she has been in consultation with the pub industry. I will phrase the question slightly differently: has any assessment been made of the impact the two-year review will have on pub closures?

Jo Swinson: The review was always built into the process, because we wanted to look at how the measure was working. What is new is the introduction of the power to introduce a market rent only option, and when that proposal goes before the other place, supporting documentation, such as impact assessments, will also be submitted. Clearly, different quarters have opposing views on what it will mean: some say it will be excellent for business, while others say it will result in concerns for business. People will not necessarily concur and agree about what the exact impact will be, but the Government will produce the documentation to go alongside that amendment when it is tabled in the other place.

The Government's technical amendments—amendments 34, 35 and 55—deal with the particular issue of franchises. Clause 40 already makes it clear that tied pub agreements are in the scope of the pubs code where tenants pay some sort of fee, such as a turnover fee, rather than rent. Such agreements are often called franchise agreements and it is right that they are covered. The same potential for the abuse of a tie exists, and if franchises were not in scope there would be a sizeable loophole by which companies could evade the code.

Amendments 34 and 35 therefore ensure that franchises are covered by clause 42, which refers to rent assessment and rent review arrangements, which the Secretary of State may rule as void or unenforceable. Amendment 55 provides the Secretary of State with a power to define parallel rent assessments in regulations so that we can ensure there is appropriate flexibility in the approach to cater for franchise pubs. That will allow the final design of parallel rent assessments to take account of further engagement with the industry and public consultation, and through that we will ensure that those assessments are available to all tied tenants of large pub-owning companies.

Amendments 40 and 56 ensure that agreements where the tenant is tied for some or all alcoholic drinks are still covered, even when the tenant does not purchase those drinks from the pub-owning company. We are aware of some franchise agreements where the tenant does not technically purchase drinks from the pub-owning company. The tenant is still contractually obliged to sell those drinks on behalf of the pub-owning company and cannot source them elsewhere, so the amendments are important to avoid a loophole in the legislation.

The Opposition's amendment 5 seeks to clarify that franchise agreements are in scope of the legislation. I absolutely agree with that view and hope the hon. Member for Chesterfield will be reassured by the Government amendments, which make that crystal clear and address the point by ensuring that no loopholes are being created.

Amendments 38, 39 and 47 to 53 seek to ensure that tied agreements are covered by the protections of the pubs code, whether the tenant occupies the pub under a tenancy or under a licence to occupy. This is another measure to ensure that all tied tenants are protected. Amendments 36, 37, 42, 46 and 54 are technical clarifications to ensure that the provisions of the Bill apply to pub-owning companies and any subsidiary companies they may own.

Finally, amendment 57 provides that all regulations under part 4, other than regulations under clause 61(1)(c), are subject to the affirmative resolution procedure, which,

[Jo Swinson]

given the sensitivity surrounding the issues and the interest in them, is absolutely appropriate. I hope the Government amendments will be supported and that hon. Members on both sides of the House will be reassured by our commitment to make further changes in the other place in order to address any concerns.

Toby Perkins: It is always a singular pleasure for this House to gather to discuss what we can do to support our great British pubs, which are crucial institutions, bedrocks of our community and vital economic and social hubs, as well as really important employers, particularly of women and young people—two groups who are underrepresented in the workplace. Pubs and brewers also make an incredibly important contribution to the economy as taxpayers and employers, and our communities take tremendous pride in these institutions. The industry is watching this debate with tremendous interest and concern, in the hope that we in this place will do justice by everyone involved in it.

The Government are creating a spectacle by changing the Bill as we speak. These are incredibly important issues, but the Government's attempts at debating this part of the Bill are rather like attempting to mount a moving bus: the moment we think we know what we are going to discuss, the debate suddenly focuses on something completely different. It is a complete and utter shambles.

Duncan Hames (Chippenham) (LD): I am conjuring the image of the hon. Gentleman mounting a moving bus. On the new clauses and amendments under discussion, however, is it not the case that he himself intends to move the bus? Is that not the very purpose of our having a debate in this place?

Toby Perkins: If the hon. Gentleman is talking about the amendment we tabled and that the Government voted against and that they then adopted only to drop again, his description is rather uncharitable. He is right to say that the Government should listen to consultations and follow the right process for a Bill, but on Friday the Government tabled new amendments to undo amendments that were voted on in Committee and now, without any discussion or prior notice, they have come to the debate and said, "Actually, we're going to drop the amendments we tabled on Friday to the things that were voted out of the Bill a couple of weeks ago. The Lords can talk about them, but Members of Parliament will not have the opportunity to vote on them." I do not think that is any way to run a whelk stall, much less a really important industry about which we feel so passionately.

It is to Parliament's credit that it has debated and researched the issue of pub companies with incredible diligence. The issue and the industry are incredibly complicated and this Parliament has attempted to strike a fine balance that best meets the needs of the industry with minimum disruption. However, at a time when Parliament should be reflecting with some pride on its contribution to this debate, I think that the way in which the Government are operating leaves everyone unsatisfied. There are Government Members on both sides of the argument—some think the plans go too far while others think they do not go far enough—but I do not think that the way in which the Government are operating the process of the Bill gives anyone any confidence that they know what they are doing.

The Minister for Business and Enterprise made a fleeting visit to our debate on the programme motion a few moments ago: he popped in to tell us that everything was going swimmingly and that there was plenty of time for debate, and then he dashed out again. We are told that he raced around last night attempting to convince Conservative Members not to vote with the hon. Member for Leeds North West (Greg Mulholland) and the other 90 Members who are supporting new clause 2.

1.30 pm

Unfortunately, the Minister for Business and Enterprise did not hang around long enough to listen to the debate, or even to hear this Minister tell us that the principles in new clause 2 might be brought forward at some point if we could only be a little more patient and hang on to see whether what the Government are now proposing actually works.

The Minister reflected on her communications with her colleagues. She was somewhat hazy about whether the Secretary of State has had any involvement in this shambles. She certainly described her conversations with the Minister for Business and Enterprise. I only hope that they took rather longer than his contribution this afternoon. Frankly, I feel that she has been very badly treated. He has given her very little support either in this debate—as a minimum, he should have stayed until the end of her speech—or in relation to the position she has taken.

I like the hon. Lady—not as much as some—and I feel that she has been left swinging in the wind. She has attempted to make a case for the Government having moved on a variety of difficult issues, but has been left in splendid isolation on the Front Bench while doing so. I do not think that that shows quite the coalition spirit that the new politics was supposed to presage.

As will become clear during the debate, one subject on which almost the entire House agrees is that pubs are part of what makes Britain great and that we should do all we can to support them. The series of votes that we expected to face today—they are disappearing in front of our eyes—mark a historic, watershed moment in the licensed trade.

Mr Brian H. Donohoe (Central Ayrshire) (Lab): Surely at the very kernel of any amendment is the fact that we are losing pubs every week right now. As a consequence, the Government clearly need to focus much more on that aspect of the problem, so that it does not continue to recur, as it very regularly does in all our constituencies.

Toby Perkins: I am grateful to my hon. Friend for making that point and precisely expressing the passion which so many of us feel for the pubs in our communities. It is precisely because so many of us are concerned about the changing face of the pub trade in our communities that the issue of the contribution of pub companies to pub closures has been so fiercely debated. It is because so many of us believe that the model under which pub companies operate is the cause of many of the pub closures that the Opposition have brought this matter to the House on many occasions, and many other Members

have made that case. My hon. Friend is absolutely right that this debate is all about the strength of the industry, but it is also about having a sense of what exactly is being done to support it, and the question of pub companies is a key part of that debate.

I suspect that much of this debate will be about what divides Members, but there is real value in reflecting on what we are all agreed about, including the fact that this Government Bill contains provisions for a pubs code. The very fact that we are debating an issue that for so long seemed destined to elude this Parliament is a tribute to the dogged work not just of the Business, Innovation and Skills Committee, but of Parliament itself. Today still has potential to be a great day for this Parliament.

In reflecting on the contribution that Parliament has made on this question, notwithstanding my reservations about how the Government are handling this incredibly important debate, I want to pay tribute to the many hon. Members whose work has brought us to this point. In no particular order, those who deserve great credit include the hon. Member for Mid Worcestershire (Sir Peter Luff) and my hon. Friend the Member for West Bromwich West (Mr Bailey). They have both chaired the Business, Innovation and Skills Committee, which produced diligent research on this issue in 2004, 2009, 2010 and 2011.

In 2011, the Select Committee finally came to the conclusion that the industry had had enough time to get its house in order and that the time had arrived for a statutory code with an independent adjudicator, open market rent assessments and a free-of-tie option. It is disappointing that it has taken more than three years to get from the Select Committee's conclusion to the Bill before the House. It will be an even greater disappointment if we have to move away from the Bill and are told that there will be a further review in two years' time to debate the whole thing again and decide whether we then need the free-of-tie option. What is more important than anything else is that Members do not let the opportunity to take real action through the Bill pass us by.

I want to acknowledge other Members. My right hon. Friend the Member for Wentworth and Dearne (John Healey) was the pubs Minister who empowered the Select Committee to be the arbiter of when the time for action had arrived. The hon. Members for Leeds North West and for Northampton South (Mr Binley) and my hon. Friend the Member for Easington (Grahame M. Morris) led a cross-party campaign to ensure not only that we had a pubs code, but that it would make a real difference for tenants and create competitive pressure on pub-owning companies to ensure that they offered their tenants a fair deal.

I also want to recognise the Minister's contribution. Notwithstanding what I said about how the Government have handled this Bill and how she has been badly let down on a Bill that appears to be changing in front of our eyes for what appear to be political considerations, the fact is that she did at least end the prevarication—at least, that is what I wrote down in my speech—that we endured under her predecessors. If this was Prime Minister's questions, I would be told off for writing my script in advance, but that helps when we are going to be on our feet for a while.

To be charitable for a moment, at least we are here to debate the pubs code. The fact that the Minister's predecessors constantly pushed for review after review and did not take action, while she came forward to say that there would be something in statute, is a source of tremendous credit. It is a shame that she has unfortunately been forced to come to the Dispatch Box to propose a review in two years' time, with all the uncertainty that that will create. However, she has at least made an effort to get something on the statute book.

There are many other such hon. Members, but the strength of this campaign has been due to the fact that the push inside the House very much reflects the broad coalition in favour of the measures outside it. The case that we and other hon. Members are making today has been supported by a tremendous range of organisations, almost all of whom come under the Fair Deal for Your Local banner.

Just listen, Mr Deputy Speaker—not that you would ever not listen while in the Chair, but perhaps you will do so with particular attention—to the breadth of organisations that support this case. Such breadth makes the case more powerfully than anything else. The organisations include the Federation of Small Businesses, which does not usually demand regulations or that the business relationship between two parties should be put on a statutory footing; the all-party save the pub group, which is so ably chaired by the hon. Member for Leeds North West; the Campaign for Real Ale and the Fair Pint campaign; the trade unions Unite and the GMB; and the Guild of Master Victuallers and the Forum of Private Business.

There are also two support groups, Justice for Licensees and Licensees Supporting Licensees, which were set up to support licensees affected by what had happened in their relationship with the pub company. Such licensees have often been bankrupted or are facing bankruptcy as a result of having chosen to pursue their dream of running a pub. Who would have thought that a support group needed to be set up for people who have chosen to pursue a particular profession or work in a particular industry?

In some ways most significantly of all, the Punch Tenant Network, made up of tenants who run pubs owned by Punch Taverns, has come out in support of new clause 2. Those tenants' business success hinges to a large degree on the strength—or weakness, depending on how they see it—of their relationship with their pub company, and they are saying that the hon. Member for Leeds North West and 90 other Members are right that the code should be put on a free-of-tie basis. If the network believed the scare stories that the industry is putting about—that the proposed changes will lead to an increase in pub closures, less choice for punters or increased unfairness in the industry—it would hardly be calling on hon. Members to support the new clause.

The House has heard in recent years from literally dozens of Members who are desperately trying to support pubs in their communities that are under threat—all victims of the great pubco scandal.

Richard Fuller: The shadow Minister has listed many people who have been involved in the debate on one side or the other. Now, at the moment when the Government are reversing the policy that they had in Committee, does he think that it odd from the point of view of

[Richard Fuller]

protocol that the Secretary of State for Business, Innovation and Skills is not here to explain that change in Government policy?

Toby Perkins: The hon. Gentleman has a valid point. We have all received a huge number of representations from members of CAMRA; from pub licensees; from many different organisations, some of which I have just listed; from the pub-owning companies themselves; and from the British Beer and Pubs Association. They have all been lobbying us in support of, or in opposition to, what they thought would be in the Bill. The Minister, whether by her own choice or because of the hand she has been dealt today, has had to say to the House, "Forget all the speeches that you have prepared and all the letters and considerations you have received on this complicated issue, because we are ripping up a lot of the amendments you thought you would be voting on. We'll discuss some of them later; and on another one, we thought we might lose, so as a bit of a sop we'll come back to it in two years if there's still a problem." It is a shambolic way to present a Bill.

I wish to be conciliatory and work constructively on the issue, but it reflects no credit on the Government or the House when people come to watch our debate, or watch it on television, and suddenly discover that the issues they have been lobbying their Member of Parliament on have been totally changed. It is an absolute shambles. I have some sympathy with the view that the Secretary of State should have been here to explain why the changes have been made. The Minister was unable to tell us whether he has been involved in the discussions—maybe she will want to clarify that now.

However, this is the point that we have arrived at, and I think we all recognise that when the Government are under pressure they will sometimes take the opportunity to discuss with Members in the run-up to a debate what form amendments will take. Let us make no mistake, though—this debate was scheduled for next week, so the Government could have had another week to consider what should be debated. For reasons best known to them, they decided to bring the debate forward and table last-minute amendments. Now, on the day of the debate, they stand up and say, "Forget all those amendments, we're not doing any of that". The hon. Member for Bedford (Richard Fuller) may well be right to apportion some responsibility to the Secretary of State, but either way, something that should be a source of pride to the House is now a source of embarrassment. I deeply regret that, because this is an important issue on which there is considerable agreement.

1.45 pm

Bill Esterson (Sefton Central) (Lab): Does my hon. Friend agree that all the ins and outs, ups and downs and unknowns of what the Government will end up bringing forward, either here or in the House of Lords, show why it is important that we support new clause 2, which 91 of us, including me, have signed?

Toby Perkins: I do. You will be glad to know, Mr Deputy Speaker, that I will come on to new clause 2 in more detail in a moment, but I basically agree with my hon. Friend's point. His constituents in Sefton, who feel strongly about their local pub industry, will be glad to know that he took part in debates in the Public Bill Committee and has signed new clause 2.

That brings me nicely on to the contributions that a variety of Members from throughout the House have made on the subject in recent years. The hon. Member for Salisbury (John Glen) told the House about the landlords of the White Horse in Quidhampton, alleging that Enterprise Inns had

"signed them up to a lease on a false prospectus and…made their business completely uneconomic and unsustainable".—[*Official Report*, 13 June 2013; Vol. 564, c. 476.]

The hon. Member for Meon Valley (George Hollingbery) has confirmed that the closure of the White Hart in South Harting was caused by

"unsustainable rent demands...from Enterprise Inns".—[*Official Report*, 13 June 2013; Vol. 564, c. 476.]

The hon. Member for Romsey and Southampton North (Caroline Nokes) wrote to Enterprise Inns to inform it that the Abbotts Mitre public house in Chilbolton was

"under threat largely due to unrealistic rents and changes in terms and conditions".

The hon. Member for Bristol North West (Charlotte Leslie) wrote to Enterprise Inns asking it not to close the Lamplighters in Shirehampton, and the hon. Member for Cheltenham (Martin Horwood) has bemoaned Enterprise's decision not to save the Little Owl. As a Sheffield United fan I am not generally in favour of saving the Owls, but in this case it would have been important. He said that

"a big company has failed to recognise a pub's value to the community."

The hon. Member for Pudsey (Stuart Andrew) was also concerned with saving the Owl, this time the one in Rodley, whose threatened closure he blamed on

"the mounting costs imposed by the building owners, Enterprise Inns".

The hon. Member for Bromley and Chislehurst (Robert Neill) said of the sale of the Porcupine in Mottingham that the public were

"incensed that their right to bid for the pub has been bypassed deliberately by Enterprise Inns and LiDL".

Richard Graham (Gloucester) (Con): The hon. Gentleman is giving a terrific roll-call of his party's MPs who are apparently now standing up for pubs, but he completely forgets what happened to pubs over the 13 years of the Labour Government. Thousands of them closed all over the country under their regime. This is an extraordinary moment of amnesia, is it not?

Toby Perkins: I think the moment of amnesia is the hon. Gentleman's, because all the Members I have listed so far are Conservative Members—in fact, many of them are sat behind him. I was not seeking to make a party political point. Sadly I do not have in my speech—as it is currently drafted, although we know these things are subject to change almost on the spur of the moment—a reference to a contribution that he has made to saving a pub, but he might well want to tell us either now or sometime in the future about what he has done to support pubs in his local area.

Richard Graham: The hon. Gentleman will be interested to know that I launched a strong campaign some months ago to save the Ridge and Furrow in Abbey. It is an ongoing process, and I am confident that we will win in

due course. I am grateful to him for giving me the opportunity to make that point, so that the residents of Abbey ward in Gloucester can hear it loud and clear.

Toby Perkins: I am glad I was able to facilitate that magic moment.

I have not finished listing members yet. The right hon. Member for East Devon (Mr Swire) told a packed crowd that he would be joining the campaign to save the Red Lion in Sidbury, which Punch Taverns was planning to sell.

The list of pub-saving parliamentarians is long. My right hon. Friend the Member for Tooting (Sadiq Khan) joined the campaign that successfully saved the Wheatsheaf, and my hon. Friend the Member for Westminster North (Ms Buck) was busy trying to save The Clifton and The Star. My right hon. Friend the Member for Southampton, Itchen (Mr Denham) campaigned to save the Bittern, and my hon. Friend the Member for Wythenshawe and Sale East (Mike Kane) joined the Legh Arms campaign for community pubs—the list goes on. Eventually, however, comes the time to put up or shut up, and many people outside this House will be looking to see what we do.

Mark Pritchard (The Wrekin) (Con): Does the hon. Gentleman agree that one way we can all support local pubs, whether in urban or rural areas, is by supporting the Government's planning reforms, and allowing pubs—whether tied or not—to expand restaurants or develop bed and breakfasts? We should back those pubs to grow their businesses on brownfield sites wherever they can.

Toby Perkins: The hon. Gentleman mentions planning and whether pubs can expand, and it is important that pubs have that opportunity. However, the biggest planning issue currently facing pubs is the fact that big supermarkets can come in and change a pub into a supermarket without any reference to planning law. In my constituency we have a significant campaign to try to save The Crispin—I was not going to mention it, but the opportunity now arises. A pub that currently operates perfectly successfully under Enterprise Inns will be closed because the lease has been signed to Tesco. Indeed, Labour's planning proposals would increase restrictions on pubs that are turning into supermarkets, and deal with many of the concerns that I have already raised. Hon. Members gave many examples of pubs that are being closed to become supermarkets.

Andrew Griffiths: The hon. Gentleman has treated us to a tour of the country and listed some 30 or 40 MPs who have done something to save pubs. It has all been very interesting, but we have not heard what he will do to save pubs. Rather than packing his speech with such examples and filling time, will he get on with telling us what he is going to do?

Toby Perkins: Many contributions that hon. Members have made are important to their constituents and they will consider it pretty disrespectful for the hon. Gentleman to say that I am filling time. I do not think I am—this is a significant issue. We can all get the press release out or attend packed public meetings, and we can all rail against unfairness and talk about how a pub company sold a false prospectus and failed to consider the needs of the community, but today is the day for talking to finish and for us finally to act. People will reflect on whether, when given the opportunity to act, Members of Parliament stood up in the Chamber to complain about the situation or actually took action.

Mark Pritchard: The hon. Gentleman is being generous with his time, but earlier he did not address my question. I was not asking about pubs that have not succeeded and therefore a change in use to retail has been suggested to the local authority; I was asking about successful pubs that want to expand further, to build bed and breakfasts, hotels or an extra restaurant. The question is about successful pubs and whether the hon. Gentleman and Labour Members support the Government's planning reforms on permitted development rights and change of use, for example, to make those successful pubs flourish even more.

Toby Perkins: I take issue with the idea that the only pubs that are being closed and turned into supermarkets are unsuccessful ones. The Crispin in Chesterfield is a successful pub that makes good profits, but it does not offer Enterprise Inns the 25-year lease that Tesco is willing to offer, and that is why it is being shut down. Pubs that are turning into supermarkets should not necessarily be described as unsuccessful.

I thought that I had responded to the hon. Gentleman's point, but I will do so again. Of course we are supportive of steps to support larger pubs, and we think that is important. The specifics of the Government's proposal and whether it has implications on the right of a community to have its voice heard on such issues is a matter that my hon. Friends in the communities and local government team will consider at greater length. Of course we support pubs that are successful and want to expand, but we also want to defend pubs that have a future in the community but often fall victim to the vagaries of pub companies' operations, particularly when pub companies close pubs that are successful.

In response to the hon. Member for Burton (Andrew Griffiths) let me turn to the specifics of new clause 2. When debating pub tenants we are talking about a group of people who often work as many hours as anyone, but who earn less than they could legally be paid by an employer on the minimum wage.

Bill Esterson: The hon. Member for Burton (Andrew Griffiths) asked my hon. Friend what he is doing to help, and he was just starting to explain. My hon. Friend supports the market rent only option in new clause 2, so that is exactly how he, and the 91 hon. Members who have put their name to the new clause, are supporting pubs in our communities. When mentioning those Members who have referred to pubs in their constituencies, I hope my hon. Friend also expects them to support new clause 2, as do I.

Toby Perkins: I certainly do. The hon. Member for Burton had the unrivalled pleasure of listening to a day and a half of debates to which I made a fairly significant contribution—I appreciate that he cannot get enough of my contributions on pubs, but he has had a significant opportunity to hear my thoughts on the matter.

Pub tenants are those who clean their pub and get it ready for the next day's trade. They are working at the bar, handling supplier relationships, generally keeping a

[Toby Perkins]

cheerful presence, wearing the mask, and closing up long after most people have finished work, and all the while they know that the unfairness of their relationship means that the whole day's work has been for nothing financially. Latest figures show that more than half of tied licensees work for less than £10,000 a year. Indeed, during the recent mini-recess I spoke to three pub tenants in my constituency who run pubs owned by the big pub companies, and none of them was taking a wage out of the business. By voting for new clause 2 and amendment 5 we can take a significant step towards preserving pubs for the next generation, and hardwire fairness into that longstanding business relationship.

Amendment 5 is simple but important and should reassure people who have concerns about these complicated issues. The Minister attempted to say that she believes the Government have found a different way to achieve broadly the same thing, but the specific wording of our amendment leaves a lot less potential for businesses to get out of saying that they are covered. To my mind, there are two ways in which the pubs code could fail to deliver what we want—first if the code is too weak and allows pub companies to comply with it while continuing unfairly to disadvantage their tenants; and secondly if we end up with a code that strikes the right balance for our expectations about the behaviour of pub companies, but is drafted in a way that allows pub companies to exempt themselves, or creates confusion as to who is covered.

Already the big pub companies have attempted to create confusion over definitions. The Government were right to acknowledge that they dropped a clanger with the phrase "tied pubs", which in their definition is supposed to mean those on a tenanted or leased model in England, Scotland and Wales, although the code would need to be enacted separately in Scotland. The phrase "tenanted, leased" is the type of tenure clearly defined and easily established. We remain of the view that amendment 5 will provide the greatest clarification on exactly who should be covered by the Bill.

2 pm

The Minister raised the issue of a fish and chip restaurant—perhaps a Harry Ramsden's restaurant—that could be tied for its beer. She is right to say that we can all understand when a pub is a pub and when a restaurant is not a pub, but it is important to get definitions right. Our contribution takes a significant step forward on that.

The Government have said that they do not intend to press amendment 41 to a vote, but deal with it in another place. There is a real danger that important progress may be undermined by a sense that the Government have not been entirely straightforward in their dealings. Small pub companies—family brewers and so on—had no reason to expect that they would be brought into the scope of the code. Indeed, the Secretary of State, on one of the occasions when he was able to be here, said in a debate:

"we propose to deal with the larger pub companies—those with more than 500 pubs. We will be consulting on that"—

he was specific on what the consultation would be about—

"but that is the approach we intend to adopt."—[*Official Report*, 9 January 2013; Vol. 556, c. 353.]

Our Opposition day debate in 2014 referred to the 500 pub limit as the point at which measures for pub companies should be introduced. It was therefore a major shock for family breweries, microbreweries and other small pub-owning companies to find not only that they had been brought within the scope of the Bill, but that many onerous requirements would be visited on a group of businesses that had been given every reason to expect they would not be involved.

Richard Fuller *rose—*

Toby Perkins: I did not want to take many more interventions because many other Members wish to speak. However, if the hon. Gentleman feels that it would add a huge amount to the debate I will give way.

Richard Fuller: The shadow Minister is making an absolutely crucial point. I think he will have heard, as I did, the Minister say that three companies will be captured by the reduction from 500 to 350. Is the shadow Minister aware of what those three companies have done to incur the wrath of the Secretary of State to be included in the regulation?

Toby Perkins: I am not sure that I would necessarily accept that we are suggesting those companies are wrath-deserving. We are attempting to create a regulatory framework that is reliable, so that businesses know where they stand. The limit of 500 is arbitrary, as is the 350 limit. I suspect this is more about attempting to save political face than save the actual companies. Suddenly bringing smaller pub companies into the heart of the Bill is seen as an act of bad faith by the industry. Having lost the vote in Committee, and having then voted against almost exactly the amendment that they then attempted to bring back, which, for the avoidance of doubt was the one that is now not being brought forward, is a pretty shabby way to treat an important industry.

Members and the many thousands of CAMRA members who have written to us all in such impressive numbers in the very short period of time during which there has been an awareness of new clause 2 will be aware that the Opposition supported a free-of-tie option for pubco tenants. *[Interruption.]* Goodness me, this is a magical moment for the House! I can now say I was there when the Minister for Business and Enterprise, the right hon. Member for West Suffolk (Matthew Hancock) actually attended proceedings on his own Bill. I can tell my grandchildren, "I was there!" He is here, Mr Deputy Speaker. Goodness me.

Mr Deputy Speaker (Mr Lindsay Hoyle): And I can tell the hon. Gentleman that he is running out of time.

Toby Perkins: I have just been waiting for the right hon. Gentleman to arrive, Mr Deputy Speaker. The debate barely seemed worth getting on with until he was here.

The people who have written to us in such numbers will be aware that we have supported the introduction of a free-of-tie option for pubco pub tenants at the date of renewal ever since the Business, Innovation and

Skills Committee concluded that the industry had had its last chance and that the time was right. That was back in September 2011, and in debates in January 2012, 2013 and 2014 the Opposition sought the support of the House for that viewpoint. It will therefore come as no surprise to Members that it remains the view of Opposition Members that the time for the mandatory rent-only option is now.

I am delighted that a cross-party group of Members has tabled new clause 2. In a time of great cynicism with politics, the fact that Members of four different political parties have added their names to it shows that there are things more important than naked party political advantage. It shows that this House can work in the finest traditions of democracy in a collective voice in support of our pubs, not because there is necessarily party political gain but because it is the right thing to do. I pay tribute to all those who added their names and to everyone from any party who votes for it today.

I look forward to the contribution of the hon. Member for Leeds North West (Greg Mulholland). I hope he considers that yet another review is not the right step for the industry. It appears to be a political solution to a political problem at a time when a serious industry needs a serious response from this place, and needs to be able to conduct its matters with real certainty knowing what it will face in the future. I think that anyone bought off by the review and the suggestion that the issue will be looked at in two years' time if today's measures are not considered to have worked was never really serious about supporting it in the first place. The House should vote in support of new clause 2 and repeat the unanimous support it gave to the motion in the January 2012 Backbench Business debate.

In conclusion, I said on Second Reading that the Government had introduced a Bill that expected too much of family brewers and not enough of pub companies. I also said that I hoped the Bill would leave the Committee and Report stages in a stronger shape that it arrived in. Already, thanks to the hard-won amendment brought by the hon. Members for South East Cornwall (Sheryll Murray) and for Burton (Andrew Griffiths) and others, it could do that. Supporting the two other substantive amendments before us today would mean that we were finally on the way to repaying the debt the House owes to Britain's publicans.

By supporting our amendment 5 and ensuring that large pub-owning businesses with tenanted, leased and franchised models are exempted, by continuing to reject any amendments that bring family brewers under the scope of the Bill and by backing new clause 2 to ensure a free market solution in this most important of industries, with an industry regulator, the House can unite in support of Britain's pubs and ensure that the pub sector enters a new, better and more optimistic period free from the restrictive practices that have been allowed to dominate, with faith in the market to choose who is offering a fair deal. That will allow our pubs to offer one of the greatest of all Britain's great inventions, the simple pint of ale, for many hundreds of years to come. I commend our amendment to the House.

Greg Mulholland: I am delighted to speak at this important stage of this important Bill. I commend my hon. Friend the Minister and her colleagues for their work in bringing measures forward not only on pubs, which is an area of particular interest, but other positive measures.

I will concentrate my comments on new clause 2, which I am delighted to introduce on behalf of myself, as the chair of the all-party save the pub group and co-ordinator of the Fair Deal for Your Local campaign, the hon. Member for West Bromwich West (Mr Bailey) who is the Chair of the Business, Innovations and Skills Committee, and my hon. Friend the Member for Northampton South (Mr Binley) the president of the save the pub group and a member of the BIS Committee. Unfortunately, he cannot be here today because he is becoming a freeman of Northampton. I am sure we all congratulate him on that. I am also speaking on new clause 2 on behalf of the 91 colleagues who put their names to it and the many others who have said they will support it.

Over the past few days, in the limited time between Committee and Report, more than 8,000 e-mails were sent by CAMRA members up and down the country and several thousand by members of the Federation of Small Businesses, licensees, organisations and trade unions, urging the Government to take the sensible, obvious, market-based action to resolve the issues that have been a problem in the leased and tenanted pub sector for too long.

So that Members are clear, new clause 2 is the cross-party solution from the Business, Innovation and Skills Committee introduced first by the hon. Member for Mid Worcestershire (Sir Peter Luff), then ably continued by the hon. Member for West Bromwich West (Mr Bailey), and supported by all colleagues on the Select Committee at all stages in this and the last Parliament. It is also backed by the FSB, the Forum of Private Business, the Pubs Advisory Service, Justice for Licensees, Licensees Supporting Licensees, CAMRA, Licensees Unite the union, the Fair Pint campaign, the Guild of Master Victuallers, the GMB and now the Punch tenant network, which represents Punch tenants and is giving an honest and a very different picture of the Punch model from that which Punch Taverns has been trying to communicate to MPs.

To remind the House, the problem is a simple one, despite the complexity of the sector: the large companies went on a reckless acquisition spree, buying up pubs using borrowed money, and got themselves into grotesque amounts of debt—more than £4 billion in the case of Punch Taverns and more than £3 billion in the case of Enterprise Inns—and with nothing to stop them charging unlimited prices for beer and unlimited rents, both of which have gone up and up and up. The beer tie, which was always operated responsibly, has been abused. It used to offer lower rent in exchange for higher beer prices and genuine support for small breweries, but the pub company model does not do that.

What, then, is wrong with the proposals as they stand? I commend my right hon. Friend the Secretary of State and his colleagues in both coalition parties for having the courage to bring forward the statutory code of practice that the Select Committee first recommended so powerfully and clearly in 2009. As drafted, however, the proposed statutory code will not deliver the Government's two key principles: fairness and the principle that a tied licensee should be no worse off than a

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free-of-tie licensee. The problem is that there is no direct mechanism to stop the double overcharging that I have mentioned.

As I have already said, not a single respondent to BIS's extensive consultation thought that the Government's proposed parallel rent assessment was the right solution, whereas two thirds said that the Select Committee was right. The assessment would need considerable participation from the adjudicator—in fact, the proposal confuses the adjudicator with the rent assessor, as the adjudicator is there to adjudicate disputes, not to survey and set rents. Without the direct mechanism, the basis on which the adjudicator is set up is currently weak.

Furthermore, the Government made the fundamental mistake that the shadow Minister has pointed to already. The Fair Deal for Your Local campaign and the Select Committee are clear that this measure must not apply to smaller companies—those with fewer than 500 pubs—because that is not where the majority of the problems are. A "large pub company" must be defined as any company with 500 or more pubs of any type, with the measure applying to its leased and tenanted pubs only, not to tied pubs.

The issue of tied pubs is a legal minefield, as the Government have realised, with the absurdity that Harry Ramsden's, a fish and chip shop restaurant, could have been categorised as a "tied pub". There are different forms of the tie in the UK—some free houses opt to be tied to a brewer in return for soft loans and business support—and how would we categorise "part tied" and "fully tied"? It is a nonsensical way to categorise. We need to define a "large company" simply as a company with 500 or more pubs, some of which are tenanted and leased pubs, and then apply the measure to the tenanted and leased pubs only. That way, there would be no question of the large managed companies, such as Wetherspoon's and Mitchells and Butlers, being caught any more than there would be of a restaurant chain being caught.

At the moment, the Bill and code do not deliver what the Government have set out, courageously, to deliver. Do not take my word for it; take the word of one of the two companies lobbying particularly vociferously against the code. In its own prospectus for potential investors, dated 6 October 2014, Punch Taverns said it did not believe that the reforms proposed would materially adversely affect the Punch group. In other words, it would be business as usual, and it would continue to charge excessive beer prices—often 70% more than hon. Members could get from the brewery—and set entirely unregulated rents.

2.15 pm

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): The hon. Gentleman hit the nail on the head when he called this a matter of fairness. Whether it is zero-hours contracts, the minimum wage or, as we saw on "Dispatches" last night, the fact that the 3,000 top earners in the UK earn as much as the bottom 9 million, we are talking about the abuse of economic muscle. My concern is that the contract models used in England are rolling into Scotland, meaning that publicans and licensees are being hit hard in Scotland. Will he expand on that a little?

Greg Mulholland: The hon. Gentleman is absolutely right. It was Punch Taverns' acquisition spree that took the leased pubco model to Scotland—it brought up pubs simply as a way of artificially increasing the value of the company—although there are other tied leased pubs in Scotland as well. The only way to get justice for Scottish licensees is for Westminster to pass new clause 2 today: I had a meeting last year with Minister Fergus Ewing, and he said that if that happened, the Scottish Government would consider enabling legislation to take it forward in Scotland. So it is vital for Scottish licensees, as well as for English and Welsh ones, that we vote for new clause 2.

The new clause has been carefully drafted with the help of expert surveyors, lawyers and publicans. It is a new clause that works, and I pay tribute to all who helped to draft it and to the Clerks in the Bill Office who assisted with the process. It would make for clear primary legislation specifying how the market rent only option would work in practice and exactly what it would be, and crucially—this is why Members can give it their support—it would come in gradually over five years and be triggered only at certain key points in the cycle of a lease or tenancy. It would be triggered at five-year rent reviews, on lease renewal, on the sale of the property title, if there was a substantial change in prices—mirroring BIS's own clauses—which would be for the adjudicator to decide, or if there were a change of circumstances, such as the opening next door of a Wetherspoon's offering cheaper beer prices, which should lead to lower rents, but often does not under the pubco model. The new clause would give the large pubco tenant the opportunity to go to the adjudicator to plead that it was a significant change in circumstances.

The process is clearly laid out in the new clause, and there can be no confusion or suggestion it would come in straightaway: a tenant serves notice requesting an independent assessment of the market rent; there is a 21-day period of negotiation to allow the two parties to come up with a new deal; if they do, there is no need for it go further; but if they cannot agree within the 21 days, they must agree to appoint an independent surveyor to set the rent; if they cannot agree, the surveyor is appointed by the chair of the Royal Institution of Chartered Surveyors, as is standard practice, following RICS guidance, and in conformity with statutory guidance for tied pubs. At the end of the 21 days, the rent assessment is done and presented, and then there is another period of negotiation for both sides, at which point the company should come forward with attractive, fair tied agreements to keep them buying beer through them, but offering genuinely lower rents and genuine business support.

That is a reasonable, gradual process that will simply bring back market forces into a sector that has become grotesquely anti-competitive. It is closed to many smaller breweries, it is not working for publicans or those communities losing their pubs, and frankly it is not working for the large companies either.

Sheryll Murray: I am a little confused. The hon. Gentleman has not mentioned the economic impact that his free-of-tied proposal might have on small family brewers. Has he done any work on the financial impact on family brewers, such as the one owned by my constituent James Staughton, who rely on selling their beer far and wide across the UK?

Greg Mulholland: I am delighted that my hon. Friend has raised that issue. So let us all be clear; the clause, in primary legislation, cannot and will not apply to a single family brewer. All the family brewers—members of the Independent Family Brewers of Britain—have fewer than 500 pubs. The clause—in primary legislation to ensure that it cannot be changed—will not apply to them. The simple answer is that it will not and cannot affect them in any way. Surely Conservative MPs above all would like to see more competition and more ability for all brewers—regional and small microbrewers—to compete and to get their beer into pubs if it is good enough and if people want to drink it.

Richard Fuller: The Minister has just said that she wants to reduce the limit of the pub adjudicator from 500 to 350, which will start capturing some of the larger family brewers. Is he saying that he stands apart from what the Minister has said?

Greg Mulholland: That is helpful but I shall make it clear; the point of new clause 2 is that it is a stand-alone clause and has no bearing on that matter. I understand the position of those hon. Members with family brewers. They can support their family brewers if they wish by opposing new clause 6, but they can still support new clause 2, which, as I say, will not apply to a single family brewer and only to the large pub-owning companies. We have defined that very deliberately, which is something the Government failed to do despite us telling them that they should. A Member can vote for their family brewer by voting for new clause 2. To be clear; it is primary legislation and cannot then be changed without other primary legislation. It is not being put into the statutory code—secondary legislation—as some measures are. That is precisely why we have done it.

There has been a shameful campaign of misinformation against new clause 2 and the market rent only option from the usual suspects; the large pub companies and their mouthpiece, the so-called British Beer and Pub Association. In reality it is the big brewers and pubco association. They have been lobbying vociferously, making a whole stream of utterly baseless comments. It is simply scaremongering to suggest that somehow these companies offering a fair commercial rent to their tenants would cause collapse, chaos and closures.

Liz McInnes (Heywood and Middleton) (Lab): Will the hon. Gentleman give way?

Greg Mulholland: I remind the House of what was said by the BIS Select Committee in its follow-up report in 2011—

Liz McInnes: Will the hon. Gentleman give way?

Greg Mulholland: Let me finish my point and I will give way. The Select Committee said:

"The BBPA (British Beer and Pub Association) has shown itself to be impotent in enforcing its own timetable for reform and the supposed threat of removing the membership of pub companies who did not deliver was hollow."

Just last year the chief executive of the British Beer and Pub Association misled the Select Committee and said two things that were factually untrue, as well as presenting a series of baseless evidence.

Finally, before I give way, I will read what the Select Committee said in its 2008-09 report:

"As is noted elsewhere in this Report…in evidence to us both Mr Thorley of Punch and Mr Tuppen and Mr Townsend of Enterprise Inns made assertions which, on investigation, proved to give a partial picture, or on one occasion were positively false."

Members on all sides of the House can know exactly how to take the absurd and baseless claims from those organisations.

Liz McInnes: Like the hon. Member for South East Cornwall (Sheryll Murray), I am seeking clarification on small family brewers. I, too, am confused by the effect of the legislation on J.W. Lees brewery in my constituency, which has fewer than 500 pubs but has a strong retail arm. I am concerned—as is the brewery, which asked me to raise the issue during the debate—as to the effect it will have on a family brewer with fewer than 500 pubs but which has a strong retail arm.

Greg Mulholland: I thought I had given clarity. I ask the hon. Lady and all hon. Members to read this detailed new clause, as this is precisely why all of us who have been involved in writing it have done so. Let me read new clause 2(4):

"For the purposes of this section,"

meaning the market rent only option,

"the definition of a 'large pub-owning business' is a business which, for a period of at least six months in the previous financial year, was the landlord of—

(a) 500 or more pubs (of any description)".

That cannot apply to any family brewer, and because it is in primary legislation, it cannot be changed in the future.

Richard Graham: Will the hon. Gentleman give way?

Greg Mulholland: I will briefly, but I have covered the point. I do not think I could make it any more clearly, but I will give way to my hon. Friend, whose work I respect.

Richard Graham: The point is not so much about whether the specific paragraph excludes microbrewers and small family brewers; the question is whether they support this proposal. It is interesting that the microbrewers' trade association does not. It is concerned that it leaves the doors open for greater domination by foreign-owned brewers like Carlsberg and AB InBev. The issue is not the hon. Gentleman's integrity or the value of his drafting work on the paragraph, but the unintended consequences of new legislation. I should declare that my family has a pubco. It is a very small pubco, with two pubs, but we would not be in favour of the amendment.

Greg Mulholland: I will put on record strongly that there are many small pub companies and breweries that run their pubs exceptionally well and, interestingly, are doing very well and are expanding rather than contracting, but here is the rub: I speak directly to my Conservative coalition colleagues. The question I put to them is this: "Do you believe in competition? You all say you do. If you do, you should not be afraid of allowing brewers of all sizes to compete." The reality is that small microbrewers do not have adequate, fair and direct access. They cannot turn up at thousands of pubs and say, "We would like to sell our beer to you because we believe it is good." They are prevented from doing that.

[Greg Mulholland]

Let me tackle the issue directly; this will be controversial. SIBA, the Society of Independent Brewers, has a direct delivery scheme that used to be part of the solution to the pubco closed shop. It is now part of the problem; many small independent brewers have contacted the save the pub group to say that. Incidentally, there was a U-turn in SIBA's position. SIBA was a member of the Independent Pub Confederation, which supported the market rent only option. Seemingly without consulting its members directly, SIBA suddenly decided that it was against it; that is what SIBA members have told me. It no longer represents the majority of microbrewers on this key issue.

Toby Perkins: I wish to reinforce the hon. Gentleman's point that new clause 2 is precisely about a free market option, and that to defend the status quo is to defend a restrictive practice, which should be absolutely anathema to any Conservative MP; if they vote against the new clause, they will be voting for a closed shop and against an open market.

Greg Mulholland: I share the shadow Minister's bafflement about that, and I am delighted that we have a strong group of Conservative colleagues who, having heard the reality of the situation from their local branch of the Campaign for Real Ale, their local pubco publicans and their local Federation of Small Businesses branches, are fully supportive.

Ian Lucas (Wrexham) (Lab): Does the hon. Gentleman agree that it is quite extraordinary that there seems to be such a strong voice for preventing new market entrants from moving into the brewing industry? Those are important small businesses that want to make progress. The message I hear from microbreweries is that they are prevented by this archaic and extraordinary system that we have endured for far too long.

Greg Mulholland: The hon. Gentleman is absolutely right. I repeat that if we believe in competition, an open market and entrepreneurship, we cannot defend the closed shop of the leased pub sector, which is dominated by these large companies.

2.30 pm

Richard Graham: The hon. Gentleman is generous in giving way and I appreciate that, especially as he knows that I will not necessarily speak in support of his new clause. The crucial point is that hundreds of new microbreweries have been springing up over the last few years; the microbrewery in my family's pub sprang up last year. This will make no difference to them whatever.

Greg Mulholland: I am afraid that the hon. Gentleman is simply wrong. I can send him the e-mails I have received from microbreweries—cider as well as beer producers. They are desperate to get more direct access, so that they can knock on the door of the pub 2 miles down the road and say, "We believe our beer is great and that your customers would like to drink it. We would like to sell it to you at our brewery price, rather than you having to go through the SIBA-directed delivery scheme, which has a considerable mark-up, or get on a pubco list," as the pubco outrageously demands an incredibly low price that many microbrewers simply cannot afford to brew at, and then marks up prices by 60% to 70% to sell the product to their own so-called business partners. Is that seriously a model that Conservative MPs can support? I remain baffled by that.

Let me remind you, Mr Deputy Speaker, of the reality of the pub company model. As I look round, I see hon. Members who have family and smaller brewers in their constituency and want to support them; I respect their position, and I am at one with them on that, which is why the Fair Deal for Your Local campaign has always said that the provision should apply only to companies with over 500 pubs.

Let us look at the reality of what the big pubcos have done to skew the traditional tied tenancy model. Punch Taverns, a pub company that does not brew a single pint of beer, made a profit over 10 years—these are its figures from its own annual report—of £2.271 billion, all from on-selling beer to its own so-called business partners. Frankly, in any other country, that would be called a protection racket. It is extraordinary and unjustified, which is why it is right for us to try to deal with it.

If Members do not believe that this is an anti-competitive model—I know that some colleagues behind me do not, for their own reasons—they should listen to former Punch licensee Alison Smith, a Conservative activist who has e-mailed all colleagues today to tell of the reality of the pubco business model, and how it stifled her and her partner, preventing them from being able to create a successful pub. Even though they were doing well and improving their business, the draconian terms of the pubco lease meant that that was simply not possible.

What do hon. Members think these large pub companies are? They are not pub companies at all; unlike the traditional brewers, these are people who do not really care about our pubs or our brewers. There was a huge rush in the City when people saw this "get rich quick" scam, a way to inflate the value of companies artificially by basing it on what they could overcharge their own tenants by—their tenants for 25 years on these outrageous, new, long-term, fully repairing and insuring leases.

Let me give the example of what happened to the excellent Sir John Barleycorn in Hitchin. The community, I am delighted to say, applied to use powers introduced by this coalition Government to apply for community value status; they applied for the pub to be an asset of community value. There were objections. The most vociferous one said:

"the current use of the premises as a public house…does not itself further the social wellbeing or social interests of the local community and therefore is not land of community value."

Who said that? Was it someone living down the street who was anti-pub? No, that objection was from the so-called pub company Punch Taverns, which was seeking to get rid of this pub and sell it off after forcing out the licensees. That is what is going on.

If there is any doubt that this model is closing pubs, let me read out the stark evidence of the figures. These figures, collated by CGA Strategy for the British Beer & Pub Association and CAMRA, showed that there was a much greater drop in the number of leased and tenanted pubs than in the number of free houses between December 2005 and March 2013. The number of non-managed—that

is, tenanted and leased, mostly tied—pubs fell by 5,117, whereas there was a fall of only 2,131 free-trade pubs. All pubs have issues—there has been a difficult recession—but the difference is clear and stark.

We could also look at the pubco trade association's own figures—figures that it has frankly been keeping very quiet about. Its own figures show that over 10 years, the number of non-managed—in other words, tied, tenanted and leased—pubs decreased by 8,000, while the free-trade sector expanded by 1,600 pubs. I repeat: that is its own figures. Between 2008 and 2012—just four years—the two giant pubcos, Enterprise Inns and Punch Taverns, collectively disposed of over 5,000 pubs—a third of all their pubs in just four years. Can any Member seriously stand up and say that this is a business model that is working for pubs?

Toby Perkins: The hon. Gentleman is hitting on a really important point. These big pub companies are often heralded for employing so many people, but they, of course, inherited these pubs and employees, and what they are doing over a long period is laying people off and shutting pubs, not the opposite.

Greg Mulholland: Absolutely. The debt level is still in the billions, and the hon. Gentleman will be aware of the extraordinary restructuring that has left Punch shareholders owning only 15% of the company. Meanwhile, the Punch tenant network expressed its serious concern about the effects on them of the company's instability.

Mr David Ward (Bradford East) (LD): My hon. Friend mentions the high number of pubs that have closed, but there is also the personal tragedy: a whole succession of tenants went into business with really high ambitions, and found that they simply could not make a living out of the existing model. That is personal tragedy for them and their families.

Greg Mulholland: My hon. Friend is absolutely right. Every pub is a story about a community, and a story about the people who are running it. There have indeed been many tragedies. I had one in my constituency; a pubco tenant died of a heart attack a week after closing his pub. There are awful stories of human misery here. It comes down to the simple problem I outlined at the beginning: the over-charging. These companies continue to take more than is fair. It can often be 70%, 80%, 90% or even 100% of the pub's profit, meaning that licensees cannot make a living.

Most revealing of all, I have asked Punch Taverns—in writing, and to its representatives' faces—four times why it is so afraid of the market rent only option, the simple option to give tenants the right, at certain trigger points, to be offered a fair commercial market rent, and it has failed to answer four times. That, Mr Deputy Speaker, tells you all you need to know. It tells you that this business model is precisely based on taking more than is fair and sustainable. The only solution is the market rent only option.

Let me deal finally with the Government's suggestion of a compromise: "Perhaps we can include a reference to the market rent only option or the Business, Innovation and Skills Committee option being built into the Bill, but only after a review two years after the statutory code comes into force." I understand why this is being said, because the will of this House is clearly in support of the market rent only option, with 90 coalition MPs signed up to the Fair Deal for Your Local campaign, which calls for that option. I understand why the Government Whips are getting so worried: they realise that they might lose this vote today.

Let me say clearly on behalf of the campaign and all the organisations that have expressed this view that the last thing we need is yet another review. We have had four exhaustive Select Committee reports. In 2011, when the Government were supposed to act, we had a Department for Business, Innovation and Skills review, and BIS decided not to act. What was supposed to be the last chance became a second-last chance for the pub companies. When people realised that nothing had changed, there was a further review. We have had four reports and two reviews. The simple reality is that we need action and need it now. I ask you, Mr Deputy Speaker, to grant a vote on new clause 2; I think that you will agree that it is the will of the House to vote on it, given the support for it.

The simple message from all the Fair Deal for Your Local campaigns, thousands of tied publicans, and all who believe in pubs, publicans, communities and fairness is "No more delays, no more reviews, no more excuses." Please let us solve this problem at last, properly, once and for all. Please let us all vote for new clause 2 today.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): I have a sense of déjà vu as I rise to speak about this subject yet again. I shall confine my remarks to new clause 2, because that very well-researched clause is consistent with nearly 10 years of successive recommendations from the Business, Innovation and Skills Committee, and because I feel that it will address an issue that all the other proposals have failed to address: the unfair relationship between the pubco and the tenant. That unfairness, and the need to redress it, were spelt out to me in a letter that I received from a tenant, who wrote:

> "The pub company wins all the time, they get a share of the Games Machines, the pool table, the Rent and they also put £30-£50 on top of each barrel so we pay a lot more for our beer than buying it off a wholesaler or warehouse."

I realise that the Minister and the Government have moved a long way in the last two years, from insisting that a voluntary code would be sufficient to deal with the problem to recognising, following a long consultation, that it was necessary to introduce a statutory approach. However, I feel that, in its current form, that approach is lacking.

Let me begin by responding to the Minister's reference to a possible Lords amendment postponing the implementation of the Government's proposals until after a review and a ministerial decision. I oppose that course of action for a number of reasons, some of which were mentioned by the hon. Member for Leeds North West (Greg Mulholland). The industry has already been consulted to death. As the Minister said, the Government's last consultation received an enormous number of responses, and it took them a long time to reach their conclusions. I therefore see no grounds for any further consultation.

The issue here is the deeply entrenched position of the British Beer and Pub Association, which represents the pub companies and which, over the years, has

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consistently paid lip service to the BIS Committee recommendations for the introduction of a voluntary code while dragging its feet and procrastinating at every stage of the procedure. Indeed, our last report referred to "glacial" progress. There is no reason to believe that any further consultation over the next two years will make any difference whatsoever.

Richard Graham: Does not the history of pubs and beer in this country show that the unintended consequences of legislation over the years have frequently proved almost disastrous?

Mr Bailey: I understand that argument, and I have some sympathy for it. However, the hon. Gentleman referred to unintended disastrous consequences. I think that many people would describe the closing of 27 pubs a week, which is happening at this moment, as a pretty disastrous scenario. I do not pretend that all the closures are a direct result of the beer tie or that all the pubs are owned by pub companies, but those are undoubtedly major factors in a high proportion of the closures. Given the current rate of closures, if we delay for two years the industry will have been greatly slimmed down even within that time.

2.45 pm

The Minister did not make clear whether the Government would adopt a "big bang" approach to implementation of the market rent only option following the consultation and the two-year threshold, or the incremental approach proposed in new clause 2. I think that the "big bang" approach would cause a degree of uncertainty in the industry which we could well do without. As for the incremental approach, the Minister suggested that we would wait two years for a decision. Given that most rent reviews take five years, it could take a further five years for the reform to be fully implemented, and I do not consider that acceptable. I think it sends a message to the industry that the Government are not serious about implementation.

I believe that, while the market rent only option will not solve all the problems by itself, it is an essential part of the regulatory machinery that could potentially do so. The proposals for a code and an adjudicator are welcome, and I pay tribute to the Government for them, but without a mechanism such as market rent only, they will not be sufficient in themselves to change the fundamental imbalance in the relationship of which I spoke earlier. The parallel rent assessment mechanism, which is bureaucratic and cumbersome—and my consultations with pub tenants suggest that few are aware of it anyway—will not do that either, and there would be no measures to make its implementation compulsory even if a tenant considered it adequate to rectify the problem. The market rent only option, as spelt out by the new clause, provides a mechanism that should give some reassurance to the industry while also addressing the core problem.

The hon. Member for Gloucester (Richard Graham) spoke of unforeseen consequences, and I saw his point. As he said, the history of brewing has not been without such consequences. I also understand the Government's circumspection about introducing a "big bang" approach, given that such a mechanism could potentially undermine pub companies and lead to even more pub closures, to the detriment of the industry as a whole. I personally think that it would give more entrepreneurial bodies an opportunity to buy pubs and run them more successfully, but I agree that there are no certainties in this debate. I do believe, however, that the well thought out, incremental and graduated approach proposed in new clause 2 will enable the market rent only option to be introduced in a way, and over a period, that will give the industry a good chance of adapting and making the necessary changes. I believe that it will preserve the essential core of the industry, while at the same time addressing the worst excesses of the injustices that are currently endemic in it. That is why I support the new clause.

The situation of so many tenants has been well spelled out by other Members. We have 27 pubs closing every week. CAMRA estimates that 57% of pubco lessees earn less than £10,000 a year. The surveys I have carried out in my area would seem to substantiate those figures. If the pub companies reject them, they have never come forward with any hard evidence to counter them. These figures are themselves bad enough, but we know that behind every closure there is a personal story, often heart-rending, of people investing their life savings and working all hours and then having to close their businesses because the imbalance in the fundamental economic relationship between them and the pub company was so unfair that they just could not keep going. If we add to the personal tragedies that are happening in our constituencies every day of the week the loss to local communities of much loved pubs, which are community hubs, we realise that there is a problem that has to be sorted, and this is our best ever chance of sorting it.

This new clause is not only vital for the future of thousands of pub tenants who will be watching this debate knowing that their future could depend on the outcome of it, but it is also potentially, as my hon. Friend the Member for Chesterfield (Toby Perkins) said, a milestone in our democracy. That is because this debate has arisen out of a very long process of campaigning against an injustice at large in our country. Those campaigns have been built up around campaigning bodies and have been recognised by MPs and bodies as diverse as the Federation of Small Businesses and trade unions as well as the, as it were, beer-supporting bodies. It has been a grass-roots public campaign and the fact that it is being debated in Parliament today demonstrates the ability of ordinary men and women up and down the country successfully to raise an issue that greatly concerns them and from which legislation may arise.

The cause has been taken up by MPs and tribute has been paid to a number of them. I want to commend the hon. Member for Leeds North West on his tenacity in pursuing this over a number of years and many of my colleagues in the appropriate parliamentary bodies, particularly in the Business, Innovation and Skills Committee, who over a number of years have assiduously devoted their time to this issue, especially my Committee colleague the hon. Member for Northampton South (Mr Binley), who is unable to be here.

This debate is a reflection of our parliamentary democracy working, and every Member today has the opportunity to keep faith with the public—the electorate—and to demonstrate that Parliament does work on their behalf, and to support this legislation against Government

recommendations that in the past were based on inertia but are now based on a certain nervousness. The opportunity is here today.

I close with another quote from the pub tenant:

"In short, pubco wins every time, highly inflated beer prices for tenants and we can't get out of it unless Government breaks these types of contracts NOW!!!"

We do need to break them now. I hope for support from Members on both sides of the House, as they have demonstrated in the past, to achieve that today.

Andrew Griffiths: I can reassure the House that I will not be speaking for 40 minutes, nor will I be reading off a list of pubs that have been saved or want to be saved around the country. I just want to get to the nub of the point.

I begin by telling the Minister that I want to help her today. In fact I want to help her so much that I have sent my researcher off to WHSmith to buy two packets of Benson & Hedges, not because I have taken up smoking or I think her nerves are bad, but just in case she wants to write two new policies while we are having this debate and she needs something to write them on.

We have debated this issue for many years and today the Minister comes up with an amendment that was cobbled together within the last couple of hours. This is an important industry. It employees thousands of people across the country. Livelihoods depend on the decisions we make today, and I am deeply concerned that there has been no consultation whatsoever with the industry about her proposal today to have this two-year stay so that we can assess the situation. There has been no impact assessment, and there have been no discussions.

I have the same aims as the hon. Members for West Bromwich West (Mr Bailey) and for Leeds North West (Greg Mulholland). We want to see pubs prosper. We want to see pubs thrive. We want to keep the community pub. We want publicans to do well and to be profitable. It is how we achieve that that is key. The hon. Member for West Bromwich West mentioned unintended consequences. I have heard that said a number of times over the last 24 hours or so. I would bring the House back to the fact that we find ourselves in this situation because of the beer orders. A Conservative Minister decided, with the best of intentions, that the Government should interfere in the market; the Government decided that they should split up the big brewers because they were acting in an uncompetitive way and the consumer was not getting a good deal. They broke up the big brewers. The reality is that that decision set us on this path we are on today with the pub companies. We should therefore be careful and cautious—and afraid—of unintended consequences. The hon. Gentleman said that there is no certainty. Of course there is no certainty, but as politicians—as legislators—we have to act with caution when we are interfering in business and in the marketplace and in people's livelihoods.

Greg Mulholland: A little bit of the beer orders story is conveniently forgotten, which is that it was not the Government's decision; it was the industry lobbying to stop there being a limit on non-brewing companies that led to the creation of the large pub companies. The lesson is to not listen to that sort of self-interested industry lobbying and instead get the legislation right.

Andrew Griffiths: Once again the hon. Gentleman talks about big business as if it is a bad thing. I like big business. I like small business. I like successful business. Just because a business is big does not mean it is acting inappropriately.

Grahame M. Morris: The hon. Gentleman is speaking for big brewers and I understand his perspective, but what about consumers? If a tenant is paying 60% or 70% more for the product, surely the consumer is getting a bad deal as well?

Andrew Griffiths: The hon. Gentleman has read up on this subject. I refer him to the Office of Fair Trading report of 2009 and its recent interventions in this debate—it has said this has had no impact on consumer costs and the price the consumer is paying for a pint. In fact it could be argued that, because of the big distribution models, beer is actually cheaper. The statistics show that beer across the country is cheaper in a tied house than in a free house. I hope I have answered the hon. Gentleman's concern.

Ian Lucas: Does the hon. Gentleman accept that there is an enormous inequality of bargaining power in the brewing industry between the big businesses that he supports and the small businesses that I am sure he also supports?

Andrew Griffiths: I support big and small businesses. The hon. Gentleman should note that the Society of Independent Brewers, which represents the smallest breweries across the country, is opposed to the scrapping of the measure—

Ian Lucas *indicated dissent.*

Andrew Griffiths: The hon. Gentleman shakes his head, but it is true. The hon. Member for Leeds North West tries to undermine decisions made by any organisation that disagrees with him, but the Society of Independent Brewers is clear that this provision would disadvantage the country's smallest brewers, and I will tell hon. Members why. The society believes that guest pumps would be taken over by lagers from foreign-owned breweries, which would come in and offer massive discounts, so that rather than having micro-brewers selling beer in our pubs, we would have foreign brewers selling lager.

3 pm

Ian Lucas: Does the hon. Gentleman accept that there is a massive inequality in bargaining power between the large pubcos and the small licensees?

Andrew Griffiths: Of course; this is a market and there is always going to be an inequality of bargaining power. If I am buying 10,000 items, I will have greater bargaining power than if I am buying only one. The question that we have to ask ourselves is whether the publican, the tenant, is being treated fairly.

Richard Graham: I have huge respect for the hon. Member for Wrexham (Ian Lucas) and for his colleague, the hon. Member for West Bromwich West (Mr Bailey), both of whom have made some good points. I must point out to them that when my family pub buys beer,

[Richard Graham]

we are just one pub doing that and we are hugely disadvantaged compared with the buying power of the big companies—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Order—*[Interruption.]* Mr Graham, do not pull a face. It does not help. Mr Griffiths is the person who is speaking, not Mr Lucas, so please address Mr Griffiths.

Richard Graham: I hope that I was very clear, but if you want me to repeat my point to my hon. Friend the Member for Burton (Andrew Griffiths), I would be happy to do so, Mr Deputy Speaker.

Mr Deputy Speaker: I assure you that I do not. I call Mr Griffiths.

Andrew Griffiths: I thank my hon. Friend for making a good point. When we are talking about scale, it is true that there is a difference between those who are buying in bulk and those who are buying in small quantities. I want to return to the point I was making earlier, which was that we want our publicans to get a fair deal. We want to ensure that they pay a decent amount of rent and a decent price for their beer, so that their businesses can be successful.

Bob Stewart (Beckenham) (Con): But can my hon. Friend tell me why so many tied publicans are going out of business? Why is that happening?

Andrew Griffiths: I understand my hon. Friend's concern, and I do not defend the fact that there have been bad practices, that some people have been dealt with unfairly and that some of the pubcos have acted incorrectly. The point is that this Bill, as set out by the coalition Government, will address that by bringing in a statutory code that will provide protection for tenants. For the first time ever, tenants who feel that they are paying too much rent or paying too much for their beer or spirits will have some redress in law.

Sheryll Murray: Will my hon. Friend explain the difference between contracts that are negotiated at the outset and assignments, which can sometimes be guilty of putting the pubs we are trying to protect out of business?

Andrew Griffiths: My hon. Friend has shown great interest in this issue. She has done a great job in standing up for family brewers, and she has demonstrated that she understands the complexities of these matters. She asks about assignments. These occur when someone who has previously taken over a tenancy assigns it to someone else. Some of the most egregious cases of mistreatment that we have seen have involved such assignments. The problem is that the pubcos have no control over them; they cannot, by law, interfere in how an assignment takes place.

To return to my point, if we want to protect our tenants and ensure that they pay fair prices and fair rents, we have the power to do so in this Bill. For the first time, there will be an adjudicator to whom tenants can take their concerns. If they feel that they are paying too much rent or paying too much for their beer, they will be able to go to the adjudicator, who will be able to intervene and ask the pubco to change its pricing. The adjudicator will also be able to fine a pubco if it is acting inappropriately or unfairly. That will provide great support for those tenants, and it will go a long way towards addressing the concerns that hon. Members have expressed.

Mr Laurence Robertson (Tewkesbury) (Con): I have a connection with a tied house that is run by a family member, and I have looked into this matter carefully. Does my hon. Friend agree that the most important thing to get right is the contract at the beginning of the arrangement? Far too many people are desperate to get a pub, and they do not look properly at what they are getting themselves into. That is the area in which a lot of guidance is needed.

Andrew Griffiths: I absolutely agree with my hon. Friend. As he says, some people are desperate to get a pub. They have a dream of being a publican, and there have been instances of pubcos waiting for the next sucker to come along and take on a tenancy. There has also been an element of rinsing—of passing people through the system. I do not support that; it is wrong and we should stamp it out.

Mr Bailey: The hon. Gentleman is being incredibly indulgent to the queue of Members trying to intervene on him. May I take him back to his point about the brewing orders? They undoubtedly had unforeseen consequences, but the proposals in new clause 2 are nothing like the proposals in those orders. The new clause proposes a graduated, incremental approach that would give the industry a chance to adapt and to see how the new arrangements were working.

Andrew Griffiths *rose—*

Mr Bailey: I haven't finished yet. My other point is that the new clause—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order.

Andrew Griffiths: I understand the intentions behind the hon. Gentleman's new clause, but its fundamental aim is to break the tie. There have been many investigations of the tie, and it has been proved lawful. It has also been proved not to be anti-competitive. What we want to stamp out are the abuses, where the tied model is being abused by companies that treat their tenants badly. That is what the Bill will do, without the addition of new clause 2.

Richard Graham: My hon. Friend is absolutely right. For the record, does he agree that if someone disagrees with new clause 2, that does not make them an unabashed supporter of large pubcos? We have the right to criticise abuses in individual pubs, such as the one in my constituency.

Andrew Griffiths: Thank you, Mr Deputy Speaker. I saw that look in your eye, so I shall try to make some progress.

Greg Mulholland *rose—*

Andrew Griffiths: I think I have been fairly generous, but I will of course give way to the hon. Gentleman.

Greg Mulholland: The most fundamental dishonesty is the suggestion that the new clause would abolish the beer tie. It absolutely would not; it would simply give an option, at certain trigger points, for people to choose between a tied agreement and a rental-only agreement. That would make the tie work properly and ensure that we got back to what the beer tie used to be.

Andrew Griffiths: I think I found a question in the hon. Gentleman's intervention. Given that he spoke for only 40 minutes earlier, I quite understand why he wanted to have another go.

I should like to get back to the point made by my hon. Friend the Member for Tewkesbury (Mr Robertson) that people often find they have signed up for things that they did not expect. They find that they have been hoodwinked because they were not given all the details, and that they have not got a fair deal. That is what we want to outlaw. I want briefly to consider what, under this legislation, someone wanting to take on a tenancy today would have to do. First, they would have to have a business plan, which would have to be assessed. They would have to have an accountant and a lawyer, and they would be told what they are paying for their rent, their beer, their whisky and for everything else. They would also be told how many barrels of beer and bottles of whisky the pub sold in the past year, in the previous year and in the past five years. All that information would have to go before their accountant before they could sign. I do not know what other Members think, but I think these people are grown ups and business people. If they are provided with all that information calmly and clearly so that they can make a decision, it is not for government to intervene to tell them they cannot engage in a business agreement that is perfectly legal.

Grahame M. Morris *rose—*

Andrew Griffiths: I have given way enough, so I will move on, because I want to make the following point to allow colleagues clearly to understand what new clause 2 would do. Let us suppose I am a tenant with Marston's in my constituency, a company that brews magnificent beer and would be affected by this legislation. Let us suppose I go to Marston's asking to become one of its tenants and I go through all the procedure—it could take up to six months to do the due diligence on me—to take on that pub. Let us suppose I do all that and sign on the dotted line. Under new clause 2, I could then say to Marston's, "Excuse me, Marston's, I have changed my mind and decided I don't want to sell Marston's beer. I want to sell Greene King beer so I would like to go free of tie. Not only am I not going to sell your beer, but I would like the Government to tell you what rent you can charge me." That is what is being proposed. To all those who have signed new clause 2 and are thinking of backing it, I say that that does not sound like a Conservative proposal to me. I do not know what some of my colleagues think, but it does not sound like a very Conservative approach to business. I want protection and clarity, but I do not want mummy state interfering and telling people how they can run their businesses. That is very important.

We have heard a little about people being able to buy their beer elsewhere under new clause 2, so let me just enlighten the House as to what it would do. New clause 2 states that brewers could still stipulate the sale of their brands but the tenant must be free to buy them from someone else. I could stipulate that people had to buy Marston's, but they would be able to buy it from anywhere. In essence, Marston's would no longer be able to sell its beer at a lower rate to large wholesalers who are buying 10,000 barrels than to the Dog and Duck which is buying 10 barrels—and this would come with full brewery technical support and reduced dry rent. This new clause is a serious market intervention; we would be interfering in a market in a way unlike anything that happens in any other industry in this country. These are the unintended consequences that colleagues need to consider when they vote for this new clause.

Let me discuss the facts. They are that the industry is desperately concerned about the implications of new clause 2 and this free-of-tie provision. We are talking not only about the pubcos, which people might hiss at and not like, but about the family brewers, who will be exempt. We are talking about the micro-brewers and the Society of Independent Brewers; the people who are not even affected by this legislation are concerned about the knock-on effects and the consequences for the industry and the market. We should be desperately concerned about that. The Minister will know that the Department for Business, Innovation and Skills commissioned a report from London Economics, which estimated that if we scrapped the tie and introduced something like this new clause, 1,800 pubs would close and 8,000 jobs would go. Nobody here wants to see that happen to our pubs. We saw what happened under the previous Government, when 52 pubs a week were closing and the hated beer duty escalator increased duty by 48%. We have seen the consequences of legislation for our industry. We should hold our nerve. We should vote for the statutory code and for the adjudicator, and we should give power to our publicans, but we should not throw the baby out with the bathwater—we should not vote for new clause 2.

3.15 pm

Paul Murphy (Torfaen) (Lab): I rise to support new clause 2. It was interesting to listen to the hon. Member for Burton (Andrew Griffiths) and, for about two and a half seconds, I felt sorry for the pub companies. Are they really the great bastions of competition? No, of course they are not. They have lost the confidence of not only the landlords who are their tenants, but this House of Commons and the general public. That is why I congratulate the Government, particularly the Under-Secretary of State for Business, Innovation and Skills, the hon. Member for East Dunbartonshire (Jo Swinson) and her boss, the Business Secretary, on coming up with the pubs code of conduct and the adjudicator. I also congratulate my hon. Friend the Member for West Bromwich West (Mr Bailey) and his predecessors, the various Chairs of the Select Committee, all of whom agreed that change was absolutely necessary. On each of the three occasions we have debated this issue in this House of Commons there has been no vote against the basis of the debate: to ensure that there was change with regard to pub companies and how they treat their tenants.

[Paul Murphy]

On the new clause, the market rent only option was central to all those debates and to the reports of the Select Committees, because it highlighted the fact that the pub companies take far too much profit for themselves and leave very little for the tenants who run their pubs. The pub companies charge excessive rents and their beer prices are inflated and, as a result, their landlords are often impoverished. Is that competition? It is a cartel and a monopoly; it is nothing to do with competition—it is all about greed. The key principle outlined by the Select Committee reports and others is that the tied licensee should be no worse off than the licensee who is free of tie. That is central to today's debate and to the decision this House of Commons must take within the next hour.

There are those who argue that new clause 2 would bring doom and disaster upon the industry, with thousands of people losing their jobs and hundreds upon hundreds of pubs closing. That is all scaremongering; it is all tactics to try to ensure that Government Members and some other Members who feel strongly about these issues should vote in a certain way within the hour. The hon. Member for Leeds North West (Greg Mulholland) spoke eloquently, as always, referring to the fact that new clause 2 would mean that the market rent only option would be introduced gradually; it would not suddenly fall upon the pub companies, but would happen in a piecemeal way, bit by bit and with sense.

Secondly, the new clause would not affect small family brewers. As we have all heard, it applies only to companies owning more than 500 public houses. Yet time and again in this debate people have been bringing up the idea that somehow or other companies such as Brains from south Wales, which is active in my constituency, will suddenly disappear from the face of the earth because of new clause 2, which does not affect them.

Andrew Griffiths: I am delighted that the right hon. Gentleman has mentioned Brains, because I understand that it does not support the free-of-tie proposal. Will he understand that although family brewers may not be encompassed by it, they will be affected by it, because they supply their beer to the pubcos and through their pub chains and distribution network? So it is not true to say that family brewers will not be affected; they are deeply concerned by these proposals.

Paul Murphy: The concern is not warranted. If new clause 2 came in and tenants were able to choose what beers and ciders they had in their pubs, perhaps in addition to the pubs in south Wales that currently serve Brains beers, other pubs that do not but that are linked into the pubcos could do so. Far from hindering the progress or in some way destroying the profits of Brains, this liberating measure would mean that public houses could serve Guinness, Brains and other local beers and ciders as well.

Sheryll Murray: My constituent, the owner of the fantastic St Austell Brewery, has recently told me that if new clause 2 goes through, he will be affected financially—that comes straight from the horse's mouth. I do not know where the right hon. Gentleman has got his information from, but I have taken the trouble to go and speak to my family brewers and find out how the measure will affect them.

Paul Murphy: The hon. Member for Leeds North West made it perfectly clear—

Andrew Griffiths: Will the right hon. Gentleman give way?

Paul Murphy: No, I will not. The hon. Member for Leeds North West made it clear that the detail in new clause 2 was specifically designed to exclude small companies such as Brains and others. It is possible that those companies were frightened by the tactics of some hon. Members and others, or, worse, that they were frightened because the pubcos had told them that they wanted friends to defend their own position. I do not believe for one second that small companies in my constituency, or anywhere else, would be adversely affected if pub companies allowed their tenants and landlords to earn a living wage—what is wrong with that?—to have a variety of cheaper beers, including those of the small companies, and to ensure that the profits are shared. Nothing in that could be said to be anti-competition. On the contrary, it probably means that they would do better in their pubs if they were allowed to earn more, to share their profits properly and to sell beer and cider from the microbreweries that exist in many of our constituencies. No, this is all about scare tactics.

Richard Graham: May I ask the right hon. Gentleman a simple question? He has quoted Brains, a small brewer in his constituency. For the record, does it, or does it not, support new clause 2?

Paul Murphy: It has already been said that Brains has misgivings about it. I am saying—*[Interruption.]* Of course it has written to me. It has written to other Members in South Wales. I am saying that those companies are misguided—*[Interruption.]* Will the hon. Gentleman contain himself while I answer him? Brains and others believe— because they have been frightened into believing it—that new clause 2 will affect them adversely. That is not the case. At the end of the day, those companies will benefit from the new clause.

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): I know that it is unusual for an Opposition Whip to speak in a debate, but Brains is actually based in my constituency, and I have had many conversations with it. Is my right hon. Friend aware that the major concern of Brains and many other family brewers is over the Government amendments, which reverse the gains that we made in Committee? That is the primary cause for concern.

Paul Murphy: That is a useful piece of information from my hon. Friend whose seat includes the headquarters and the brewery of Brains.

Finally, I understand the tactic that the Government are using. They think they will lose the vote today, because there are so many Members who believe in the things that we are talking about and who will join us in the Lobby. I am not sure that a review is the answer. A review will simply push the argument and debate further down the road. Oddly enough, those who oppose new

clause 2 do not like the idea of a review, and those who support it do not much like it either. It reminds me of Aneurin Bevan who said, "When you are in the middle of the road, someone will knock you down." I sincerely hope that the Government amendment will be knocked down and that Members from all parts of the House will support new clause 2, as it will have the greatest effect in every single one of our constituencies.

Richard Fuller: We have had a fractious debate today. The responsibility for that can be placed firmly at the door of the Secretary of State for Business, Innovation and Skills who has treated the House in a very shabby way. He has brought forward last-minute amendments and asked this House to take on trust that he can singly make massive and sweeping changes to this industry and that we should just trust him that his word is sound. He is proposing to affect an industry that has long been a mainstay of economies up and down this country.

I have very little confidence that the Secretary of State understands the industry on which he singly wishes to intervene. It is rather poor show that he has not come to this House, but has instead left a very capable, but nevertheless junior, Minister to outline why the Government are retreating on one set of amendments, and looking to make changes in another set of amendments. That is no way for the proposed changes to be put to this House.

I speak on behalf of family brewers when I say that it is incredibly important that the Government keep the promise that they gave at the start of the consultation that those brewers would not be included in respect of the pubs code adjudicator. I was very pleased that my Conservative colleagues, along with the Opposition and the Liberal Democrats, voted to oppose the Government's attempts to impose those regulations on small family-owned breweries. Today, the Minister has offered half a loaf back. She has said, "Well, we won't do it for those who own 500 or fewer. We will do it for those with 350 or fewer. Just trust me, we will make it happen in another House." I am happy that she is not pressing amendments 41, 43 and 44 today, but I am still at a loss as to why there is an in-principle difference between 500 and 350. If it is a fact that just three family brewers are impacted by that change, there is a very serious issue about whether this is ultra vires legislation that is being felt by certain family businesses but not by others. I think the Minister will find that she will also have severe problems in the other House.

Andrew Griffiths: I completely agree with my hon. Friend's analysis about plucking the figure of 350 out of the air. Does he share my concerns that this is a recipe for disaster, as we are bound to have legal challenge after legal challenge about what is a competition matter?

Richard Fuller: My hon. Friend is absolutely right. This is one of the problems of trying to make policy on the hoof. Small businesses in this industry up and down the country will be looking aghast at the actions of the Secretary of State. Serious business people run these breweries. They have to make long-term investment decisions that affect themselves, their employees and their customers. To have a Secretary of State who makes his position clear on a Friday, but changes it by Tuesday and again when it goes to the upper House sends an incredibly poor set of signals to an industry that has to make those long-terms decision. To be quite honest, a Secretary of State for business should understand that and should have the decency to be here—*[Interruption.]* I am sorry, I should not say that. It would have been preferable if he had been here today so that he could explain his rather unforced flip-flop at the last minute, because these are unprecedented changes that he is putting forward.

Mark Field (Cities of London and Westminster) (Con): My hon. Friend is making a powerful and impassioned speech. Does he not recognise that the Ministers have tried at least to find some element of compromise? For those of us who had some concerns about this—I share the concerns, as they have been put to me by Fullers brewery in Chiswick—the change to 350 provides a reasonable compromise, and it will now go to the other place to be determined.

Richard Fuller: My hon. Friend, with his emollient and soothing words, makes a fair point. The Minister has done a fantastic job in presenting these compromises. However, they raise severe questions both in terms of the specificity of the number of companies that will be affected by this additional change and the fact that they were presented to this House at the last minute on a "trust us, we will change it" basis. Yes, it is a step in the right direction, but would it not have been so much better to have this sorted out before and to have included the proposals in the Bill or in the amendments so that we could debate them here today in this House?

This issue shows some of the problems with Government intervention into industry. Essentially, anyone who runs a business knows that they cannot trust the politicians. They cannot trust the politicians to keep the guidelines for the industry safe and secure if we have an interventionist as Business Secretary, and we certainly have that. They cannot trust the Government if they know that they will change the rules one week so that the next week they will affect the industry.

3.30 pm

On Second Reading, I likened the Secretary of State to Saruman, the all-seeing wizard in "The Lord of the Rings"—somebody who in his quest for order and discipline found his own downfall. That is the fate of all of us in this House. We believe that because we are politicians we can somehow magically understand what makes an entrepreneur and what makes an industry work. There are times when industries fail and when intervention is required, but they are far less frequent than we in this place would like to think is the case and we should be modest in our efforts to change things that are working. We should be precise about the regulations we seek to impose and we should listen intently to those who are affected by the changes we make. Today, as my hon. Friend the Member for Cities of London and Westminster (Mark Field) has said, the Government have made modest changes, but as someone who believes passionately in small business I do not want us to relent. I fear the reach of the interventionists in the Department for Business, Innovation and Skills.

We have today raised the standards of the family brewers: the lion rampant of Camerons brewery in Hartlepool; the black swan of Donnington's of Stow-

on-the-Wold; the griffin of the Fuller's brewery of Chiswick; and, most notably of all, the eagle of Charles Wells of Bedford. To these standards, to my Conservative colleagues, to the principles of family and small business, I say be steadfast and stand against Saruman. Let us ensure that our principles are firm and yield not one quarter in defence of family businesses.

Grahame M. Morris: I do not know whether I can take on one of the characters from "The Lord of the Rings" and better that finish from the hon. Member for Bedford (Richard Fuller).

I want to speak in support of new clause 2, and I declare an interest as vice-chair of the all-party save the pub group. I pay tribute to my fellow officers, the hon. Member for Northampton South (Mr Binley), the hon. Member for Leeds North West (Greg Mulholland), who has done such a sterling job of researching new clause 2, and the hon. Member for Romsey and Southampton North (Caroline Nokes). Like other Members, I acknowledge the important role played by Fair Deal for Your Local, the Campaign for Real Ale, the Fair Pint campaign, my union Unite, the GMB, various support groups for tenants and the Punch tenants' network.

New clause 2 is about stopping exploitation by large pubcos of pub landlords up and down the country. The situation has not come out of the blue. We have been discussing the issue for some years now, and it has been known about for a long time. The hon. Member for Burton (Andrew Griffiths) gave an example from his constituency, and the point I sought to make, although there was not time for me to do so during his speech, was that I can think of many cases in my constituency where a tenant of one of the large pubcos has effectively invested their life savings, and often their redundancy money, in taking over a business and turning it around. They have built it up and taken on additional responsibilities, such as opening a restaurant or providing bed-and-breakfast rooms, but when the review of the tenancy has come around, the pubco has doubled the rent, so that it is not viable for those people to continue.

Andrew Griffiths *rose—*

Grahame M. Morris: I will give way to the hon. Gentleman, even though he would not give way to me.

Andrew Griffiths: I think that I was pretty generous in giving way. The hon. Gentleman has done a lot for beer and pubs, and I acknowledge his support in scrapping Labour's hated duty escalator. I agree that it would be absolutely unfair of a pubco to do what he has described, but does he not accept that under the statutory code, the tenant could take the case to the adjudicator, who could rule on whether it was fair, and get the decision overturned? The tenant would have protection under the code.

Grahame M. Morris: I think that the best protection is offered by new clause 2, with the market rent only option. Time is short, but I shall try to explain why. We have heard from the respected Chair and former Chairs of the Select Committee on Business, Innovation and Skills. We have had debates, and the all-party save the pub group is certainly aware of the four reports produced by the Committee that concluded that there had been abuse of the tied system, and that recommended time and again the market rent only option.

During her opening remarks, the Minister was harangued by Government Members with prophecies of doom about the consequences for local economies and regional brewers, but in truth the Federation of Small Businesses suggests that there will be a considerable benefit to the economy of offering this option. CAMRA estimates that large pub companies force their tenants to buy beer at prices that are inflated by as much as 50% or 70%; that is on top of rent that is already excessive. Anyone who believes in fairness would support new clause 2, which would correct that.

John Healey (Wentworth and Dearne) (Lab): My hon. Friend makes a powerful case. Does he agree that tied tenants, such as those of the Monkwood tavern in Rawmarsh, The Crusty Pipe in Goldthorpe and The Bull's Head in Cortonwood, simply want a fair basis on which to run their pubs as a business for them and their families?

Grahame M. Morris: Absolutely. All we are arguing for is fairness—*[Interruption.]* The hon. Member for Burton asks from a sedentary position why this has not been done before. We have an opportunity to do something now, and I cannot be answerable for things that happened before I was a Member of this House.

As a result of excessive behaviour by the pub companies, an estimated 57% of tied landlords earn less than £10,000 a year. That is a disgrace. Anybody who, like me, frequents pubs regularly will realise what an incredible effort goes into running a public house—the hours put in bottling up after customers have gone home, the huge commitment it takes, and the toll it takes on the owners' personal life. For them not to have the opportunity to earn a decent living is a disgrace.

Mr Jim Cunningham (Coventry South) (Lab): Does my hon. Friend agree that the tied pub concept is old-fashioned and antiquated in the 21st century? We had the same issues with tied housing in the past. Surely big brewers inflicting on landlords a certain label of ale, for want of a better term, is one of the factors that led to the demise of the working men's club. Those clubs ended up in a lot of debt.

Grahame M. Morris: The demise of the Club and Institute Union, and the working men's clubs, is a huge issue, certainly for me. New clause 2 does not propose the end of the tie; rather, it seeks to make it work more effectively and fairly. If a pub landlord agrees to a tied arrangement in relation to the purchase of alcoholic drink from the pubco, they should get a lower rent, especially if they are paying as much as 70% over the top for those beverages. That is the way the tie should work. If the landlord does not want to be tied to a company in respect of beverages, they should pay the market rent, or have that option. I am not suggesting that the tied system should be done away with—just that it should work in a manner that is fair to both the pub company and the tenant. At the moment, it certainly does not.

Members have suggested that the impact is not huge, but there are lots of villages in my constituency of Easington, such as Hawthorn and High Heselden, where only a single pub is left. These communities are really

feeling the effects. If landlords are compelled to pay as much as 70% more for their alcoholic beverages, despite what the hon. Member for Burton says, the tenant will be absorbing some of that cost, but when there is only a single pub in the village, it is basically passed on, and the customers pay a lot more than they need to.

It is no coincidence that thousands of pubs have closed in recent years. In some cases, profitable, popular pubs, beloved by local communities, have been sold off by big pubcos to developers and supermarkets. Pubcos have sought to cash in on the real estate or land value, with little or no thought for local people, or the effect of the loss of a community hub. As the hon. Member for Leeds North West pointed out, that is often because these pubcos have saddled themselves with huge debts. There is a suspicion that the rents they charge are deliberately high to get rid of landlords, so that it is easier for them to sell.

Those landlords who opt for the market only rent can purchase drink supplies from elsewhere, leading to better and fairer access to the pub market for smaller local brewers and cider producers. It would also increase the choice for all our constituents. I would like Members to support new clause 2 because it would help to deliver increased licensee profitability, increased investment in pubs, greater consumer choice and fewer pub closures. If avaricious pubcos are stopped from exploiting their tied landlords, hiking up rents and charging up to 70% more for a pint, the price of a pint can only fall. I am sure that I speak for all hon. Members on both sides of the House and their constituents—I certainly speak for myself and my constituents in Easington—when I say that such a move would be warmly welcomed. For that reason, for fairness and for the benefit of the economy as a whole, I commend new clause 2 to the House.

Sheryll Murray: I thank my hon. Friend the Minister for not pressing amendments 41, 43 and 44. However, I want to put on record my surprise that the amendments were tabled by the Secretary of State as recently as 14 November, and the explanation was:

"This amendment, and amendments 43 and 44, reverse amendments made at committee and bring pub-owning businesses with fewer than 500 tied pubs back into the scope of the Pubs Code."

The Secretary of State has continually led the House to believe that it was his intention not to include small family brewers with fewer that 500 tied pubs in the statutory code. When the Bill appeared, it included those small family brewers, with top-heavy bureaucracy.

I thank my hon. Friend the Member for Newton Abbot (Anne Marie Morris), who is no longer in her place, my right hon. Friend the Member for Faversham and Mid Kent (Sir Hugh Robertson), my hon. Friends the Members for Bedford (Richard Fuller), for Burton (Andrew Griffiths) and for St Austell and Newquay (Stephen Gilbert), and the hon. Member for Chesterfield (Toby Perkins) and his colleagues on the Opposition Benches for seeing sense and supporting my amendment, which would simply have put back into the Bill what the Secretary of State has always led the House to believe he intended to have in the Bill.

3.45 pm

I listened carefully to what the Minister said today. I would like her to confirm, with a clear yes—I will give way if she does not intend to speak again—that if the Bill goes unamended to the other place, and an amendment is tabled there to reduce the number to 350, the wording will be either "350 tied pubs, excluding managed pubs", or "350 short-term tenancies and leases, excluding managed pubs". The industry can have no faith in a Secretary of State keeping his promise, after what we have seen over the past few months, and indeed the past few days. It needs and is seeking that reassurance from the Minister today.

I thank Members for listening to this contribution. I completely agree that small family brewers should get some reassurance that they will see in the other place what they were led to believe would be included in the Bill, but is not.

Jo Swinson: We have had a lively debate on the various amendments before us. The hon. Member for Chesterfield (Toby Perkins) made the point that today has the potential to be a great day for Parliament. Given all the detailed discussions we have had—that is what we do on Report—getting into the specifics on thresholds, family brewers and new clause 2, I think it is easy to lose sight of quite how far we have come and what a real change this Bill will mean for tenants who have been arguing for such a long time for action to be taken to improve their situation.

We have heard hon. Members make contributions of various lengths—significant, in some cases—and we have heard more make interventions, on both sides of the argument, about new clause 2, and we have heard speeches from those who powerfully oppose it. I want to respond to some of the specific points made by the hon. Member for Bedford (Richard Fuller) about family brewers and the Government's proposed threshold of 350. He was right that earlier I confirmed that three companies would be included. An important fact to put on the record is that none of those three is a family brewer. Those who have been arguing for the exclusion of family brewers can rest assured that, with the reduction in the threshold from 500 to 350, that exemption will remain, as I think was the will of the Committee, which the Government have listened to and recognised should be reflected in the Bill.

I take issue with the suggestion that those companies are all small businesses. Of the three that will be included by changing the threshold from 500 to 350, one has a turnover of £758 million a year and some 16,000 members of staff. I do not think that it is accurate to say that we are necessarily talking about small companies in that sense. The hon. Member for Heywood and Middleton (Liz McInnes), who is new to the House, asked about the brewery JW Lees in her constituency. I am happy to confirm that with fewer than 350 tied pubs, it will not be affected by the measures.

In his comments about family brewers and the changes we have introduced, my hon. Friend the Member for Bedford indicated a certain lack of confidence that the commitments made here by the Government will be implemented. We have set those out in clear words, which will appear in black and white in *Hansard* if he chooses to read it tomorrow. The amendments will be made in the other place but this House will have the opportunity to vote on them as well. The situation is not necessarily good versus evil, as he outlined it. I began to worry that he was being a bit uncharitable towards me at one point, until he compared my right

[Jo Swinson]

hon. Friend the Business Secretary to Saruman, who was a pretty evil and nasty piece of work. I do not think that comparison is warranted, but perhaps I should just be pleased that my hon. Friend did not reach for Sauron instead.

New clause 2, which was introduced by my hon. Friend the Member for Leeds North West (Greg Mulholland), seeks to introduce a market rent only option requiring pub-owning companies with more than 500 pubs of any description and one or more of those being a tied pub to offer their tied tenants the right to go free of tie. It is widely accepted in the industry that tied tenants should be no worse off than free-of-tie tenants. It is one of the key principles underpinning the Government's proposals and goes to the very heart of the measures we have set out in this Bill. There was an attempt in Committee to take that principle out—a probing attempt, apparently, but none the less an attempt—by some of the Back-Bench Members who have spoken today. It is a vital principle that underpins the impact that we are trying to have.

Toby Perkins: The hon. Lady to some extent predicted what I am going to say. People who listened to the hon. Member for Burton (Andrew Griffiths) might want to reflect on the fact that he attempted to introduce an amendment in Committee that would have removed the principle that tied tenants should be no worse off than tenants free of tie. It may be valuable for hon. Members to consider in that light everything else they have heard from him.

Jo Swinson: Indeed. I am glad that that amendment did not ultimately form part of the Bill, as that principle, which we have set out from the beginning, is crucial. We looked at various means of achieving it. One of the things we consulted on was whether the market rent only option should be included in the pubs code. We looked carefully at whether to introduce that. It might seem a straightforward way of strengthening the negotiating position of tenants, because if they are faced with a compulsory free-of-tie option alongside market rent only, pub-owning companies will arguably work much harder to offer a tied deal which represents a fair share of risk and reward.

The freedom to choose the supplier and the likely lower costs of supply could mean that free-of-tie agreements could offer greater potential profits for tenants wanting to maximise the benefit of those terms. Those would be the most experienced and entrepreneurial tenants. It would not necessarily help others, whereas the parallel rent assessment will do that. It was interesting from the consultation, and almost unique in such a polarised policy area, that concerns were expressed by people on all aides of the debate about the impact of introducing that provision and the consequences it could have on the tied model as a whole. There would be some uncertainty and unpredictability, especially in relation to pub-owning companies and how they would respond.

The parallel rent assessments that we are introducing provide a way of making sure that the prime principle that a tied tenant should not be worse off than a free-of-tie tenant can be enacted and made real. That is why we are proceeding with the arrangement.

Neil Carmichael (Stroud) (Con): If there is a market rent review in two years, will it be sufficiently rigorous to satisfy tenants?

Jo Swinson: I can give an assurance that the review will be rigorous and that, in response to it, there will not only be this power for the Secretary of State, but, if he finds that there is insufficient protection for tenants as a result of the parallel rent assessments and the system is not working as it should, a requirement for him to bring forward the market rent only option.

Toby Perkins: The Minister is attempting to straddle a very difficult line. She claims that we should believe that the measures proposed by the Government today are likely to work, but if not, there is an alternative process that is her party's policy for which she will argue going into a general election. Why do we not just do away with all that nonsense, give the industry some certainty, and support new clause 2?

Jo Swinson: The hon. Gentleman is right to say that it would be Liberal Democrat policy. Clearly, we are in a coalition Government rather than a Liberal Democrat Government, and people will make their decisions when it comes to the general election in which we will all be campaigning and voting in a few months' time.

We have before us a Bill that will improve the lives of tenants and makes real the principle that a tied tenant should be no worse off than a free-of-tie tenant. The hon. Member for Bedford suggested an analogy with "The Lord of the Rings". Perhaps I can posit an alternative scenario. I think that what we have had on this issue over the past few years is a rather intrepid fellowship—a group including MPs from all parties in all parts of the House, tenants, Select Committees, business groups, and campaigners. I will leave hon. Members to make up their own minds about who among them would be deemed to be hobbits, elves, dwarves or men—*[Interruption]*—and, indeed, who has been Gandalf at their head. The members of this intrepid fellowship have campaigned hard. In some ways, they probably feel that they have been on an epic journey, battling against the unfairness that has been repeatedly highlighted in Select Committee reports.

We need to recognise that the result of that campaign by all those individuals has been to achieve a great success. What we have is proposed legislation with a statutory code and a pubs adjudicator who can make that code a reality and ensure that if it is not abided by there can be arbitration, investigations, and ultimately, if necessary, penalties with real teeth. We also have the parallel rent assessments to make sure that the system bites. Now, going even further, we have the power to introduce the market rent only option if all that is ultimately unable to work. That is a huge success for campaigners who have worked on this issue for many years. I think that people should welcome what has happened.

I hope that my hon. Friend the Member for Leeds North West will recognise that success, see how far he has come, and think twice about putting his new clause to the vote. In the Bill before us, we have a solution to the issue identified in the Select Committee reports and

a way to make sure that if that does not work we have the ability swiftly to implement a market rent only option. I commend this part of the Bill to the House.

Question put and agreed to.

New clause 6 accordingly read a Second time, and added to the Bill.

New Clause 2

PUBS CODE: MARKET RENT ONLY OPTION FOR LARGE PUB-OWNING BUSINESSES

(1) The Pubs Code shall include a Market Rent Only Option to be provided by large pub-owning businesses in respect of their tenants and leaseholders.

(2) A Market Rent Only Option means the right of the tenant, or leaseholder, of a pub owned by a large pub-owning business, to be offered such tenancy or lease in exchange for an independently assessed market rent paid to the pub-owning business and, for the avoidance of doubt, not thereafter being bound by "a tie", meaning an agreement meeting, in whole or in part, Condition D as defined in section 63(5) of this Act (obligation to buy from the landlord, or from a person nominated by the landlord, some or all of the alcohol to be sold at the premises).

(3) For the purposes of this section, the definition of Condition D in subsection (2) is to be interpreted to include an obligation to buy or contract for goods and services other than alcohol.

(4) For the purposes of this section, the definition of a "large pub-owning business" is a business which, for a period of at least six months in the previous financial year, was the landlord of—

(a) 500 or more pubs (of any description); and

(b) one or more tenanted or leased pub.

(5) The Pubs Code may include provisions to permit a brewery which qualifies as a large pub-owning business to continue to require that specified brands produced by that brewery (required products) are sold within its tenanted or leased pubs—provided that such tenants and leaseholders are free to purchase such required products from any supplier.

(6) The Pubs Code shall contain provisions requiring that the offer of a Market Rent Only Option to a tenant—

(a) at the point of lease, tenancy contract or other agreement renewal, or at rent review or five years from the date of the previous rent review;

(b) when the large pub-owning business gives notice of, or imposes, (whichever is the earlier) a significant increase in the price at which it supplies products, goods or services (falling under subsections (2) or (3)) to the tenant;

(c) when a large pub-owning business implements, or gives notice of, a transfer of title;

(d) when a large pub-owning business goes into administration; or

(e) upon an event outside of the tenant's control, and unpredicted at the time of the previous rent review, that impacts significantly on the tenant's ability to trade.

(7) The terms of an offer under subsection (5) shall include provision for a 21 day period of negotiation, commencing from the tenant giving notice of an intention to pursue a Market Rent Only Option, in which the large pub-owning business and the tenant may seek to negotiate a mutually agreeable Market Rent Only settlement.

(8) Following the negotiation period under subsection (7) there shall follow a 90 day period of assessment. In this period—

(a) an independent assessor shall be appointed with the agreement of both parties by joint private instruction and on the basis of an equal apportionment of costs; and

(b) under arrangements and criteria that the Adjudicator shall establish, such an assessor shall be—

(i) independent of both parties; and

(ii) competent by virtue of qualification and/or experience.

(c) if the business and tenant cannot agree on an appointee then a person shall be appointed, on the application of either party, under arrangements established by the Adjudicator;

(d) the appointed assessor shall then assess the market rent for the property operating as a pub with no "tie" as defined in subsection (2) and submit to both parties the resulting sum for such a rent; and

(e) at the time of the three month assessment period, the tenant shall have the right to pay no more than the sum determined under paragraph (d) to the pub-owning business and, if previously one party to a "tie" as defined in subsection (2), shall no longer be bound by it.

(9) The Pubs Code shall contain such measures as ensure that—

(a) the Market Rent Only Option is conducted in accordance with timing provisions and procedures, in accordance with RICS guidance, as specified in the Pubs Code; and

(b) large pub-owning businesses are prohibited from acting or discriminating against any of their tenants who choose the Market Rent Only Option.

(10) The Secretary of State shall confer on the Adjudicator functions and powers in relation to the Market Rent Only Option, that include—

(a) determining what constitutes a significant increase in price, as mentioned in subsection (6)(b) in the event of a dispute between tenant and business;

(b) adjudicating in disputes concerning the process or outcome of the market rent assessment; including the power to set the market rent if the Adjudicator deems the process or decision to have been flawed; and

(c) receiving, investigating and adjudicating in relation to complaints made under subsection (9)(b).

(11) The Secretary of State shall make provisions for the implementation of the following measures in this section by regulations amending the Pubs Code. Such regulations shall be made under negative resolution procedure. The Secretary of State may make provisions changing the types of agreement that fall under subsection (2) by regulations. Such regulations shall be made under negative resolution procedure."—*(Greg Mulholland.)*

Brought up, and read the First time.

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

The House divided: Ayes 284, Noes 269.

Division No. 82] **[3.59 pm**

AYES

Abbott, Ms Diane	Barclay, Stephen
Abrahams, Debbie	Baron, Mr John
Ainsworth, rh Mr Bob	Barron, rh Kevin
Alexander, rh Mr Douglas	Bayley, Hugh
Alexander, Heidi	Beckett, rh Margaret
Ali, Rushanara	Begg, Dame Anne
Allen, Mr Graham	Beith, rh Sir Alan
Anderson, Mr David	Benn, rh Hilary
Ashworth, Jonathan	Berger, Luciana
Austin, Ian	Blackman-Woods, Roberta
Bailey, Mr Adrian	Blenkinsop, Tom
Bain, Mr William	Blomfield, Paul
Baker, rh Norman	Blunkett, rh Mr David
Balls, rh Ed	Bottomley, Sir Peter
Banks, Gordon	Bradshaw, rh Mr Ben

Brennan, Kevin
Brooke, rh Annette
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burstow, rh Paul
Campbell, rh Mr Alan
Campbell, Mr Ronnie
Champion, Sarah
Chapman, Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Crockart, Mike
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Sir Tony
Curran, Margaret
Dakin, Nic
Darling, rh Mr Alistair
David, Wayne
Davies, Geraint
Davies, Philip
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Doughty, Stephen
Dowd, Jim
Doyle, Gemma
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farron, Tim
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gilbert, Stephen
Gilmore, Sheila
Glass, Pat
Godsiff, Mr Roger
Goldsmith, Zac
Goodman, Helen
Greatrex, Tom
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hames, Duncan
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Heath, Mr David
Hemming, John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hollobone, Mr Philip
Hood, Mr Jim
Horwood, Martin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Huppert, Dr Julian
Irranca-Davies, Huw
Jackson, Glenda
Jackson, Mr Stewart
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, rh Mr David
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Dame Tessa
Kane, Mike
Kaufman, rh Sir Gerald
Keeley, Barbara
Kelly, Chris
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leech, Mr John
Leslie, Charlotte
Leslie, Chris
Lewell-Buck, Mrs Emma
Lewis, Mr Ivan
Llwyd, rh Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Main, Mrs Anne
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McCartney, Jason
McClymont, Gregg
McDonagh, Siobhain
McDonald, Andy
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McInnes, Liz
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Mulholland, Greg
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nash, Pamela
Nuttall, Mr David
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Parish, Neil
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Powell, Lucy
Pugh, John
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reed, Mr Steve
Reeves, Rachel
Reid, Mr Alan
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robinson, Mr Geoffrey
Roy, Mr Frank
Ruane, Chris
Sanders, Mr Adrian
Sarwar, Anas
Sawford, Andy
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Henry
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Stewart, Bob
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, rh Sir Andrew
Sutcliffe, Mr Gerry
Swales, Ian
Tami, Mark
Thornberry, Emily
Thornton, Mike
Thurso, rh John
Timms, rh Stephen
Trickett, Jon
Turner, Mr Andrew
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Ward, Mr David
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Williams, Hywel
Williams, Mr Mark
Williams, Roger
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Julie Hilling and Mark Hunter

NOES

Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Steve
Baldwin, Harriett
Barker, rh Gregory
Barwell, Gavin
Bebb, Guto
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Bone, Mr Peter
Bradley, Karen

Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Sir Malcolm
Buckland, Mr Robert
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burt, rh Alistair
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Carmichael, rh Mr Alistair
Carmichael, Neil
Cash, Sir William
Clark, rh Greg
Clarke, rh Mr Kenneth
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crabb, rh Stephen
Crouch, Tracey
Davey, rh Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Drax, Richard
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, rh Michael
Featherstone, rh Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Sir Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, rh Matthew
Hands, rh Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Sir Nick
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, Sir Oliver
Heaton-Harris, Chris
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hopkins, Kris
Howarth, Sir Gerald
Hughes, rh Simon
Hunt, rh Mr Jeremy
Hurd, Mr Nick
James, Margot
Jenrick, Robert
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr Marcus
Kirby, Simon
Knight, rh Sir Greg
Lamb, rh Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Loughton, Tim
Maude, rh Mr Francis
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, rh Esther
Menzies, Mark
Metcalfe, Stephen
Miller, rh Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morris, David
Morris, James
Mowat, David
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
O'Brien, rh Mr Stephen
Offord, Dr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, rh Sir Richard
Paice, rh Sir James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Sir John
Redwood, rh Mr John
Rees-Mogg, Jacob
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, rh Sir Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Sir Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Chloe
Smith, Julian
Smith, Sir Robert
Soames, rh Sir Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Stanley, rh Sir John
Stephenson, Andrew
Stewart, Iain
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Sturdy, Julian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, rh Elizabeth
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Watkinson, Dame Angela
Webb, rh Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Willetts, rh Mr David
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, rh Jeremy
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Lorely Burt and
Mr Ben Wallace

Question accordingly agreed to.

New clause 2 read a Second time, and added to the Bill.

4.17 pm

Proceedings interrupted (Programme Order, 18 November).

The Deputy Speaker put forthwith the Question necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

Clause 42

Inconsistency with Pubs Code etc

Amendments made: 34, page 38, line 21, after "assessment" insert

"or assessment of money payable by the tenant in lieu of rent".

This amendment, and amendment 35, ensures that references to rent assessments also include assessments of money payable in lieu of rent, such as where a tied agreement charges the tenant via a percentage of turnover rather than through a rent.

Amendment 35, page 38, line 24, after "rent" insert "or money payable in lieu of rent".—*(John Penrose.)*

See amendment 34.

Clause 43

REFERRAL FOR ARBITRATION BY TIED PUB TENANTS

Amendments made: 36, page 39, line 5, after "business" insert "concerned".

This amendment is related to amendment 42.

Amendment 37, page 39, line 6, leave out subsection (2). —*(John Penrose.)*

This amendment is related to amendment 42.

Clause 63

"TIED PUB"

Amendments made: 38, page 47, line 10, at end insert "or licence".

This amendment, and amendments 39 and 47 to 53, ensure that tied agreements are subject to the Pubs Code whether the pub premises are occupied under a tenancy or a licence to occupy.

Amendment 39, page 47, line 11, after "tenant" insert "or licensee".

See amendment 38.

Amendment 40, page 47, line 11, leave out from second "is" to end of line 13 and insert—

"subject to a contractual obligation that some or all of the alcohol to be sold at the premises is supplied by—

(a) the landlord or a person who is a group undertaking in relation to the landlord, or

(b) a person nominated by the landlord or by a person who is a group undertaking in relation to the landlord.".—*(John Penrose.)*

This amendment, and amendment 56, specifies that a tied agreement is one where the tenant is subject to a contractual obligation that some or all of the alcohol to be sold at the premises must be supplied by the pub-owning business or a person nominated by the business.

Clause 64

"PUB-OWNING BUSINESS"

Amendments made: 42, page 47, line 19, at end insert—

'(1A) But regulations may specify circumstances in which a person who is a group undertaking in relation to such a landlord—

(a) is to be treated, or

(b) may if the Adjudicator so determines be treated,

as a pub-owning business (as well as or instead of the landlord) for the purposes of any provision of or made under this Part.".

This amendment, together with amendments 36, 37, 45, 46 and 54, ensures that the definition of a pub-owning business can be sufficiently flexible to encompass adequately any parent or subsidiary companies.

Amendment 45, page 47, leave out from "pubs" in line 27 to the end of line 30 and insert—

"of which a pub-owning business ("B") is the landlord, any tied pub the landlord of which is a person who is a group undertaking in relation to B is treated as a tied pub of which B is the landlord.".

See amendment 42.

Amendment 46, page 47, line 37, leave out subsection (6). —*(John Penrose.)*

See amendment 42.

Clause 65

"TIED PUB TENANT", "LANDLORD" AND "TENANCY"

Amendments made: 47, page 47, line 41, after "tenant" insert "or licensee".

See amendment 38.

Amendment 48, page 48, line 1, at end insert "or licence to occupy".

See amendment 38.

Amendment 49, page 48, line 5, leave out "immediate landlord" and insert "—

(a) in relation to a tied pub occupied under a tenancy, the immediate landlord, or

(b) in relation to a tied pub occupied under a licence, the licensor;

"licence" means a licence to occupy premises; and "licensee" is to be construed accordingly;".

See amendment 38.

Amendment 50, page 48, leave out lines 13 and 14.

See amendment 38.

Amendment 51, page 48, line 15, after second "the" insert "tied pub".

See amendment 38.

Amendment 52, page 48, line 16, after second "the" insert "tied pub".

See amendment 38.

Amendment 53, page 48, line 17, after third "the" insert "tied pub".—*(John Penrose.)*

See amendment 38.

Clause 66

INTERPRETATION: OTHER PROVISION

Amendments made: 54, page 48, line 25, at end insert—

""group undertaking" has the meaning given by section 1161 of the Companies Act 2006;".

See amendment 42.

Amendment 55, page 48, line 26, leave out from "rent assessment"" to the end of line 30 and insert—

"has such meaning as may be prescribed in regulations made by the Secretary of State".

This amendment gives the Secretary of State a power to define a parallel rent assessment in regulations in order to ensure that there is flexibility in how the Pubs Code deals with parallel rent assessments for different types of tied pub agreements.

Amendment 56, page 48, line 33, leave out paragraph (a) and insert—

"(a) that a product to be sold at the tied pub must be supplied by—

(i) the landlord of the tied pub or a person who is a group undertaking in relation to the landlord, or

(ii) a person nominated by the landlord or by a person who is group undertaking in relation to the landlord;".—*(John Penrose.)*

See amendment 40.

Clause 67

REGULATIONS UNDER THIS PART

Amendments made: 57, page 49, line 3, leave out subsection (1) and insert—

'(1) Subject to subsection (2), regulations under this Part are subject to affirmative resolution procedure.".

This amendment provides that all regulations under the Part, other than regulations under section 61(1)(c), are subject to affirmative resolution procedure.

Amendment 58, page 49, line 5, at end insert—

'( ) If a draft of an instrument containing regulations under section (Power to grant exemptions from Pubs Code) would, apart from this subsection, be treated for the purposes of the Standing Orders of either House of Parliament as a hybrid instrument, it is to proceed as if it were not such an instrument.". —*(John Penrose.)*

This amendment provides that any regulations made under the power to exempt from the Pubs Code which would otherwise be subject to the hybrid instrument procedure in the House of Lords will not be so subject.

Clause 64

"PUB-OWNING BUSINESS"

Amendment proposed: 5, page 47, line 19, leave out "tied" and insert "tenanted, leased or franchised".—*(Toby Perkins.)*

Question put, That the amendment be made.

The House divided: Ayes 238, Noes 302.

Division No. 83] [4.18 pm

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Berger, Luciana
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Campbell, rh Mr Alan
Campbell, Mr Ronnie
Champion, Sarah
Chapman, Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Sir Tony
Curran, Margaret
Dakin, Nic
Darling, rh Mr Alistair
David, Wayne
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Doughty, Stephen
Dowd, Jim
Doyle, Gemma
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gilmore, Sheila
Glass, Pat
Godsiff, Mr Roger
Goodman, Helen
Greatrex, Tom
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Dame Tessa
Kane, Mike
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewell-Buck, Mrs Emma
Lewis, Mr Ivan
Llwyd, rh Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonald, Andy
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McInnes, Liz
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Mulholland, Greg
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Powell, Lucy
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reed, Mr Steve
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robinson, Mr Geoffrey
Roy, Mr Frank
Ruane, Chris
Sarwar, Anas
Sawford, Andy
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham

Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whitehead, Dr Alan
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Julie Hilling and Graham Jones

NOES

Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Baker, rh Norman
Baker, Steve
Baldwin, Harriett
Barclay, Stephen
Barker, rh Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, rh Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Sir Malcolm
Buckland, Mr Robert
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, rh Paul
Burt, rh Alistair
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Cash, Sir William
Clark, rh Greg
Clarke, rh Mr Kenneth
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crabb, rh Stephen
Crockart, Mike
Crouch, Tracey
Davey, rh Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, rh Michael
Farron, Tim
Featherstone, rh Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Sir Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, rh Matthew
Hands, rh Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Sir Nick
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, Sir Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Howarth, Sir Gerald
Hughes, rh Simon
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Jenrick, Robert
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kelly, Chris
Kirby, Simon
Knight, rh Sir Greg
Lamb, rh Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Sir Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, rh Esther
Menzies, Mark
Metcalfe, Stephen
Miller, rh Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morris, Anne Marie
Morris, David
Morris, James
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Mundell, rh David
Munt, Tessa
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Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, rh Mr Stephen
Offord, Dr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, rh Sir Richard
Paice, rh Sir James
Parish, Neil
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Paterson, rh Mr Owen
Pawsey, Mark
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Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Sir John
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, rh Sir Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Sir Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Sir Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline

Stanley, rh Sir John
Stephenson, Andrew
Stewart, Bob
Stewart, Iain
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, rh Sir Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Thornton, Mike
Thurso, rh John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, rh Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Ward, Mr David
Watkinson, Dame Angela
Webb, rh Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, rh Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Ben Wallace and Lorely Burt

Question accordingly negatived.

New Clause 1

PAYMENT PRACTICES: RETENTION OF MONIES

'(1) The Secretary of State may by regulations impose requirements on certain companies to publish information about their policies, practices and performance in holding, safeguarding and releasing sums withheld by, or in behalf of, a payer from monies which would otherwise be due under a contract, the effect of which would provide the payer with security for the current and future performance by the payee of any or all of the payee's obligations under the contract ("retention monies").

(2) The regulations under subsection (2) may prescribe—

(a) the companies or type of companies to which the regulations apply;

(b) the information required to be published;

(c) the intervals at which, and format and manner in which, publication must take place; and

(d) the type of description of contractual provision to which the regulations apply.

(3) The restrictions on regulations in subsection (3) of section 3 of this Act shall apply to regulations made under subsection (1) of this section.

(4) The Secretary of State shall arrange a review of the operation of the type of contractual provisions mentioned in subsection (1) after a period of 18 months following the coming into force of the first regulations made under subsection (1). He shall lay a copy of the report of the review before each House of Parliament.

(5) The review provided for under subsection (3) may make recommendations for requirements and obligations to be imposed upon certain types or descriptions of companies in relation to the practice of retaining monies as described in subsection (1). After public consultation, the Secretary of State may by regulations impose such requirements and obligations on prescribed companies as were recommended by the review, in whole or in part and with such amendments as the Secretary of State believes to be required in order to—

(a) ensure that the practice of withholding retention monies does not give rise to unfair treatment of payees;

(b) provide assurance that retention monies are held securely; and

(c) ensure that the position of a payee company from whom retention monies are being withheld is protected when a payer company becomes insolvent." *—(Debbie Abrahams.)*

Brought up, and read the First time.

4.30pm

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I beg to move, That the clause be read a Second time.

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

New clause 3—*Prompt Payment Code, duties of the Secretary of State—*

'(1) The Secretary of State shall—

(a) ensure that any business with payment terms of more than 60 days cannot sign up to the Prompt Payment Code, and that any existing signatory with payment terms of more than 60 days is removed from the list;

(b) at the end of each financial year, the Secretary of State shall write to all businesses in the FTSE 350 who are not signatories of the Prompt Payment Code asking them to become so;

(c) the Secretary of State shall publish a list of those businesses written to prominently on the Government's website."

New clause 4—*Late payment review—*

'(1) The Secretary of State shall—

(a) conduct a review into how the Government can use the payment publishing regime to ensure that small businesses who are paid late by a larger supplier are automatically paid compensation, and into how the onus of reporting late payment can be shifted away from the smallest businesses who cannot afford to lose significant customers; and

(b) report back to both Houses of Parliament on the conclusions of the review."

Amendment 6, in clause 3, page 4, line 33, at end insert—

"(g) about the circumstances and process for amending payment terms of the company."

This is for companies to include details of the circumstances and processes (including who will be involved) by which payment terms would be amended, preventing unilateral and ad hoc changes.

Amendment 91, in clause 11, page 12, line 19, at end insert—

"(5) The Secretary of State may by order establish a Prohibited List of certain classes of exports that cannot receive UKEF/ECGD support.

(6) An order establishing , or thereafter amending a list for the purposes mentioned in subsection (5) shall be subject to the affirmative resolution procedure."

This amendment would grant the Secretary of State the power to prohibit specified types of exports from receiving government support, thereby enabling UK export finance provision to reflect government policies and priorities, such as preventing arms sales to certain regimes. The content of, or changes to, any such list would need to be approved by Parliament.

Government new clause 5—*Independent Complaints Commissioner: reporting duty.*

Amendment 92, page 20, line 5, leave out clauses 20 to 26.

This amendment removes the obligation on future governments to set a deregulation "business impact" target for each Parliament.

[Madam Deputy Speaker]

Government amendments 27 and 28.

Amendment 7, in clause 37, page 35, line 9, at end insert—

"() duties to establish the past payment performance of potential parties to a contract, before contracts are entered into;

() duties to ensure contracts entered into include the contractor's requirements for prompt payment of their suppliers."

These are to ensure that the payment performance of potential contractors are known before contracts are entered into and that contracts entered into require contractors to pay their suppliers promptly.

Amendment 1, page 35, line 16 , at end insert—

"() duties relating to the provision of apprenticeships and training opportunities as a result of procurement;

() duties to publish reports about the amount of expenditure undertaken by the relevant procurement function in relation to—

(i) amount and proportion of expenditure undertaken by small and medium-sized enterprises,

(ii) amount and proportion of expenditure undertaken in the local area."

Amendment 2, page 35, line 22, at end add—

'(5A) A person making regulations under this section may also specify the reasons why firms may be excluded from entering into contracts."

Amendment 3, page 35, line 28, at end add—

'(8A) Regulations under this section are subject to the provisions of the Freedom of Information Act 2000"

Amendment 4, page 35, line 30, leave out subsection (10).

Debbie Abrahams: This group of amendments is seeking to address the very significant issue of businesses paying their suppliers late. Recent data show that the late payment debt burden for UK businesses is more than £46 billion, with SMEs shouldering most of this. They are owed nearly £40 billion in late payments and 60% of small businesses are affected, with the average small business owed over £38,000 in late payments.

It is getting worse: £36 billion was owed in 2012, so the increase over recent weeks and months can be seen. In other debates we have heard about the implications of late payments for these small businesses, from productivity to access to finance and credit terms—all these are affected. For these businesses, there is not just the inconvenience of spending an extra 158 million hours chasing payment: vital cash flow that is stemmed often affects their very survival, their jobs and their livelihoods. In 2012 it was estimated that 124,000 small businesses were put out of business directly as a result of late payments.

For me, it has been about the personal stories. My interest in late payments started when a constituent came to me and said that their business was going under directly as a result of this issue. This opened a can of worms, not just in my constituency but across the country. The issue of late payments is endemic. When someone describes how their life's work has been destroyed by what can only be described as corporate bullying—large companies paying their bills late just because they can, because they have the power—it is clear that it is one of the most raw forms of injustice.

From the late payment inquiry held last year, it was clear to us that it is not just a micro-economic issue. With approximately half the work force and half the UK's income in the private sector coming from small businesses—a massive £1,558 billion—it is inconceivable that late payment is not affecting the wider economy and, of course, a sustainable recovery. I am glad that the Government are tackling the issue; it has been a long time coming. I started my Be Fair—Pay On Time campaign in 2011 and now the Government are finally getting to grips with the issue, but I am afraid that the measures in the Bill do not go far enough. It is regrettable that in Committee the Government failed to support measures that would have seen small businesses automatically compensated for late payment by their suppliers. I hope that the Minister will reconsider and have a look at new clause 1 and the amendments.

New clause 1 seeks to address the issue of retention of moneys in the construction industry. You may be aware, Madam Deputy Speaker, that at any one time over £3 billion is outstanding in the construction industry by way of cash retentions. This is an aggregate sum of moneys provided for by small businesses in the event that they fail to remedy defects. I have several examples, including that of a company that wrote to me to say that £60,000 of retention moneys was withheld—5% of the overall contract—for eight months. There was nothing in the contract about that. They had to go through adjudication and it ended up with them losing £22,000. These are small businesses, and this is their livelihood.

Gordon Banks (Ochil and South Perthshire) (Lab): Having worked all my life in the construction industry, I am very much aware of retention issues. My hon. Friend's final point was valid. When it comes to negotiating retentions, it always comes to a compromise: people will always lose, as they will never come out with the £60,000 that they were owed. That is effectively their money going to somebody else's pocket.

Debbie Abrahams: My hon. Friend speaks from experience. That is certainly the experience of many contractors, and we need to address it.

There is evidence that cash retentions have been used to shore up the working capital of local authorities and tier 1 suppliers. There is a key concern that if tier 1 suppliers become insolvent, the small businesses in the supply chain are at risk of losing their retentions.

I recognise that the Department for Business, Innovation and Skills has said in its construction supply chain payment charter that it wishes to abolish retentions by 2025. My new clause, however, is a stepping-stone towards that by requiring the publication of companies' policies, practices and performance on retention moneys, reviewing this and subsequently making recommendations about further action to help secure and protect retention of moneys for small businesses—in trusts, for example.

The new clause is timely, with New Zealand considering the requirement for cash retentions to be taken in trusts, and New South Wales in Australia is currently reviewing regulations to that effect. The new clause would enable the Secretary of State to review published information and then issue regulations to ensure that these owed moneys are protected for small businesses.

Moving on to amendment 6, a key issue for small businesses has been the changes made to contract payment terms without negotiation or notice. My amendment recognises that and would require companies to include details of the "circumstances and process" by which payment terms may be amended in the company's published payment practices and policies. This will prevent ad hoc and unilateral changes being made to the payment terms, which have again affected the financial viability of so many small businesses.

Amendment 7 looks at the issues around public procurement practices. One major issue identified in my late payments inquiry was that late payment is a cultural issue. Large companies pay small companies late because they can, as I mentioned—they have the power and the small companies do not. We need to change these attitudes, and we need to view late payment as being as unethical as tax evasion. Changing public procurement practices, as identified in amendment 7, provides an opportunity to do so, first, by requiring public bodies to determine the "past payment performance" of potential contractors before any contract is entered into; and secondly, by making the contracts of tier 1 suppliers commit them to pay their suppliers promptly. All the way down the supply chain, there should be a commitment that payments will be made on time.

Although my next topic does not relate to my amendments, it relates to public procurement practices. A report came out today from the Walk Free Foundation on the subject of modern slavery. Although the UK is supported for what it is doing to combat modern slavery, it finds that we are not doing as much as Brazil and the US, for example, in addressing Government procurement practices to stop this happening. I know this is highly irregular, Madam Deputy Speaker, but I hope the Minister is listening so that he can respond and make clear how we will deal with this problem in future Government practices.

Toby Perkins *rose—*

Debbie Abrahams: I have come to the end on that really important point, but I happily give way to my hon. Friend.

Toby Perkins: My hon. Friend may be approaching the end, but if I am any judge, I know she is nowhere near the end of campaigning on this issue. She has been a robust and resilient campaigner on late payments, and I know that she was granted an award for her work yesterday by the Federation of Small Businesses. I want to take this opportunity to congratulate her, not only on that thoroughly deserved award, but on the fantastic campaigning work she has done on late payments.

Debbie Abrahams: That was very kind of my hon. Friend, and I am grateful to him. I will continue to campaign, because, as I have said, I do not think that the Government's measures are strong enough. They have been dragged here kicking and screaming; I hope that they will now listen, and will address what are still weaknesses in the Bill.

Caroline Lucas (Brighton, Pavilion) (Green): I hope I am right in thinking that I can speak about any of the amendments in the new clause 1 basket. That seems be the case, and I am delighted, because it means that I can speak about my amendments 91 and 92.

The Bill contains important provisions to help United Kingdom firms to export, which is, of course, welcome news for many of them. However, UK export finance is, in the Government's own words,

"not presently legally able to discriminate between classes or types of exports".

Amendment 91 would alter the Export and Investment Guarantees Act 1991 to give the Secretary of State power to create a prohibitions list, thereby allowing the Government to ensure that UK export finance was not available to projects overseas that undermined other Government policies—specifically, policies on human rights and arms exports, and the 2010 coalition pledge to

"ensure that UK Trade and Investment and ECGD become champions for British companies that develop and export innovative green technologies around the world, instead of supporting investment in dirty fossil-fuel energy production."

The amendment would not bind a Secretary of State, now or in the future, to introduce such a prohibitions list, nor would it prescribe what should be included in the list. It would merely allow the Secretary of State to create such a list if he or she chose.

Given that the amendment is so moderate, I find the Government's arguments against a prohibitions list very unconvincing. First, they argue that it is better to consider projects on a case-by-case basis, but the case-by-case approach is not working, even when measured against the coalition's own pledge to support "innovative green technologies". In 2012-13, UK Export Finance gave a £147 million guarantee to support oil and gas exploration by Petrobras in Brazil, and £15 million in guarantees for a loan for a gas power project in the Philippines. In March 2014, support worth US$215 million was announced for a major petrochemical project in Vietnam. Nor is the current approach working when it comes to military exports to repressive regimes. Many of the deals that have been underwritten by UK export credit support are controversial, including sales of military aircraft to Saudi Arabia and Oman, armoured vehicles to Turkey, and intelligence equipment to Indonesia.

Secondly, the Government argue that the UK would be less likely to be effective in achieving change through multilateral routes if we acted unilaterally in this way. If that is the case, why do other countries have prohibitions lists? The Export-Import Bank of the United States, for instance, prohibits

"loans, guarantees, and insurance as to sales of defense articles or services".

In June 2014, the German Finance Ministry announced that Germany's official export credit agency would be prohibited from supporting nuclear contracts.

I simply do not think it credible to argue that if the UK showed some leadership and led by example, that would somehow hinder multilateral action to the same end. Indeed, the reverse is the case, as John Ashton, the UK's top climate diplomat in former years, has pointed out. In his view,

"our influence has always depended on the credibility of our domestic policies. How can we expect to persuade others if we are not doing ourselves what we ask of them?"

Thirdly, the Government say that there is not a problem with coal, because UKEF has not funded a coal-fired power station overseas since 2002. However, there is clearly a loophole in the UK's policy on export finance

[Caroline Lucas]

for coal projects abroad. The hon. Member for Streatham (Mr Umunna) highlighted that loophole in a speech in April this year. He said that he would take action to close the loophole; I hope that he will follow through, and vote for my amendment today.

A change in export credits could also offer a boost to UK low-carbon industries seeking to expand overseas, as the chief executive of a British solar company operating in a number of African countries has explained. It is not just about stopping export finance in one area; it is about expanding it in others, so this is a pro-business proposition. Finally, I reiterate that this amendment does not specify what goes on the prohibitions list; it simply gives the Secretary of State the power to create one, in recognition of the fact that the current approach is failing on both human rights and environmental grounds, even measured on the Government's own terms.

4.45 pm

Amendment 92 would remove the clauses that impose a deregulation or business impact target on future Parliaments. In effect, the Secretary of State is trying to lock future Governments into continuing their obsession with deregulation. This provision was not subject to any public consultation. The regulatory reform factsheet published alongside the Bill gives some indication of the thinking behind the target, which is:

"To entrench in law the setting of a deregulation target—similar to the 'One-in, Two-out' approach—and transparent reporting of new regulatory burdens on business."

One-in, two-out is a current Government policy which requires that for every £1 of additional cost imposed on business by new regulations, the Government must save businesses £2 by removing or modifying existing regulations. That policy is supported by the publication of statements of new regulation which are published every six months. This is not a good place to start. Nobody supports regulation for its own sake, but it is equally facile to oppose all regulation in a similar manner. The deregulatory zeal of this Government, which the new duty will entrench, is premised on just that: on the assumption that all regulation is bad and is something we should seek to minimise. This is a worrying example of the "market knows best" mindset and of the "Government's role is to get out of the way" mantra, which is implicated in the banking crisis, air pollution, food safety scares, higher energy bills for householders and sky-high rents, to name just some examples.

I have to say that I am a little surprised that the Labour Front-Bench team has essentially just nodded along with the coalition on this. Its leader says he has learned that relying on a deregulated market economy will not be enough to tackle social injustice or deliver an efficient, sustainable economy.. He is right—I suspect many of his Back Benchers might agree—and that is because there is a fundamental problem with such a simplistic approach. A deregulation target, an arbitrary cap on business costs associated with regulations, or even a one-in, one-out approach all completely fail to recognise the benefits of regulation, not just for incredibly important social and environmental reasons, but for their economic benefits as well.

A report for the Department for Business, Innovation and Skills, for example, on product market and labour market regulation found:

"Regulations can have a positive impact on growth by removing certain market failures and improving economic efficiency."

Just last week, the London School of Economics said that its new research on environmental regulation

"exposes myth that green regulations inflict major harm on business competitiveness and economic growth."

Contrary to the apparent assumptions behind these clauses, environmental regulations in particular can boost the economy by encouraging business innovation and technological development. That same report also states:

"The costs of environmental regulations need to be weighed up against the benefits they provide and which justify the regulations in the first place. The benefits are often important and severely underestimated."

It is not just in the environmental field either, as the Parliamentary Commission on Banking Standards found that

"the financial crisis demonstrated, particularly in view of the position of banks that proved too big to fail, the need for strong regulation to protect the public interest,"

I could go on, but I shall not. I shall begin to bring my comments to a close, but there are plenty of examples of business groups themselves saying that this approach to regulation, which is very simplistic, simply does not make economic sense.

Many people and many businesses are crying out for politicians to act in the public interest, not simply to shore up short-term corporate profit and business as usual, whatever the societal or environmental costs. I think we should remove our fingers from our ears and look again at whether this new deregulation duty will help or hinder. Of course it is important to focus, making sure regulations that are introduced are well-drafted and have a clear purpose—a topical example of which is new clause 2 on pubs, which I am delighted has just been passed. It is important to look specifically at the impact of regulation, or lack thereof, on the ability of SMEs to flourish, especially in markets dominated by a small number of large players, and it is important to remove outdated or unnecessary regulations, especially where, inadvertently or by design, they protect incumbents and get in the way of innovation, progress and consumer protection, which is what we are seeing in the energy and banking sectors. We do not need these provisions to do that, however. It is ironic that the imposition of this business impact target on future Governments fails on the tests one might hope are applied to good regulation: meeting a clear public interest objective and being based on strong evidence of need. At best it is a bureaucratic faff; at worst it is economically, socially and environmentally harmful, and I would like the Government, and maybe even the official Opposition, to think again.

Gordon Banks (Ochil and South Perthshire) (Lab): It is a pleasure to follow the hon. Member for Brighton, Pavilion (Caroline Lucas), and I should like to speak to new clauses 3 and 4. Before I so do, I should like to draw the House's attention to my entry in the Register of Members' Financial Interests.

New clause 3 is designed to flush out late payers. It seeks to press, or perhaps encourage, FTSE 350 businesses that have not signed up to the prompt payment code to do so. It would also empower the Secretary of State to publish a list of such companies on the Government

website, thereby highlighting those that had not committed to the code. I support those ambitions. The new clause sets out to do what the Government said they would do—namely, name and shame large companies that did not commit to prompt payment practices. However, they have now reneged on that promise. New clause 4 proposes that the Government conduct a review into how the payment publishing regime could be adapted to ensure that late payments would be automatically accompanied by a compensation payment, and how the onus of reporting late payment could be moved away from the customer waiting to be paid.

Why are the new clauses so important? Any small business owner will know that a late payment can often mean the difference between continuing to trade and business failure. Insolvency specialists have estimated that one in five business failures are down to bills not being paid on time; they are nothing to do with a failed business model and purely down to cash being withheld from the business by its customers. The Scottish Building Federation has highlighted the fact that four out of five building firms have reported instances of late payment in the past year. I can assure the House that the overwhelming majority of those businesses will not have considered seeking redress through interest payments.

The problem that the Bill will not solve is that it will still be up to the supplier—usually a smaller business—to pursue its customer for prompt payment. The supplier will either lose the argument, and lose the prompt payment, or win the argument and put at risk its relationship with that larger customer.

Bill Esterson: My hon. Friend is absolutely right to make the case for a level playing field when it comes to the payment of smaller suppliers by larger organisations. He has also made the point about the human and social cost of late payments to the people who run and work in small businesses. Does he agree that it is incredibly short-sighted of larger businesses to disrupt their own supply chains by delaying payments in that way? Is not that another reason to deal with this issue once and for all by adopting these important amendments?

Gordon Banks: I thank my hon. Friend for making that valid point. The bigger companies have to understand that there is a need for smaller companies in the supply chain. They should view the situation in the round and acknowledge that not every company is big enough to withstand late payments in the same way that they perhaps could. There is a moral argument running through this as well. If I supply goods and services to someone on a Tuesday and they agree to pay me a particular sum by 1 August, for example, why should they not pay me by that date? It is simple: if I keep my part of the bargain, I expect them to keep theirs.

Mr Brooks Newmark (Braintree) (Con): I totally hear what the hon. Gentleman is saying, and I agree that small businesses are the backbone of this country. Does he agree that the banks also have a role to play in loosening up their working capital facilities to help small businesses? That, too, is a challenge that small businesses face.

Gordon Banks: I am grateful to the hon. Gentleman for making that valid point. I shall come to that matter later in my speech when I talk about the changes that have happened over recent years, and perhaps decades, and try to illustrate why prompt payment has become so important.

Let me return to what I was saying about people trying to get their payment on time, and whether they win the argument and risk losing the customer in the process. There does not seem to be much incentive for small businesses to utilise their right against late payers, because just 10% of businesses have even considered doing so. I have been in private business all my working life, having set up my own business in 1986. I can tell this House that late payments are the biggest curse small businesses face: people striving, working hard and going out to sell their wares but then struggling to get paid. As I said, that part of the bargain is not being upheld.

Andrew Gwynne (Denton and Reddish) (Lab): My hon. Friend hits the nail on the head, because this is not a small problem for small businesses—it is a big problem. Is he aware of research by BACS showing that 60% of British small businesses have said that late payment is a problem for them?

Gordon Banks: Yes, I am aware of that research, and late payment is a major problem. It is not just a transient major problem, but a constant one, week to week. I have lain in bed at night worrying whether the cheque was going to come in so that I could pay the wages of my staff. That is not a position that any business should be put in, and certainly not because of late payments.

A small business, perhaps a new one trying to establish itself, often finds a degree of comfort in dealing with a larger, perhaps household, name in its business sphere. The saying in my sector is, "You know your money is safe with so and so." It may be safe but it may also be in their bank all the time and not yours. We also need to consider the credibility that comes from working with such a customer and the possible opportunities, arising from volume increases, for small business suppliers to be able to renegotiate rates from their suppliers. In my experience, those will more often than not be larger companies. So the small business can find itself sandwiched between a large business customer and a large business supplier, perhaps a multinational company, and being strung out at one end and wrung out at the other. These multinational companies, understandably, have strict credit limits and they will be very quick to stop supply if they are not being paid within 30 days. Within a limited period of time they will remove the small business's credit facilities, so damaging its credit rating, and reducing its access to key products and, in effect, its ability to pay the bill for which the multinational is awaiting payment.

As we know, the reason for late payment in these cases is often because a large customer fails to keep its side of the deal. I wish to draw the House's attention to an experience I have encountered a number of times, where large multinationals have been pressing for payment within 30 days for a commodity sold by them to my business and yet that commodity has been sold to another division of the same company and it has no intention of paying within 30 days. Even within the same organisation we may have the supplier pressing for payment within 30 days, the product having been sold to another division in the same company as the supplier and yet it not upholding its part of the bargain and

[Gordon Banks]

being prepared to pay in 30 days—it just strings you out. So the company wants its money in but does not want to pay the money out. That is just not good enough. The current system of being able to charge interest, at the supplier's instigation, or being able to apply a debt recovery cost is not adequate and we have to improve these experiences.

Toby Perkins: My hon. Friend is making an excellent speech on this important subject. He will probably be aware that in Committee we tabled a worked-through amendment that would have moved the onus from small businesses having to pressure their large business customers for repayment on to the large businesses. Does he agree that the fundamental change we need is for small businesses not always to have the onus on them to pursue their large business customers?

Gordon Banks: I absolutely agree with my hon. Friend. It is not morally or structurally fair for a small business to be trying to squeeze a few hundred or a few thousand pounds—perhaps even tens of thousands of pounds—out of a large multinational company. That onus must be shifted away from the small company. After all, the company is only endeavouring to get what it is owed. If the larger customer is made to pay its bills on time, it will take the onus away from the small supplier.

Bill Esterson: One reason why a fair system for recovering payment is needed is that small businesses do not have the people, time or money to chase late payment. Large businesses do, and they can defend themselves against smaller businesses. This is really about making it fair and equitable, and ensuring that small businesses can compete on equal terms with large ones.

5 pm

Gordon Banks: My hon. Friend makes a valid point. I have seen larger businesses behave in a way that smaller businesses would never ever dream of doing. They might say, "We only take purchase ledger calls on Tuesdays and Friday mornings." If a firm cannot get through on a Tuesday to ask about a cheque or an invoice, no one will take its call until Friday. The other issue about resources is valid too. I have worked in business since 1986, and have found that cash monitoring and cash control can almost become the things that the company was set up to do. As a by-product, it happens to sell stuff, but the real purpose of its existence is to get in the money for the goods that it has sold. That should not be the case. The real benefit should be the freedom to sell materials, and the expectation that one can get payment for the goods and services in a negotiated and agreed contractual period. Small businesses are not asking for anything more than that, but they should not be prepared to accept anything less than that.

The issue of resources, which enables small businesses to manage purchase and sales ledgers, is a really important point to make, as the bigger companies are always able to work things more to their favour. That goes back to the point that I made earlier, which is just how hard will I, as a company, push for that cash within 30 or 35 days if it means that that is the last cheque that I will get from that business, and I might lose 10%, 20% or even 40% of my turnover? A company will understand when a certain thing is in a vice, and how far they can go. That is another example of what is not fair.

Anyone in business will understand the experience of agreeing credit accounts, which are often paid in excess of the terms—but not by enough to kick up a fuss. So, we could have a 30-day account being paid in 35, 36 or 37 days, or a 60-day account being paid in 66 or 70 days. For that four or five days, that week, or that 10 days, when the small business is out of pocket, they are not just a supplier to that customer, but a banker.

What about delayed payments? I am talking about when invoices issued perhaps a month or six weeks earlier are queried, or when the cheque comes in and the payment for those invoices is missing. Some of these queries might be accurate, and in those cases the supplier has the responsibility and the right to rectify the error and, of course, get things right for the future. However, these are often simple ploys that are timed to delay payments and that result in even more work and cost for the supplier. If someone has issued their invoice and a statement to the company concerned, it is unacceptable for them to be told 30, 40 or 50 days later that there is a query about that invoice, or a problem with it, and that it cannot be paid.

Those actions are deplorable, but they go on every single day. Every small business in Britain will have encountered them. I want the Government—I would like the Minister to listen to this point, if he would—to consider setting a legal limit on the length of time that it can take to query an invoice. Although I appreciate that there might be some challenges to that, will the Minister consider the question before he makes his closing remarks and comment on it? It cannot be right for a small business to chase money for 30 or 60 days only to be told, "We need proof of delivery—proof that we received the materials," when the proof of delivery has already been supplied but has become separated from the paperwork. I want the Minister to consider setting a legal limit on the period in which the content of an invoice can be queried.

Sir Greg Knight (East Yorkshire) (Con): Is there not a problem with the hon. Gentleman's idea? As I understand it, it is unlawful for any agreement to seek to exclude the jurisdiction of the British courts, and if, as he suggests, a provision was introduced to ensure that one could not query an invoice after a certain date, could that not be construed as not allowing the matter to be adjudicated on by the courts at a later stage?

Gordon Banks: I take the right hon. Gentleman's point. I have asked the Minister to give the issue some thought before he sums up, and I have also said that I do not necessarily think that there will be a simple solution, but I am convinced that there is a way in which this can be developed so that small businesses—in fact, all businesses—can rest assured that 30, 35 or 40 days after they have submitted their invoice, that invoice will not be challenged. Is not 40 days long enough?

Toby Perkins: In Committee, we proposed an amendment similar to my hon. Friend's new clauses. We suggested that there be a period of up to 30 days for someone to register a complaint; after that point, they would be deemed to have accepted the invoice, so that there could not be this constant adding to the payment period.

Gordon Banks: I am grateful to my hon. Friend for clarifying that point. I am prompted by a sedentary comment to say that my argument is not so much about an invoice being queried as about a customer saying that they have not received the invoice, or that it is lost, 30 days after they have had a statement listing all the invoices they should have received. Basic accounting practices are either not being carried out within the business, or they are being carried out but no regard is being paid to them, and the process is being used as a payment delaying mechanism.

I understand that some might see new clause 4 as another piece of red tape, but it is a piece of red tape that can be easily discarded and thrown in the bin if companies do not make late payments, so it does not have to be onerous at all. That brings me back to the point that my hon. Friend made: the new clause takes the onus off the small business. It is up to the larger paying business—the debtor—to ensure that the bill is paid on time, and if it is not, an automatic compensation payment is made on behalf of the company making a payment to the company receiving it. New clause 4 need not be particularly onerous in action at all. It will cause no problem to a good, organised, thoughtful company.

Banks are much less willing to provide business support than they were in 1986, and that is often a nightmare for small and medium-sized businesses, especially in the construction industry. The banks will say that they do not particularly want to be involved in the construction sector, which I find depressing and extremely strange. Every business that needs to expand requires the construction sector. Every Government project for infrastructure, housing, schools, roads, telecommunications or railways—anything of that nature—needs the construction sector. That sector is the most likely to lift us out of our current economic position and deliver an improvement to our infrastructure that is long overdue and long needed. It is a particular challenge to have a good business in the construction industry that is adequately financed and resourced in this day and age, and that is short-sighted and a crying shame. It is not helped by the failure of Project Merlin and the funding for lending scheme. General financing is relevant to new clauses 3 and 4, as it is because working capital is tighter these days that prompt payment has become a real issue.

Debbie Abrahams: Is it not also the case that late payment and issues around cash flow affect a business's ability to access finance and the terms on which finance is made available?

Gordon Banks: Of course they do. Every £1,000 not received has an impact on whether a business can prove to a possible financial investor, whether that is a bank or anything else, that it is a responsible company with the processes and the people in place to take the business forward. It may well have the people and processes in place, but it may be being stymied by the Tuesday and Friday phone calls to try to get the money that is long overdue.

New clauses 3 and 4 are a step along the way to moving the responsibility to where it should lie, ensuring greater financial impact on those who make late payments, and naming and shaming those who are not signed up to prompt payment practices. I was looking at the prompt payment code website last night. I represent a Scottish constituency, so I did a search on Scotland and I found that 43 businesses there have signed up to the prompt payment code. That level of commitment is extremely questionable. There are hundreds of thousands of businesses in Scotland.

Toby Perkins: I agree with my hon. Friend entirely on that. Does he agree that if a prompt payment code allows a business to pay on 90-day terms and if, so long as it meets those terms and conditions, it is deemed compliant with the code, that calls into question the use of the word "prompt"?

Gordon Banks: It most definitely does. Prompt payment in my business experience is 30 days. That is fair and prompt payment. In my book, 90 days is not and should not be considered prompt payment. It is a massively overdue payment allowing one business to make its way in the world at another's expense.

I fear that we have a long way to go, unless the Government listen tonight. I do not think that the Bill really gets us to where we need to be. It does not, in its current form, lift the onerous responsibility from the shoulders of small businesses; it actually empowers the larger businesses in their relationships with small businesses. However, it could be improved if the Government listen and support new clauses 3 and 4.

5.15 pm

Ben Gummer (Ipswich) (Con): I am delighted to be called to speak in this debate and apologise to the shadow Minister and to those on the Treasury Bench for not being here at the beginning. It is a very important Bill that the Minister has brought before the House, and it is one that I feel strongly about, because my first job was running a very small business, and then I ran one that was only slightly larger. When one has lived and breathed cash flow, and dreamt about lack of payment for invoices that have been outstanding for 60, 70, 80 or 90 days, one knows why the provisions in the Bill are so important.

I know that the Minister understands small business; he was brought up in it. I also know that the shadow Minister is one of the very few people on the Opposition Benches who has business experience. It is good that we are having a discussion about some of the things that are incredibly important and pertinent to small businesses —pre-packs, zero-hours contracts, payment terms and director disqualification, all of which I plan to talk about —but it is also good that we are having this discussion, full stop, because they were not discussions that were had in any detail under the previous Government.

I would like to start on that note, because one of the things that I, as a small business owner and manager, turned to time and again was the Late Payment of Commercial Debts (Interest) Act 1998, a piece of legislation that was well meant by the previous Administration, brought in early as a result of a manifesto pledge, but that was almost completely useless. No one was really able to go to their customers and enforce the 8% above base stipulation set out in the Act, because they were afraid of upsetting them. I had recourse to it on only two occasions when dealing with customers. The frustrating thing was that although Parliament had willed the means, following a long campaign at the end of the Major

[Ben Gummer]

Administration and the beginning of the Blair Administration, it was unable to will the ends. That is why I am so pleased with what the Minister has created in the Bill, because we are getting much closer to a system that will work.

The first thing we must recognise is that it has taken this amount of time, and the innovation of the coalition Government, to be able to do something of this magnitude. That is why I think that criticising the Bill and trying to claim that it is deficient in some way or other is a pretty mealy-mouthed approach to what is a big step forward in helping small businesses control the terms of trade that they have with their customers.

Having run a business that, at the start, was turning over only a few hundred thousands pounds, I know the pain that was caused to my business when every week the results showed, almost invariably, that we were trading at a profit, yet that was not reflected in the bank account because of poor payment terms by large companies and, frankly, large parts of the public sector, and that is a pain I will never forget. I remember getting towards the end of the month and being genuinely terrified that I might not be able to pay the people working for me because I had not been paid by big customers. It is a very unnerving, frightening and frustrating experience. The amount of energy it takes out of small business people, who should be deploying that passion and energy in building a business, employing people and increasing wealth and prosperity, means that it is very destructive to business growth.

Debbie Abrahams: The hon. Gentleman is very gracious in giving way and is making a moving speech about his experience. Constituents and many small businesses from across the country who have come to talk to me have shared that experience. Does this mean that he will support new clause 4, which is about undertaking a review so that small businesses which have problems with late payers are automatically compensated so that they do not have to risk using measures that have previously been unsuccessful?

Ben Gummer: I understand why the hon. Lady wishes to push new clause 4. I have read the Minister's response in Committee to the points raised by the shadow Minister, and I think it was compelling. We are making a very big change which will have a revolutionary impact on the payment terms of small businesses, but if the regime and the legislation are too rigid, we could end up with perverse consequences, which is precisely the problem with the previous legislation and why it was reformed and then repealed in the course of one Administration.

To those who claim, for whatever reason—probably connected with the proximity of the coming election—that the Government could do something else, I would say that the measure is a magnificent change and one that we have waited for since 1998. The previous Government could have done all these things but did not. We now have a Government who are willing to do so, and we should give them our full support without moderation.

Gordon Birtwistle (Burnley) (LD): Does the hon. Gentleman agree that many of the late payment problems, particularly in manufacturing, when a lot of product has to be bought before it can be turned into something, arise because small companies have been sent down invoice financing routes to finance their cash flow? The charges for invoice financing, and sometimes the prohibitive interest charged by invoice financing companies, heaps extra cost on those companies, which does not help the bottom line of a small company struggling to work and provide jobs and prosperity for the industry in which it is working.

Ben Gummer: I could not agree more. When I tot up in my head the amount of interest that I have paid on a business account for overdrafts incurred because of non-payment by large customers over the years, and when I think of the amount of money that could have been spent on product development, employing new people and growing my business, it is immensely frustrating even now to think of all that wasted money. My hon. Friend is entirely right that in any business in which the process involves the purchase of large capital goods, whether that is in manufacturing or in construction, and the business is dependent on paying its suppliers in order to create an end product, the middle guy is stuffed if he is not paid on time.

The hon. Member for Ochil and South Perthshire (Gordon Banks) referred to the construction industry. That is where my first business was. I was running a small business, largely working for very large multinationals or for the Government, and my suppliers were often small businesses. Sometimes they were larger ones. When a business relies on the good terms of its suppliers in order to satisfy the punitive terms of its customers, that is a wrong place to be. It is, in effect, pushing credit all the way down the line. That is what I find most objectionable about large companies and Government agencies that behave in that way. They are using their supply chain as a bank. The businesses serving as that bank are not large banks; they are, in many cases, small businesses which cannot bear the cost.

A second important aspect of the Bill relates to the disqualification of directors and pre-packs. Too often, in running a small business, I ended up with bad debts because of suppliers who went bust, cleared out their overdue creditors, reinvented themselves the next day with precisely the same shareholders, directors and a whole load of other people who were connected with the previous company, and then suddenly emerged, phoenix-like—in fact, pre-packs are called phoenixes in the business—and ready to trade again. That is an absolute outrage. It goes against all the principles of a decent, liberal market economy. It is fraud.

The two key provisions that will go some way towards helping that situation are those on director disqualification, for which there is a five-year horizon—I hope that the Government will be able to use the provisions within that period—and on pre-packs, also within that period.

Bob Stewart: I am reminded of the time when I was running a small business. I thought that what my hon. Friend has just described was utterly illegal and people could not do it. I never believed that it was possible to close down one day and then start up as a new entity the next. I thought it was highly illegal even then, and that was 15 years ago.

Ben Gummer: I remember thinking it was illegal the first time it happened to me. It involved a business based on a trading estate in the east midlands, not far from

where I was based. I went there one day to try to get some money out of someone who had bought something from me, and was refused the cash. When I went back two days later, everything was exactly the same apart from the name plate over the trader's shop window and the fact that the filing cabinets had been thrown away because they contained all the creditors' records. There was a brand-new sign but it was an old business.

The provision on the late payment of commercial debts is part of a package of measures that will transform the ability of small businesses to carry out their business.

Gordon Banks: The hon. Gentleman says that this Bill will transform the experience of small businesses. Surely he has to admit, coming from a small business background, as I have, that the only way the late payments situation can be transformed is by forcing people to make payments on time, and that can happen only with financial detriment to the payer.

Ben Gummer: I disagree with the hon. Gentleman, although I understand his point. In the end, having thought about this at considerable length, because it is something that has taxed me, I came down on the side of the Minister, because transparency is the best way of ensuring exactly what he intends to achieve. If we start mandating people on payment terms, we end up with perverse consequences as regards the payment terms themselves, and a race to the bottom as regards their length. One supermarket famously gave terms of a minimum of 90 days. We cannot change that by legislation, because, in the nature of things, payment terms must sometimes be short and sometimes be long. Mandating would force, or encourage, companies to extend their payment terms. That is the first problem.

The second problem, as the hon. Gentleman knows perfectly well, having been in business, is that there are many times when someone's invoice is disputed. The problems in the construction industry caused by the winding-up orders and appeals to the commercial courts—the county courts—that are often used as an excuse to try to avoid payment would be compounded all the more by the mandating of payments. We would end up in an unholy mess that would not be good for small businesses, for honest large businesses, or for customers who did not want to pay a bill but felt forced to do so because of terms such as he proposes.

Gordon Banks: I think the hon. Gentleman misunderstands the objective, which is not to get the extra forced payment, but to make sure that the original payment is made on time so that the debtor does not have to pay that forced payment.

Ben Gummer: I understand what the hon. Gentleman is driving at, but much as I would love there to be a mandatory payment term in a theoretical world, I just do not think that it would work in practice. As I have tried to indicate, I think it would result in perverse consequences that would be worse for small business than if we go down the Minister's route of transparency and openness with regard to the terms offered by businesses.

5.30 pm

Toby Perkins: The hon. Gentleman may well think that the proposal would make things worse, but his opinion is not shared by the Federation of Small Businesses or the Forum of Private Business, both of which support our approach. Why does he presume to think that he knows better than those well-respected bodies, whose members tell them that they support our approach?

Ben Gummer: I can only speak from personal experience, which is what I have tried to do, to explain why I think it makes sense to go down the Minister's route and why we would end up with perverse consequences were we to go down the route of mandation. Many small businesses are not members of the Federation of Small Businesses, and the Federation of Small Businesses is not absolutely right in everything it suggests. All I would say is that, in this instance, my own experience is that mandation would have a perverse consequence that would be inimical to the well-being of all small businesses. As a good first step, transparency, as the Government suggest, will create a new environment for businesses, which will change things for the better for people trying to build wealth and prosperity in our nation today.

The shadow Minister intervened on me to suggest that something better could be done. All I will say to him is that, when in government, his party did absolutely zero. They were, if I may coin a phrase, a zero-zero Administration when it came to small businesses. In 13 years, they did nothing apart from put up taxes on small businesses. They did nothing to cut red tape. Labour Members oppose the Minister's efforts to tackle bureaucracy and claim that they can do better, but that sits a little ill in their mouths. I know that most business people—this is true of almost everyone I speak to in my constituency—think that it sounds a little false, and there is a reason for that: it comes neither from the heart nor from a real desire to do anything right. The difference is that the Minister understands what needs to be done and he is doing it.

Bill Esterson: Like the hon. Member for Ipswich (Ben Gummer), I have also run a small business—for 15 years, in my case. The reason new clause 4 is so important is that the status quo just is not working: small businesses are not in a position to chase late payments. In Committee —the Minister will probably repeat what he said then —members on both sides came up with examples of why action is needed, but I am afraid that what is being suggested just is not adequate. That is why we need measures such as new clause 4, which goes so much further.

As my hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams) has said, small businesses account for half of our economy. They are a crucial part of the economy and of prosperity and future prosperity. Very many small businesses are struggling at the moment and late payment is one of the main reasons for that. They are used by suppliers for working capital—in fact, they are used as a bank. We have heard about how accounts departments are available only on Tuesday at 5 o'clock or Friday at 3 o'clock, and if people cannot get hold of them at those times, they have had it. When I was in business, there was only one payment run a month, and if people missed that, they had had it for a month. The following month's invoice would then be queried and sent back to them, so they would miss two payment runs and two months' worth of pay. I am afraid that that sort of practice goes on all the time, which is why action is needed to go further than the Government's proposal.

[Bill Esterson]

A total of £39.4 billion is overdue in payments to small businesses. On average, small businesses are owed £38,000 in overdue payments. One in four companies spends 10 hours or more a week chasing late payments.

Gordon Banks: Given the time in the calendar that we are now approaching—November, December, January, February—does my hon. Friend share my experiences of and concerns about what happens to cash flow and cash collection over these months, when for a number of reasons, or rather excuses, cash collection during the winter months, when in some ways it is needed more, is greatly reduced?

Bill Esterson: That is absolutely true. It is certainly my experience that the delays at this time of year are an additional burden on small businesses. They of course have a knock-on effect not just on the businesses themselves, but on the staff, who potentially lose out in the run-up to Christmas, when families need support more than at almost any other time of the year.

The proposal is about unlocking the potential of small business to do so much more for our economy and our future prosperity. As I said at the start, the status quo is not working, and we need something to change.

As we have heard from other Members, 10% of small businesses have considered using late payment legislation, but they have not actually done so. At the same time, 22% of them have ended a relationship because of late payment. That is a demonstration not that the system is working, but that it is not working.

Small businesses cannot and will not challenge their larger customers for fear of losing them. As I said in an intervention, there are moral reasons, community reasons and other good reasons for ensuring that payments are made on time, including to support the supply chain and the bigger business, as well as to benefit the wider economy and individuals in our country.

The issue is crucial, and we must make sure that the right solutions are brought forward to support small businesses and everybody who owns them or works in them. The system is not working at the moment, which is why the concept of automatically having to pay an 8% penalty on late payments is so important. Such behaviour will not change on its own. My hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) made that point very well by saying just how few businesses in Scotland have signed up to the prompt payment code. It is a derisory number: is it 43?

Gordon Banks *indicated assent.*

Bill Esterson: I do not know how many businesses there are in Scotland, but there are 5 million in the UK as a whole, and it is not too hard, by scaling that up, to calculate that the number signing up to the prompt payment code overall is not very big.

There is support for new clause 4 from across the business community. Phil Orford from the Forum of Private Business has said that it would be

"a welcome addition to the proposals outlined in the Small Business, Enterprise and Employment Bill and would go a long way to reducing the time and cost small firms spend on chasing late payments and allow them to concentrate on growing their businesses and creating jobs."

Government Members must accept that it is supported across the business community. As my hon. Friends have said, the only way to support small businesses is to make the proposal mandatory to ensure that big businesses pay on time. New clause 4 does just that, and I hope that the House will support it.

Toby Perkins: I am in the rather unusual position of speaking to my new clauses and in effect winding up the debate at the same time, but it is a challenge I relish.

There have been some very valuable contributions to the debate. I reiterate my admiration of the campaign on late payments led my hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams). She has been a really doughty fighter on the issue, and there is no doubt that late payment is a key factor in holding back small business growth. Suppliers frequently report that it is one of the key hurdles that they face, alongside access to finance, because small businesses do not have the cash flow buffers of their large competitors.

The hon. Member for Ipswich (Ben Gummer) has been forced to leave his place—he arrived in rather a rush and left in rather a rush. Let us hope he is properly dressed when he returns. He said, rather ungenerously, that I was in a lonely position as a Labour Member in having run a small business. However, we all know that my hon. Friend the Member for Edinburgh South (Ian Murray) was a small business owner, as were my hon. Friends the Members for Ochil and South Perthshire (Gordon Banks) and for Sefton Central (Bill Esterson) and many of my other colleagues. And so are several of Labour's parliamentary candidates, who we hope will be joining us here in just a few months. Conservative Members often try to create the impression that they are the only ones who have ever been in business and that all Labour Members were previously engaged in social work, school teaching or whatever they think is not worthy.

The Minister of State, Ministry of Defence (Anna Soubry): Nothing wrong with that.

Toby Perkins: Absolutely right, there is nothing wrong with that. However, the suggestion that none of my colleagues has been involved in the business world does not stand up to scrutiny

The hon. Member for Ipswich described the Bill as a thing of "magnitude", which was an incredibly generous description. It contains a number of measures, none of which has anything particularly wrong with it, but it is not in any sense a thing of magnitude. It contains small steps in the right direction on transparency, with some positive commitments from the Government—*[Interruption.]* Oh, he's back. I've just been talking about you. For the benefit of anyone watching on television, the hon. Member for Ipswich has returned. There are positive steps in the Bill on the role that central Government will play by paying people on time, but it is certainly not a thing of magnitude. The steps are relatively minor, and the steps that the Opposition proposed in Committee and have alluded to today on Report would have been far more significant, which was why they enjoyed such broad support.

The hon. Gentleman attempted to say, "The Federation of Small Businesses—what do they know? They might be wrong." I believe that having more transparency

would be a significant step, so he was wrong to say that. Many owners of the 2,500 businesses a year that go bust as a result of not being paid on time will think so, too. It is important to get on record the full scale of the problem that we are highlighting, and to reiterate some of the statistics that my hon. Friend the Member for Oldham East and Saddleworth gave. Figures published by Bacs reveal that Britain's small businesses now carry a burden of £39.4 billion in overdue payment.

Ben Gummer: I apologise for missing the first part of the hon. Gentleman's speech. He has just characterised what I said in terms that were completely different from what I actually said. He quoted me as saying with reference to the FSB, "What do they know?" That was not actually what I said. Maybe if he reflects on precisely what I said, which was that I thought the proposal could have perverse consequences, he might give a different response.

Toby Perkins: Members will be able to check *Hansard* for the exact phraseology, but I was attempting to paraphrase the hon. Gentleman rather than to quote him. He said, if I remember rightly and can quote him more directly, that the FSB was not always right, or that it was wrong on this issue. He said that he believed he was right and the FSB was wrong on the issue—is that close enough? Anyway, anyone who wants the word-by-word definition can check it in *Hansard*.

5.45 pm

Some 60% of Britain's small businesses report that late payment is a problem, and as far as I am concerned, that is all that matters. It is important that small businesses, which on average are waiting for £38,186 in overdue payments every week, should be satisfied. The hon. Member for Ipswich was right to say that different Governments have come forward with measures to address late payment, and we continually return to that. None of us wants the issue to return in a few years' time and for us to go round again and recycle the whole debate, so it is important to come up with a solution that gives small businesses the sense that we are taking the matter seriously. One in four companies spends more than 10 hours a week chasing late payments, and evidence from the Federation of Small Businesses indicates that more than half of small businesses are not paid promptly by large companies, with the average payment time being 58 days—nearly double the normal contract time.

The hon. Gentleman was right to say that we cannot sit in this place and say what a fair level of payment is across every business sector, but we are attempting to deal with people who pay businesses later than expected. It is right for the Government to ask questions of the major supermarket chains, for example, and say, "If you are buying comestible products that are out of date within four or five days of their arriving in your store, is it legitimate to say that you cannot pay someone for 90 or 120 days after that point, since the product will long since have been consumed or expired?" It is legitimate to ask those questions.

Insolvency specialists have estimated that one in five business failures is down to bills being paid late rather than a failed business model. During the recession, it is estimated that 4,000 businesses failed as a direct result of late payments. Often businesses get paid late, pass on late payments to their suppliers because they are waiting for money, and someone down the line who was in no way the cause of the problem goes bust. It is right constantly to consider how to address that issue. My message to the hon. Gentleman and the Government is that we should not say that nothing can be done. We must not give up; we must ensure that we act on behalf of those small businesses.

Gordon Banks: Does my hon. Friend share my ambition that new clause 4 does not have to be onerous or deliver any financial problem to the debtor? All the debtor has to do is pay on time, and there is no penalty. It is simple; it puts money back into the economy and oils its wheels. It ensures that small businesses do not totter on a knife edge of survival at the behest of a larger company. There need be no financial detriment to the large company in the new clause.

Toby Perkins: My hon. Friend is right. The proposals brought forward in Committee were detailed, and new clause 4 is investigating those ideas. Small businesses have the right to expect to be paid on time, and we should be taking serious steps to support that.

Current provisions in the law are not adequate to deal with the extent of the problem, and the Late Payment of Commercial Debts (Interest) Act 1998 was an important step. The EU late payment directive that the Government introduced in 2012 was broadly built on the same principles. They are valuable as far as they go—the prompt payment code is valuable as far as it goes—but they are clearly not adequate. The idea that more transparency, welcome though it may be, will be a silver bullet or even a significant step towards a resolution, is entirely wrong.

The Bill includes some provisions on interest charging. For reasons that other Members have highlighted, many small businesses feel that they are not able to charge interest because of the impact it would have on their relationship. This was a real opportunity for the Government to take hold of the issue and tackle the problem once and for all. Our amendments in Committee should have won the support of the Committee and the Government, because they had potential and I look forward to promoting them as part of a Labour party business manifesto in 2015. Small businesses will recognise that the measures we proposed were a step forward and that the measures in the Bill are a much smaller step.

The Government have dragged their feet on this issue over the past four years: the EU late payment directive was introduced at the last possible moment and the steps proposed at this juncture are small. We were disappointed after the very successful Back-Bench debate on late payments secured by my hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams) and the hon. Member for South Basildon and East Thurrock (Stephen Metcalfe). In the run-up to that debate the previous Minister, the right hon. Member for Sevenoaks (Michael Fallon)—he was great; he used to attend debates and everything—said that he would write to the FTSE 350 and warn businesses that they would be named and shamed if they did not sign up to the prompt payment code. Unfortunately, because that had not happened by May 2014—almost two years on—I tabled a series of written parliamentary questions to find out if companies were due to be named and shamed. We were told that it was no longer Government policy.

[Toby Perkins]

It ceased to be the policy of the Government before it had ever actually become the policy of the Government. The Government's record on this is not strong and to describe it in the terms that the Minister did was generous in the extreme.

New clause 3 would take this issue out of any Minister's hands by ensuring that the very biggest businesses would know that they would all be named and shamed publicly if they did not comply. It would also provide an opportunity for Ministers to name and praise businesses that paid on time and complied. That carrot-and-stick approach is valuable as it would ensure that businesses that played by the rules and ensured that their customers were paid on time would not be tarnished with the same brush as those that gamed the system. It would ensure that the Government had a focus on signing up businesses to the prompt payment code. There was some talk previously about the number of people signed up to the prompt payment code. In the last two years of the Labour Government 978 businesses signed up to the code, whereas in the first two years of this Government just 204 did—a real difference in the number signing up. Our proposed changes will ensure that companies comply with the spirit of prompt payment, not just the letter of the code. I hope Members will give the new clause the support it deserves.

New clause 4 was tabled because the Government's draft legislation fails to grasp the central problem behind the late payment crisis. Ultimately, despite the extent of the crisis, small businesses are often reluctant to report late payment as they rely on the custom of businesses for their very existence. Just 10% of businesses have considered using late payment legislation, despite 22% of businesses ending a relationship with a customer because they could not be paid on time.

Previous policy initiatives have focused on increasing prompt payment from public sector bodies to contractors. In the March 2010 Budget, the last Government took significant steps to tighten the rules on late payment by the public sector, and this Government are looking to take further steps in that direction, which we welcome. However, the FSB is clear that late payment by private sector businesses is the major problem, and although it is right that government should put their own house in order first, the challenge for policy makers is to shift the burden away from small businesses going out on a limb to ask for interest payments to their being paid as a matter of routine. Ministers are wrong to say that transparency, welcome as it is, will solve the problem. Yes, businesses might know they are dealing with a company that often pays late, but none the less, because of how their businesses are constituted, they might be utterly dependent on that relationship and be unable to do anything about it.

We are clear about the changes we think should be made to alter the balance of power in the late-payment relationship, and our proposed review would be an opportunity to investigate the matter in more detail, away from the cut and thrust of a Committee stage, where Governments, for whatever reason, are often reluctant to take forward ideas simply because they come from the Opposition. Our review would be an opportunity to explore an idea that we think has real merit. Our proposed quarterly statement would list all payments made late to suppliers without a formal query having to be made. It would also confirm whether interest has been paid to compensate the supplier and set out a payment plan to ensure it is paid promptly where it has not. As a package, those measures would be a significant step forward, with greater potential than any other to change the relationship between small businesses and their suppliers in the context of late payments.

My hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams) spoke to her new clause and amendment. Amendment 6 would require companies to include details of the circumstances and process by which payment times can be amended and details of whose permission is required, which would prevent individual directors from making rash, unilateral or ad hoc changes to companies' payment policies. Her new clause 1 addresses the issue of retention money in the construction industry, where it is common for firms to withhold payments to protect against problems with work and/or materials. We think that these proposals are worthy of consideration, and we look forward to hearing what the Government have to say. Many jurisdictions abroad have legislation in place for protecting retention money. It has worked well elsewhere and certainly deserves significant scrutiny.

The hon. Member for Brighton, Pavilion (Caroline Lucas) proposed a couple of amendments, including one on exports. Like the rest of us, she will know that the Government have failed spectacularly to secure the export-led growth they promised us back in 2010. We have the largest 2014 trade gap of any major industrial country, which is a significant issue, particularly in relation to goods, and we believe that the Government should pull their weight in supporting our exporters and that a case can be made for examining the overall role of UK Export Finance.

Damian Collins (Folkestone and Hythe) (Con): I have been following the hon. Gentleman's remarks very carefully. To touch on what my hon. Friend the Member for Ipswich (Ben Gummer) said, the charging of an 8% levy for late payment might not be a catch-all, because there might be people not paying because they have a legitimate complaint about the quality of the work done who might fear being charged the 8% levy for late payment if they raise a legitimate concern but are not successful. That would be unfair and might discourage people from making reasonable complaints.

Toby Perkins: The hon. Gentleman makes a valid point. The Bill, as originally drafted, would have meant that a business that had raised a legitimate concern within 30 days would have been exempt from punishment for late payment. That is a valid concern.

6 pm

Damian Collins: But that would depend very much on the type of work. If it was a construction contract that was running over a long period of time, and if the 30 days were taken from the moment of the invoice, the actual consideration of the quality of the work might come some time afterwards. Again there would need to be much more flexibility built into the system because different jobs may take different periods of time. Assessing the quality of the work might take longer because of the length of the contract.

Toby Perkins: I almost wish the hon. Gentleman had been on the Committee. We debated many of these issues and he raises thoughtful questions on it. His would have been a valuable contribution to the Committee. We are referring to something that we are not debating today but, in terms of his question, the invoice would usually become due for payment at the moment the work is completed. If we were talking about a six-week construction project, the moment at which the invoice would start would be once the work was completed. There would then be a period from that point. A late payment penalty would be due 30 days after the invoice was due. In practical terms, on a traditional contract of 30 days' net monthly, the business would provide the work and present the invoice. There would be 30 days when the payment was due. There would then be another 30 days before any late payment interest was due. There are a number of safeguards in place to try to deal with that.

Ben Gummer: Will the hon. Gentleman give way?

Toby Perkins: I will give way because the hon. Gentleman made a speech. But if we are going to get into a great deal of detail about something that is not actually in the new clause, I would caution whether that is the best use of our time.

Ben Gummer: I understand that, but the hon. Gentleman has just made a point that reveals his misunderstanding of how an industry works. Herein lies the problem; his answer suggests that he fails to understand the way in which payment terms work in the construction industry. Often, invoices are not issued when work is complete. They are done on a staged basis when applications are made and certified by an architect or a quantity surveyor. Often the work is not complete; it is part of a process. It might well be that the work may not have been completed to the satisfaction of the customer, but they will be afraid of raising a complaint because it is not worth the 8% premium, or whatever it might be under the proposal. Herein lies the issue; he proposes legislation the impact of which he does not quite understand. It would have perverse consequences, and he has come back with another clause just to satisfy a particular interest group rather than actually trying to support what the Government are doing.

Toby Perkins: That was a bizarre contribution in a number of ways. First, we have said we are going to support what the Government are doing so he was factually wrong in that regard. But saying that by giving a single example of how it might work I was suggesting that that example would always work in every single case is a complete straw man. That contribution did not take us anywhere, so let us move on.

In Committee we tabled amendments that would have required the Secretary of State to initiate an independent assessment of the functions on export finance and how to improve awareness of the body. Unfortunately the Government did not accept our amendments. But the next Labour Government will make it a central mission to boost exports. Within that, there is a role for examining the overall way in which UK Export Finance works, but I would be hesitant at this stage about saying that, on that basis, the amendment of the hon. Member for Brighton, Pavilion should be supported. She may be minded to explore the issue today and consider whether to push it to a future stage.

On amendment 92, we strongly agree with the principle that Ministers should be accountable to Parliament for their performance in supporting businesses, and I accept what the hon. Member for Brighton, Pavilion said about not wanting a series of meaningless measures with things being deregulated just for the sake of deregulation. I also think, however, that having a deregulatory target has some value in ensuring that Governments and their civil servants are constantly conscious about the impact of any proposed new regulations. We thus think the deregulatory target has some value, as I say, although I share some of the hon. Lady's reservations about how it will work.

Public procurement is a hugely important function of government. Central Government spend about £45 billion a year on the purchase of goods and services, and ensuring that more of that money delivers for the UK economy is one of the most valuable things that any Government can do. We are absolutely behind ensuring that the power of UK Government procurement delivers for the real economy. That is principle behind our amendment 1, which outlines three areas in which such value can be found for our constituents, constituencies and communities, ensuring that proper reports are made and kept in each of those areas.

There is much good practice around the country coming from various public authorities. The TUC has championed the "one in a million" campaign, which aims to ensure that as far as possible, every £1 million of public spend results in at least one apprenticeship opportunity provided to a young person. A Labour Government would deliver on such principles. We would, for example, require the HS2 project to create 33,000 apprenticeships for young people at no extra cost to the taxpayer. Likewise, Labour's new immigration Bill would compel multinationals to create an apprenticeship place each time a skilled worker was hired from outside the EU. We should leave no stone unturned in fighting for apprenticeships.

We should ensure, too, that we fight for quality apprenticeships. They should be at or above NVQ level 3, so that every business that takes on someone who has had an apprenticeship will know that they have taken on someone who has had a really significant quality of training. We think there is a lot more to be done to support apprenticeships, and our amendment 1 would take significant steps forward in supporting those apprenticeships and the type of economy that we are looking to create.

On both apprenticeships and late payments, we think that the Government are taking small steps in the right direction, but they could have been far more ambitious and delivered far more for small businesses, apprenticeships and a skilled economy. We hope that the Government will support our amendments, which would enable us to do precisely that. If they do not, they can be sure that a future Labour Government will pursue these themes and make sure that we have the kind of economy in which we can have confidence and faith in the future.

The Minister for Business and Enterprise (Matthew Hancock): We have had a good-natured and largely well-informed debate on these new clauses and amendments.

I shall deal first with late payments. We have heard passionate speeches from Members on both sides of the House on the importance of tackling late payment.

[Matthew Hancock]

I will start by addressing a comment made by the hon. Member for Sefton Central (Bill Esterson), who performed admirably on the Public Bill Committee and made many important interventions. He argued that the current situation in the country on late payment is not acceptable and is not working, and I think he is right. The question is what to do about it.

We consulted broadly on all the potential options surrounding late payments, including many of the options covered by the amendments, and we listened carefully to the responses to the consultations. There was a range of responses, including from those who would firmly regulate all private contracts and from those who did not want any change at all. It is important for us to take steps that will have a positive impact, and to think about the unintended consequences. If we introduce into English law a requirement for a contract to take a specific form, we will remove a freedom of contract that has served the country extremely well for a long time.

We have today heard passionate arguments about the importance of dealing with late payment, as we did on Second Reading and in Committee. We have heard them from my hon. Friend the Member for Ipswich (Ben Gummer) and from Opposition Members. I bow to none in my passion for sorting out the problem of late payment, because the family business in which I grew up nearly went under thanks to it, but let me point to the big picture. The hon. Member for Ochil and South Perthshire (Gordon Banks) argued that there was a moral case, and I agree with that. He also observed that the problem arose when there was a cascade of companies paying late—when, because some paid late, others had to do so, and then others had to as well. I have been at the receiving end of that, as I am sure he has. He is nodding now. The best way to tackle the problem of companies going bust and others paying late is first to establish a stable economy, and then to establish a culture of payment that is stronger and better.

Bill Esterson: Will the Minister give way?

Matthew Hancock: I will in a moment. Many Members have ignored the fact that the Bill already contains measures to improve transparency and increase prompt payment in the public sector. My Department pays within five days of receipt of 95% of undisputed invoices, and within 30 days of receipt of 99%. That excellent performance—which is what I would call it—must be rolled out much more widely in the public sector if the culture is to be changed, but we also need transparency.

Bill Esterson: I am glad that the Minister did not give way to me earlier, because he has made my point quite well. By improving its payment terms, the public sector is helping the economy. Rather than concentrating on putting the economy right in order to boost prompt payment, we should bear in mind that boosting prompt payment will help us to grow the economy, and if that is right in the public sector, it will be right in the private sector. We merely want to start the ball rolling. We in the Chamber do not have the perfect answers; it is for others to go away and design a system that works. If we assumed that all amendments must be perfect, we would never agree on anything here.

Matthew Hancock: All Government amendments are, of course, perfect, at least when I am at the Dispatch Box. However, I strongly agree with the thrust of what the hon. Gentleman has said. We must take the situation as we find it and then improve it, which is what I think the Bill does. However, I do not think we should go as far as the hon. Gentleman suggests. Let me begin by tackling the transparency provision, and explaining why I think it will make such a difference.

We propose that not only the average payment terms but the percentage of invoices met beyond agreed payment terms should be published. That is a different sort of late payment, but it is still a problem. However, we also propose that the proportion of payments made within 30, 60 and 120 days of receipt be published. The hon. Member for Chesterfield (Toby Perkins) has made a great deal of the fact that he received a parliamentary answer from my predecessor about naming and shaming. My predecessor was true to his word—he did publish a list of non-signatories to the prompt payment code in the FTSE 350, as he had committed himself to doing—but we have gone further. The fact that the Bill requires transparency means that all payment practices of all large companies will be published. It is not a question of having to ask a Minister to name and shame, or even the good idea of naming and shaming on the one side and celebrating on the other. The argument about naming and shaming will be driven by the measures taken in the Bill.

Ian Swales (Redcar) (LD): The Minister is right to talk about unintended consequences. Getting companies to sign up to the prompt payment code made many of them extend their standard payment terms. What does he see happening to a company like Procter & Gamble, which has now extended its payment term to 180 days? I regard naming it in this place as naming and shaming it. It is such a powerful organisation that it can be as transparent as it likes and simply ignore any consequences.

6.15 pm

Matthew Hancock: First, the fact that everybody will now know, because they will read the *Hansard,* that that company pays in 180 days will have an impact, but the transparency measures in this Bill will take that information in *Hansard* and make it much more widely public. We have also made a change to the prompt payment code. Big companies could stay within that even if they made their payment practices worse, and we have seen a couple of examples of that recently, so we have convened a new prompt payment advisory board to strengthen the code. That code will only work if it has teeth, so people in the code who have poor prompt payment practices, or who make their prompt payment practices worse, need to be removed from the code, and that must be made to happen in a very public way to demonstrate that the code has teeth; otherwise, it does not have any teeth at all.

Gordon Banks: The Minister will recall that I mentioned that in Scotland there are 43 businesses on the prompt payment code register. What will he do to increase that number? If there are 43 businesses on the register, the system is not working.

Matthew Hancock: There are 1,700 businesses on the register from across the country as a whole. Of course, this is targeted at the biggest companies because they

are typically the ones at the top of the supply chains, but I would be very happy to work with the hon. Gentleman to increase the number in Scotland.

Toby Perkins *rose—*

Matthew Hancock: I want to turn to the campaign that the hon. Member for Oldham East and Saddleworth (Debbie Abrahams) has run over many years, but first I will take an intervention from the shadow Minister.

Toby Perkins: Although many people will of course race off to *Hansard* to catch up on this debate, some, unbelievably, may not. Is it not entirely wrong that a business could have a term of 180 days, pay "on time"—that is, within those 180 days—and be seen as a signatory to the prompt payment code? All we are proposing in new clause 3 is that if they do not pay within 60 days, they should not be considered part of the prompt payment code.

Matthew Hancock: There is a lot in what the hon. Gentleman says, and that is why we are strengthening the code and will in future kick out companies that say that they have signed up to the code but then have unreasonably long payment terms, so I think we are basically in the same place on that point.

I wanted to address a couple of points made by the hon. Member for Oldham East and Saddleworth about modern slavery. She has run an admirable campaign on prompt payment over many years, and we have had exchanges across the Chamber before. She has brought a huge amount of pressure to bear on this issue, and has pushed this agenda. I strongly agree with the direction of the agenda, and I agree with her on modern slavery, too. We are determined to work with businesses to ensure that supply chains are not infiltrated by the abhorrent crime of modern slavery. There is a new disclosure requirement in the Modern Slavery Bill, requiring all large businesses to disclose what they have done to ensure that their supply chains are slavery-free. That is an important step forward and takes into account the point she made.

New clause 1 would introduce a power allowing a new reporting requirement on the retention of money, require a review, and provide a further power to act on that review, but we already have a new obligation to report on these practices in this Bill. The transparency measures are at the core of the prompt payment changes proposed in the Bill.

We will seek the views of business bodies during the consultation. We are also aware that retentions are particularly prevalent in the construction industry, as the hon. Member from Scotland said—*[Laughter.]* The hon. Member for Ochil and South Perthshire (Gordon Banks), as I should have said. We are working with industry to move to a position where retentions are no longer necessary, and I would be happy to work with Opposition Members to push that further.

New clause 3 deals with prompt payment. It would introduce a maximum payment term of 60 days, and also place an obligation on the Secretary of State to write annually to all non-signatory FTSE 350 companies asking them to sign up to the code. I am delighted to say that I commit wholeheartedly to writing to all non-signatory FTSE 350 companies asking them to join the strengthened prompt payment code, and we should continue the cross-party push aimed at getting more large companies to sign up. The new reporting requirement will provide sufficient transparency, which will lead to competitive pressure on companies to improve their payment practices.

Ian Swales: The Minister will be well aware that many large businesses in this country are not in the FTSE 350. For example, the company that I named earlier is American-owned. Is he going to do anything in addition to writing to FTSE 350 companies to try to address this issue?

Matthew Hancock: Absolutely, and I would be happy to work with my hon. Friend on that. There are large private companies that are not in the FTSE. Larger companies, however they are formulated, need to be considered.

New clause 4 also deals with prompt payment. It proposes a review of how the new reporting requirement can be used to ensure the automatic payment of compensation by large companies. This is the nub of the proposal, which we discussed in Committee, that interest be automatically allowed to accrue after 60 days. We consulted on something similar during the consultation, and some bodies were in favour and others were against. Some of the bodies representing small businesses, such as the Institute of Directors, were against the proposal because of the way in which it would change contract law. I therefore do not think that the new clause is necessary, but like Opposition Members, I want to work to strengthen payment practices. We will resist this proposal today, because we do not think the case for it has been made and we do not believe that the unintended consequences have been thought through. However, we will report back publicly on the findings of further work before the end of this Parliament.

Toby Perkins: I am pleased to hear what the Minister has said about new clause 3 and the prompt payment code. Given those assurances, we will not press new clauses 3 and 4 to a vote. I hope that we can continue to work together constructively on late payments, because that is a key issue for small businesses.

Matthew Hancock: That is terrific. After our voting performance today, I am delighted to hear that.

Amendment 6 proposes that companies disclose details of the circumstances in which, and processes by which, payment terms are amended. I have already said that the Government believe that it is poor practice to subject suppliers to unilateral and ad hoc changes to payment terms. We talked about that in Committee. I agree that greater transparency could increase accountability for this practice, and we are launching a consultation on how that transparency could be achieved. I hope that that deals with the substance of amendment 6.

Amendment 7 seeks to ensure that contracting authorities know about the historical payment performance of potential suppliers before they enter into public contracts with them. It also seeks to ensure that the companies entering into those contracts pay their own suppliers promptly. The new procurement regulations that will be made early next year will place a duty on contracting authorities to pass 30-day payment terms all the way down the public sector supply chain, from the contracting

[Matthew Hancock]

authority to the tier 1 supplier. This has been discussed here today and in Committee. I hope that Members will therefore agree that this amendment is not required in addition to the regulations.

On amendment 1, having prompt payment in procurement is dealt with in the new procurement regulations. The requirement for training in procurement is something I agree with where it is cost-effective. We have delivered that in Crossrail and I very much hope that HS2, which has been mentioned, will also deliver it. That is exactly the sort of training, alongside contracting, that is common in the private sector, but of course we have to drive value for money in the public sector, too. The Government agree that transparency and reporting in public sector procurement is vital, and Departments are already required to report on procurement expenditure with smaller businesses. As hon. Members know, that expenditure has been rising rapidly as a proportion and we are on target to hit the goals we set.

Amendment 2, also on procurement, is designed to ensure that the Minister making regulations under clause 37 is able to specify the reasons why firms may be excluded from entering into contracts. Under the existing procurement regulations a contracting authority can already take account of certain types of past behaviour by an economic operator, such as grave professional misconduct, when deciding whether it is eligible to take part in a procurement process. So that is already allowed for.

Amendment 3 states that any regulations made under clause 37 are subject to the provisions of the Freedom of Information Act, and I reassure hon. Members that contracting authorities, as public authorities, are already required to respond to FOI requests. Amendment 4 is designed to increase the level of parliamentary scrutiny by removing the reference to the negative resolution procedure. I agreed to consider, following the debate in Committee, whether it would be appropriate to change the level of parliamentary scrutiny for these regulations. The Government think that the negative resolution procedure provides the right level, but I did go away and consider the matter. We think that an affirmative process would slow down potential changes when the Government want to remain nimble in responding to the needs of small businesses.

I thank the hon. Member for Brighton, Pavilion (Caroline Lucas) for tabling amendment 91 on UK Export Finance. In our response to the consultation on these issues, the Government rejected such a proposal and set out the rationale: a prohibited list, by its very nature, would not allow the Secretary of State to take an open-minded approach in coming to a decision on whether to support an export falling within an included class. The measures already enhance the support that UK Export Finance can offer, and creating an ability to prohibit support for certain exports which are otherwise perfectly legal goes directly against that goal.

Amendment 92, again tabled by the hon. Lady, relates to the business impact target. I am delighted to debate that with her, because I believe the need for the target proposals set out in the Bill is clear. Too many businesses, particularly smaller ones, find that complying with Government regulation is the single biggest challenge to running their business. We had strong support in Committee for the target. It is only by having a competitive business environment that we can have prosperity, growth and indeed the environmental protections that she is so passionate about. I strongly support, and urge her to support, the deregulation target.

Caroline Lucas: Why does the Minister present regulation as always being anti-business, given that so many businesses are saying that smart regulation is good for a competitive environment?

Matthew Hancock: Of course, if we can achieve the regulatory objectives with a lower burden on business, we can get the best of both worlds. Almost all the examples the hon. Lady gave were about the crash and the banks, but systemically important financial institutions are excluded from the one-in, two-out approach, precisely because we need to ensure that we have regulations so that we do not repeat the messes of the previous Administration.

Very briefly, let me speak to Government new clause 5, on the independent complaints commissioner duty, which I commend to the House, and Government amendments 27 and 28, on the business impact target. I made a commitment to look at what more parliamentary scrutiny of that target there should be. We are proposing that the report should be to the House. I look forward to building on the cross-party support for these measures and to explore whether a Select Committee can take a formal role in scrutinising the target. I therefore support those provisions.

Debbie Abrahams: I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

Mr Speaker: Before we come to the next matters relating to the Bill, I have received a report from the tellers in the No Lobby for the Division earlier today at 3.59 pm. They have informed me that the number of those voting no was erroneously reported as 269 instead of 259. The ayes were 284 and the noes were 259.

New Clause 5

INDEPENDENT COMPLAINTS COMMISSIONER: REPORTING DUTY

'(1) Section 87 of the Financial Services Act 2012 (investigation of complaints against regulators) is amended as follows.

(2) After subsection (9) insert—

"(9A) The complaints scheme must provide—

(a) for the investigator to prepare an annual report on its investigations under the scheme, to publish it and send a copy of it to each regulator and to the Treasury;

(b) for each regulator to respond to any recommendations or criticisms relating to it in the report, to publish the response and send a copy of it to the investigator and the Treasury;

(c) for the Treasury to lay the annual report and any response before Parliament.

(9B) The complaints scheme may make provision about the period to which each annual report must relate ("the reporting period") and the contents of the report and must in particular provide for it to include—

(a) information concerning any general trends emerging from the investigations undertaken during the reporting period;

(b) any recommendations which the investigator considers appropriate as to the steps a regulator should take in response to such trends;

(c) a review of the effectiveness during the reporting period of the procedures (both formal and informal) of each regulator for handling and resolving complaints which have been investigated by the investigator during the reporting period;

(d) an assessment of the extent to which those procedures were accessible and fair, including where appropriate an assessment in relation to different categories of complainant;

(e) any recommendations about how those procedures, or the way in which they are operated, could be improved."—*(Matthew Hancock.)*

This amendment requires the scheme established by the financial services regulators for the investigation of complaints to provide for the investigator to produce an annual report on its investigations. The report must describe any general trends emerging from such investigations, and assess the accessibility and fairness of the regulators' handling of the complaints investigated.

Brought up, read the First and Second time, and added to the Bill.

Clause 20

DUTY ON SECRETARY OF STATE TO PUBLISH BUSINESS IMPACT TARGET ETC

Amendment made: 27, page 20, line 19, at end insert—

'( ) The Secretary of State must lay each thing published under subsection (1) or (3) before Parliament."—*(Matthew Hancock.)*

This amendment requires the business impact target, the interim target, the determination of qualifying regulatory provisions and the methodology for assessing the target to be laid before Parliament (in addition to the requirement for these things to be published which is currently required by the clauses.

Clause 25

AMENDING THE BUSINESS IMPACT TARGET ETC

Amendment made: 28, page 25, line 10, after "lay" insert

"the thing as amended and".—*(Matthew Hancock.)*

This amendment requires any changes made by the Secretary of State to the business impact target, the interim target, the determination of qualifying regulatory provisions and the methodology for assessing the target, to be laid before Parliament.

Clause 37

REGULATIONS ABOUT PROCUREMENT

Amendment proposed: 1, page 35, line 16, at end insert—

"() duties relating to the provision of apprenticeships and training opportunities as a result of procurement;

() duties to publish reports about the amount of expenditure undertaken by the relevant procurement function in relation to—

(i) amount and proportion of expenditure undertaken by small and medium-sized enterprises,

(ii) amount and proportion of expenditure undertaken in the local area."—*(Toby Perkins.)*

Question put, That the amendment be made.

The House divided: Ayes 229, Noes 295.

Division No. 84] [6.32 pm

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Banks, Gordon
Barron, rh Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Berger, Luciana
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burden, Richard
Campbell, rh Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Champion, Sarah
Chapman, Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Corbyn, Jeremy
Crausby, Mr David
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Sir Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
David, Wayne
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dugher, Michael
Durkan, Mark
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gilmore, Sheila
Glass, Pat
Godsiff, Mr Roger
Goodman, Helen
Greatrex, Tom
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hepburn, Mr Stephen
Hermon, Lady
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Dame Tessa
Kane, Mike
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Lewell-Buck, Mrs Emma
Lewis, Mr Ivan
Llwyd, rh Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McCrea, Dr William
McDonagh, Siobhain
McDonald, Andy
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McInnes, Liz
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael

Meale, Sir Alan
Mearns, Ian
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Powell, Lucy
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reed, Mr Steve
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robinson, Mr Geoffrey
Roy, Mr Frank
Ruane, Chris
Sarwar, Anas
Sawford, Andy
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Heidi Alexander and Stephen Doughty

NOES

Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, rh Norman
Baker, Steve
Baldwin, Harriett
Barclay, Stephen
Barker, rh Gregory
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, rh Annette
Browne, Mr Jeremy
Bruce, Fiona
Buckland, Mr Robert
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, rh Paul
Burt, rh Alistair
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Douglas
Cash, Sir William
Clark, rh Greg
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crabb, rh Stephen
Crockart, Mike
Crouch, Tracey
Davey, rh Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, rh Michael
Farron, Tim
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Sir Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, rh Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, rh Matthew
Hands, rh Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Sir Nick
Haselhurst, rh Sir Alan
Hayes, rh Mr John
Heald, Sir Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Howarth, Sir Gerald
Howell, John
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Jenrick, Robert
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kelly, Chris
Kirby, Simon
Knight, rh Sir Greg
Lamb, rh Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Sir Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Sir Peter
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, rh Esther
Menzies, Mark
Metcalfe, Stephen
Miller, rh Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morris, Anne Marie
Morris, David
Morris, James
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, rh Mr Stephen
Offord, Dr Matthew
Ollerenshaw, Eric

Opperman, Guy
Paice, rh Sir James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Sir John
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, rh Sir Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Sir Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soubry, Anna
Spelman, rh Mrs Caroline
Stanley, rh Sir John
Stephenson, Andrew
Stewart, Bob
Stewart, Iain
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, rh Sir Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Thornton, Mike
Thurso, rh John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, rh Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Ward, Mr David
Webb, rh Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, rh Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Ben Wallace and Lorely Burt

Question accordingly negatived.

Bill to be further considered tomorrow.

Business without Debate

DELEGATED LEGISLATION

Madam Deputy Speaker (Dame Dawn Primarolo): With the leave of the House, we shall take motions 4 to 7 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Insurance Premium Tax

That the Insurance Premium Tax (Non-taxable Insurance Contracts) Order 2014 (S.I., 2014, No. 2856), dated 27 October 2014, a copy of which was laid before this House on 27 October, be approved.

Representation of the People

That the draft Representation of the People (Scotland) (Amendment No. 2) Regulations 2014, which were laid before this House on 21 July, be approved.

That the draft Electoral Registration Pilot Scheme Order 2014, which was laid before this House on 22 July, be approved.

That the draft Representation of the People (England and Wales) (Amendment No. 2) Regulations 2014, which were laid before this House on 13 October, be approved.—*(John Penrose.)*

Question agreed to.

Fenton Town Hall

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

6.45 pm

Robert Flello (Stoke-on-Trent South) (Lab): Let me place on record my thanks to Mr Speaker for allowing this debate. While I am in the mood to give thanks, I also thank the Minister for today's meeting with a group of residents—community activists—from Fenton, as well as people from Urban Vision and somebody from the Victorian Society.

Perhaps even more important, I put on record my thanks to the 498 men of Fenton and the surrounding area who gave their lives in the first world war, and to all those others who gave their lives and are commemorated in Fenton town hall. They gave their lives in conflicts that we can have these sorts of debates about incredibly important issues—particularly important, in this case, to the people not just of Fenton but the wider Stoke-on-Trent area.

I am talking about a building that was given to the people of Stoke-on-Trent—specifically the people of Fenton—as a town hall by the Baker family, back in 1888. It is a beautiful building. I repeat my invitation to the Minister to come and see for himself just what a fantastic building it is. It has a beautiful façade on Albert square. As you stand there facing it, with the second world war memorial opposite in the middle of the square, to the right you see Christ church—a beautiful church—in its grounds and, to the left, some Victorian shops and buildings along the side of Christchurch street. It is the beautiful heart of Fenton. The town hall building fits in beautifully, and it is right at the heart of the community. Perhaps when the Minister visits, he may wish to bring his colleague the Secretary of State with him so that they can both see it for themselves.

As much as the building and its setting is beautiful, and as important as it is as the heart of the Fenton area, inside are four memorials, including the large first world war memorial that is built into the very fabric of the building using good old Minton tiles. Every Member of Parliament should know Minton tiles—good Stoke-on-Trent tiles—because they are underfoot whenever they come in and out of the Palace of Westminster. In this case, the tiles are part of a beautiful, unique memorial dedicated to the lives of the 498 men who gave their lives to the people not only of Fenton but of Britain, and beyond, in the first world war. I will mention one particular name—that of Sergeant Ernest Heapy, the great-grandfather of Mrs Jones, one of the community activists from the residents' area who is understandably incredibly passionate, as we all are, about the memorial remaining there.

This debate is about the town hall building, which was given to the people of Fenton and Stoke-on-Trent in 1888. It remained a building for the community and the city until 1968, when it became the magistrates court. Then, in 2012, the Ministry of Justice decided, based partly on costs and partly on the rationalisation of the estate, to close the building.

To my knowledge and to that of everyone I have ever spoken to about the issue, the MOJ has never paid for the building. It has never bought the building from Stoke-on-Trent and the people of Fenton, and it has never paid any rent to occupy the building. I am sure the Minister will reiterate what he said this afternoon, namely that the building has been maintained by the MOJ, but what else would we expect? The premises we occupy—the Houses of Parliament—are part of what is still a royal palace, yet we rightly pay to maintain it. I do not think there is any doubt about who owns the Palace of Westminster. If we ever decided to sell it, I think there would be an interesting constitutional argument and the Crown would no doubt say that it was not ours to sell. I think that the same principle applies to Fenton town hall, because it is not the MOJ's building to sell.

The Government say that it is the MOJ's building to sell, but it is fair to say that the Minister and I had a meeting of minds this afternoon on the difficulty of proving who owns it. Understandably, the Minister asked how it was possible to look back to 1888 to see who owned the building and had the right to sell it at the time. However, we are talking not about 1888 but about 1968, so if the Minister thinks that the building is the MOJ's to sell—he clearly does—may I ask him, with the greatest respect, whether we may see the deeds? May we see the proof of the MOJ's ownership of the building? We could then see how it was purchased—we know it was not—or perhaps we could see when it was gifted from the people of Fenton and Stoke-on-Trent to the MOJ.

Whatever the legal argument that might rage—we have already had the opening shots of a discussion, rather than an argument—and whether or not the MOJ can prove its ownership of the building, which I suspect it cannot, I think that the moral claim over it has to go back to 1888, because it was given not to the MOJ or the wider nation, but specifically to the good people of Stoke-on-Trent and Fenton.

I find it very hard to accept the argument that the Government own the building, but if the MOJ is completely intransigent on the issue and thinks it is its building, we have to ask how we can move forward from that. First, we need to give the community, which is working with Urban Vision, a proper chance to propose plans to acquire the building. Whether it wants to acquire it as a financial consideration or through a community transfer on the basis that it is and needs to be a community building, the community needs an opportunity to make its case.

The Minister is aware that communication over the past few months has been a little difficult, to say the least—perhaps "almost non-existent" would be a better way of putting it. That is a tragedy, because an opportunity has been wasted. I do not want to go into the ins and outs of who was and who was not to blame and the repercussions of that, but an opportunity for communication has been lost over the past three or four months. What we really need now is a protected period during which the community can present its proposals and show that it can take on this fantastic building in Albert square, run it sustainably and get funding from organisations that are proud to see the continuation of its heritage. The community will be able to present a sustainable business plan and we will not have to revisit the issue in two or three years' time. Instead, in 20, 30 and 40 years' time, the building will be a vibrant part of the community and owned by the community.

The Minister is a man of the law—I am not a lawyer, but that has never stopped me—and if he is concerned that such an arrangement may not be sustainable, I am

sure he knows far better than I do that there are ways to ensure that it is sustainable. The building could be on a peppercorn lease to the community for a couple of years, which would provide an opportunity for the community to show that it can be developed and continued sustainably. The Ministry of Justice might hold on to a string, so that if the community does not do what I have every confidence it will do, it can pull the building back in and continue with whatever plans it has for it. I will come on to what those plans may be in a moment.

Things could be structured in such a way that there is a protected period first, during which the building will not be sold from under the feet of the local community, but if the Minister still has concerns, arrangements can be made so that he keeps an interest in it. I repeat again that I do not think the Ministry of Justice has an interest in the building. That is a moot point, on which we will possibly never agree, unless the Minister wants to acquiesce and come over to my side of the argument. The community should get a fair crack first. If it does, it will be shown to be acting correctly, and the Minister's confidence in it will be justified.

If this does not go the way we hope, we have several concerns about the building that I hope the Minister can respond to this evening. The first relates to the memorials themselves. The Minister, like the Secretary of State, has kindly provided written answers to parliamentary questions and discussed this with me outside the Chamber. He has time and again repeated his view that the covenants over the building ensure that the memorials will be protected and kept safe, and that whatever happens to the building, there will never be any question but that the memory of those 498 brave souls and others can for ever be remembered through the memorials.

Perhaps understandably, some members of the community have expressed concerns about the covenants not being worth the paper they are written on. An unscrupulous developer might only pay lip service to them, and the next thing we know—several months or years later—there might suddenly be a pile of rubble, which would be an abomination. The community is understandably concerned that that might well happen despite the covenants.

I hope that the Minister will put on the record an explanation of how, if the building is sold, the covenants will work. Indeed, even if it passes to the community, as I hope it will, the covenants still need to be in place to protect the memorials in 20, 30, 40, 50 or 100 years' time. Will he explain how the covenants provide protection against an unscrupulous developer? If he cannot give such explanations or reassurance, that will strengthen our view that the building rightly belongs in the hands of the community that cares about it.

This is a good point to mention the concerns that those who are currently in residence, as it were, in the building have expressed to me on numerous occasions. They are not protesters, occupants or occupiers, but custodians. They are in the building, and they very much see themselves as its protectors. They want not just the buildings but the memorials to be protected for future generations in memory of those whose deaths are recorded there.

It would be very helpful to have an explanation from the Minister. I am sure that he will not fall into the shorthand—if he does, it would be inadvertent—of referring to those people as protesters or occupiers. I hope that he will recognise that, and that he will use more appropriate language. He is a very honourable man, and I am sure he will do so.

The second concern is what will happen to access to the memorials. I know that in the past most of those who have had access to them have been on the wrong side of the magistrate's bench and have been going into the building for less than honourable reasons, but we need to ensure that we return to the position that existed before 1968, and has existed on occasions since then, whereby the community can go in.

7 pm

Motion lapsed (Standing Order No. 9(3)).

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

Robert Flello: In some cases, the community sees the memorials almost as a substitute for a grave, because some of the individuals recorded on them have no grave. Particularly as the memorials relate to the first world war, perhaps their remains were never able to be formally buried in a way that would allow loved ones through the generations to pay their respects at a graveside. For some people, the memorial is the place where they want to pay their respects. The community wants access, and the most appropriate time would seem to be every Remembrance Sunday, so that people could pay their respects and lay wreaths. That would be difficult if a developer were to take on the building and cover the memorial, or encase it in something that would protect it but mean that it could not be viewed and that respects could not be paid at it. Perhaps the Minister will explain whether any covenant on access could be considered.

If the building were to be sold on the open market, perhaps to a private purchaser—I know I do not need to repeat, but I will, that we hope it will never get to that point—could some of the space within the building be maintained for the community? After all, that was what the town hall was built for. The whole purpose of its being given to the people of Fenton was for it to be used as a community building. It was designed not as a court but as a public building, and there is a beautiful ballroom beneath all the layers of the court. Could any space be carved out of the building by way of a covenant or the terms of sale so that it could be used by the community, for the community?

I will conclude shortly, to give the Minister plenty of time to respond and, I hope, to answer some of my questions. I hope—perhaps unreasonably, I do not know—that he will be able not only to give some explanations and reassurances but to say that there will be a protected period such as I have described.

The community has a fantastic vision of what the building could be. The vision is that when visitors to Fenton go to Albert square, they will see the façade of the magnificent building that was once the town hall and could be again. They will be able to go into a building that has space available for the community, such as the community library, which is being stocked with books as we speak. There will be space available for local businesses and—who knows?—even multinational businesses to have their offices, so that they can meet

[Robert Flello]

people in fantastic and grand surroundings. The upstairs area will be restored to the ballroom it once was, so that it can host weddings and other events on a grand scale. Those are the key words—"grand scale". The community's vision is a building at the heart of the community and on a grand scale.

This year, with the centenary of the commencement of the first world war, we have seen memorials up and down the country to our glorious dead, our heroes who made this nation what it is. Money has been lavished on some of those memorials—rightly, in my view—yet this memorial has perhaps received less positive attention.

As important as it is that the people of Fenton rally to this cause, a much wider group of people have also done so to say that not only is this building significant and important to Fenton and the people of Stoke-on-Trent, but that it is an important and significant building on a national scale—indeed, the Victorian Society has listed it as among the top 10 most vulnerable and at-risk important buildings in our nation.

I have very high expectations of the Minister. He is an honourable man and I hope he will take the comments made this afternoon and this evening in the manner in which they were intended. The group wants to work with the Government, as do I. We want a building that in generations to come, long after I am six foot under and pushing up the daisies, is there for future generations to enjoy, make the most of, and visit to pay their respects, perhaps when commemorating the 200th anniversary of the first world war. I want future generations to know that the names on the memorial are accessible for people to see, and that the community can go in and use that building.

Mrs Jones had a letter from Buckingham Palace, and to conclude I will read the last paragraph from the deputy correspondence co-ordinator:

> "Nevertheless, Her Majesty thought it kind of you to let her know of this matter and understands your wish for the fallen Great War soldiers of Fenton not to be forgotten."

If nothing else, for the people remembered in that building, perhaps those whose physical remains are long gone but who nevertheless gave their lives for today, may we please have our building back?

7.6 pm

The Parliamentary Under-Secretary of State for Justice (Mr Shailesh Vara): I congratulate the hon. Member for Stoke-on-Trent South (Robert Flello) on securing this debate, and I put on record his diligence and conscientiousness in championing this worthwhile cause on behalf of his constituents. We have corresponded with oral and written questions, by letter, and we had a meeting earlier today with some of his constituents. I also pay tribute to the 498 brave people who paid the ultimate price so that the hon. Gentleman and I, and the rest of us, could have the privilege and pleasure of being able to discuss matters in the democracy that we enjoy.

As the hon. Gentleman is aware, the closure of Stoke-on Trent magistrates court was announced in December 2010 as part of the court estate reform programme. Any decision to close a court is not taken lightly and is never easy, but the hon. Gentleman will recall the consultation that preceded the closure, which found that the court offered poor facilities and was non-compliant with the Disability Discrimination Act 2005. It had inadequate facilities for victims and witnesses, and there were also security issues. As he knows, the court subsequently closed in December 2012.

The court site incorporates the former town hall which, as the hon. Gentleman said, was built and funded in the late 1880s by William Meath Baker, a benefactor. According to English Heritage, Mr William Meath Baker sold the town hall to the local health board, which was superseded by Fenton urban district council in 1897. It has been in the hands of the public sector ever since. More recently, the freehold of the building was transferred under the Courts Act 2003 to the local magistrates court committee, and then to the Government in 2005. Those are legal provisions, and I like to think that all such transfers have been done according to the law—I say that with reference to the comments made by the hon. Gentleman about legality of ownership.

I note the hon. Gentleman's view that the Government have never paid any sums of money to Stoke-on-Trent to buy or rent the building but, as he rightly said, we should remember that for more than 100 years maintenance, upkeep and so on has been paid for by the taxpayer. That is not an inconsiderable sum over the years.

The building is operationally surplus to requirements. We have to work within the rules concerning the disposal of surplus property assets. Guidance to Departments is clear: surplus property assets need to be disposed of as expeditiously as possible, within six months of being declared surplus for housing and within three years for all other properties, while achieving overall value for money for the taxpayer. It is certainly the case that overall value for money for the taxpayer does not necessarily equate to the highest offer. However, I trust that the hon. Gentleman will appreciate that I cannot simply gift a building that has considerable value.

It is not just the capital receipt that we need to consider. There are temporary costs associated with ensuring unused courts are kept secure and protecting the fabric of each building. By disposing of surplus property assets speedily, we remove the ongoing liability of holding costs. In the case of this particular building, bearing in mind that the level of security, utilities and maintenance has been reduced to a level that is appropriate for a site that has been closed, the holding costs do not come cheaply—more than £108,000 in the past financial year alone. Put simply: we cannot hold on to it indefinitely.

The hon. Gentleman is of course correct to raise the future of the four memorials inside the building. Memorials to those who made the ultimate sacrifice are hugely important and must be protected. We have received advice that a Minton great war memorial cannot be moved without risk of damage. Therefore, the Minton world war one memorial will remain in situ and be preserved in perpetuity with an appropriate legally binding restrictive covenant in the sale contract that states that the memorial is to be preserved.

The hon. Gentleman wanted a bit more clarification about a covenant. A covenant is a contractual promise incorporated in a property contract. It provides for an

obligation—in this instance that the memorial will be preserved and looked after not only by whoever ends up owning the property, but by the successors in title as well. A covenant also has consequences for what happens when there is a breach. There can be damages paid or there can be specific performance that can be ordered by a court. It is also important how the property is held: whether it is held freehold or leasehold. In the case of leasehold, it may be possible that forfeiture will follow. That effectively means that the property reverts back to the freeholder. This is a legally binding set of words in a contract.

Robert Flello: That will not reassure the community. If a developer damages the building or gets sued and it reverts back to the Ministry of Justice, the memorial will still be gone.

Mr Vara: The hon. Gentleman makes a very valid point, but he will accept that this is property law. It is the way that thousands of property transactions are conducted on a daily basis for a whole variety of properties, whether they be commercial, residential, industrial or whatever. This is the process of the law of the land under which we operate. We would very much hope that, in parting company with the premises, that we would have carried out our due diligence to make sure that any obligations in the contract will be honoured and that we will not get a rogue developer or rogue occupier who would do the damage that the hon. Gentleman fears may happen. I hope he will take on board the point that we will do our utmost to make sure the owner is credible, whether it is a person, corporation or charity.

The three other memorials, depending on who we sell the building to, be they in the public or private sector, will either be removed to the local church or remain in situ. That is something we can look into. If they are removed to a neighbouring church, the work will be carried out at the expense of the Ministry of Justice.

The sale of former court buildings is affected by several factors, including the state of the market, potential future use of the property, including its development potential, and the location. As of 29 October 2014, some 66 former court buildings had been closed under the court estate reform programme and sold, attracting disposable receipts of just under £43 million. Those funds have been used for further investment in the justice system. Stoke-on-Trent magistrates court has been on the market since 2013, and local campaigners have persuaded the council to list it as an asset community value, giving campaigners six months from August last year to raise funds and bid for the building at market value. Further time was set aside to allow the local community association to formulate its bid, culminating in the proposal being put forward for consideration, alongside several commercial bids.

The Department has received several commercial bids for the building, and the hon. Gentleman will appreciate that I cannot say their size for reasons of commercial confidentiality. The bidders view the building as having development potential, but we have also received a bid from Urban Vision on behalf of Fenton community association for a community asset transfer. We are also mindful of the resolution passed by Stoke-on-Trent city council requesting the return of the building. We held discussions with the council, and in early October the council was invited to come up with a viable proposal for returning the building to community use, but none was received.

We cannot afford to continue to leave the building as it is, eating away more than £9,000 every month, including almost £4,500 in rates. As is usual when disposing of surplus property assets with historic significance, there is also a qualitative element in the consideration of bids. We consider not only the purchase offer, but its potential reuse, the financial status of bidders, their ability to maintain the building in the face of significant holding cost and the extent of the estimated continued liability to the taxpayer of the Department holding the property.

In recognition of the hon. Gentleman's advocacy for the future of the former court building and the views made so eloquently clear to me in our earlier meeting and with an eye to ensuring that we do not close down options too early, I have asked my officials to continue engagement with his constituents. I hope that that engagement, having started at today's meeting, will continue from tomorrow onwards, but he will be aware that any possible disposal that is novel and contentious will require Treasury approval. Whatever happens, however, let me assure him that the world war one memorial will be preserved, although the future use of the building will be a matter for the preferred purchaser and the council, as the local planning authority.

Robert Flello: On the dialogue with the MOJ, which the Minister says will continue tomorrow, I must stress the point about providing a little protected time—ideally, three or four months—to give the community the opportunity to work up a bid to the satisfaction of the Department.

Mr Vara: I understand where the hon. Gentleman is coming from, but I hope he will appreciate that, in the spirit of openness and transparency, we have to ensure that other bidders are not penalised by our being seen to give preferential treatment to one of them. Much time has been spent on this. There has been a dialogue. We have asked for bids. A business case was requested. It is also possible for community groups to seek assistance from local authorities and other voluntary bodies that help these groups when they approach the Government for such measures. There is a limit to how much assistance we can provide and we are constrained by the law in terms of time limits. We are also mindful of the time that has passed, which we must also take into account. There are also other bidders whom we must take into account so we are not accused of preferential treatment.

Robert Flello: Part of the problem is that letters between the community and the Ministry of Justice were not answered and there was a breakdown in communications. I take on board what the Minister says about getting on with things and about not giving an advantage to anyone, but the community group has been disadvantaged because of the lack of communication.

Mr Vara: The hon. Gentleman and his constituents raised that with me at the meeting. I have not been able to make intensive research into the issue but I have found out that there were telephone conversations in the period where it was said there was no communication.

[Mr Vara]

I hope he will appreciate that at the time of the bidding there was limited information that we could impart to the other parties because that would be seen as being unfair to everyone else. This has been going on for two years and we are not talking about a bidding process covering only the last few months. There is a limit to what the Government can do.

I congratulate the hon. Gentleman on securing the debate and my officials will be in conversation with his constituents from tomorrow. I pay tribute to the 498 people who paid the ultimate price so that we could engage in this free debate.

Question put and agreed to.

7.21 pm

House adjourned.

Westminster Hall

Tuesday 18 November 2014

[Mr Mike Weir *in the Chair*]

BACKBENCH BUSINESS

Physical Inactivity (Public Health)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Dr Thérèse Coffey.)*

9.30 am

Nick Smith (Blaenau Gwent) (Lab): It is a pleasure both to serve under your chairmanship today, Mr Weir, and to introduce today's debate. I would like to put my thanks on the record to the Backbench Business Committee for allocating us this time, and I particularly thank the hon. Members for Chatham and Aylesford (Tracey Crouch) and for Canterbury (Mr Brazier), my right hon. Friend the Member for Rother Valley (Kevin Barron), my hon. Friend the Member for Bradford South (Mr Sutcliffe) and the right hon. and learned Member for North East Fife (Sir Menzies Campbell) for their support in applying for this debate. It is great to have cross-party interest, and I am looking forward to hearing colleagues' contributions today on how we can best get Britain active.

I note that the hon. Member for Chatham and Aylesford has sent her apologies to us today; I understand that she is being kept busy in a bunker in Rochester and Stroud. Fair do's—she is a tireless campaigner on public health and I pay tribute to the work that she has done in this area.

There is a physical inactivity epidemic and a growing obesity problem. If we want to make south Wales and the UK healthy again, we must help people to enjoy the simple activities that can save their lives. We need to walk, dance and play our way to well-being.

Tredegar in my constituency is the home of Nye Bevan and the NHS, and promoting physical activity is an issue that beats at the heart of our nation's health. Although health is a devolved matter in Wales, I take an interest in the wider issues of public health, and during my time in the House I have spoken in favour of minimum pricing for alcohol and plain packaging for cigarettes, and taken an interest in the drivers of long-term conditions, such as diabetes, heart disease and obesity.

Britain, including Wales, is a great sporting nation. Governments of both colours have made huge efforts to showcase Britain as a home to sports. In recent years, we have celebrated the 2012 Olympics and this year's Glasgow Commonwealth games, and next year there will be the rugby union world cup. However, for all that we are a successful sporting nation, we are not an active nation.

This debate is conveniently timed, as ukactive has just published its latest report into what it calls an "epidemic" of inactivity. ukactive aims to get

"more people more active, more often"

and the stats that it has to show are really quite shocking.

Inactivity is the fourth largest cause of disease and disability in the UK, and physical inactivity directly contributes to one in every six deaths in the UK. That makes it as dangerous as smoking. Those who are completely inactive are at a much greater risk of a wide range of chronic diseases, such as diabetes, heart disease, cancers, obesity and mental health conditions, including dementia. Last week, the Welsh Minister for Health and Social Services reported that Wales is suffering from an "obesity epidemic".

In the most recent Wales health survey, 58% of adults were classed as overweight, with 22% classed as obese. In my constituency of Blaenau Gwent that was higher, with 27% of adults being classified as obese. Meanwhile, Public Health England reports that obesity in adults has increased from 15% in 1993 to 25% in 2012. Obesity for children under 10 has increased to 13% and for 11-15 year olds, it has increased to a shocking 18.7%. The answer to that is not just diet, of course, and it is certainly not to do nothing. We need to get Britain moving. How do we do that? I am careful at least to try and practise what I preach. Although I am often guilty of flopping down by the telly and watching sport instead of doing it, over the summer one of my tech-savvy daughters downloaded a pedometer app on to my phone for me. I now take care to get in my 10,000 steps a day, although sometimes it is a struggle. I am also a keen hiker; my part of the world, which includes the Brecon Beacons, is very good for that.

One of the key messages that we need to get across in this debate is that physical activity can be as simple as just going for a walk. This is not a debate on how to increase participation in sport, although sport is a cracking pastime for those who want to do it. Physical activity can be anything from taking the dog for a walk, to a Zumba class, to kids flying around on a skateboard. Not every kid in a class will be sporty, just as not every adult has fond memories of playing rugby in freezing cold PE lessons. We risk putting people off and making them think it is not for them if we make this solely a "sports" agenda, not a "get active" agenda. It is important that we make it easy, natural and normal for people to fit activity into their day.

In Blaenau Gwent in south Wales we have some fantastic, varied activity going on. There is a great tradition of bowling, with many teams from different valley villages and towns. That also helps address problems of loneliness and supports good mental health for older people. There are lots of dance groups, too. Places such as the Llanhilleth institute, built from the contributions of miners and steelworkers, positively bubbles with the sounds and energy of Zumba and body combat sessions. It is fantastic to see these places.

Having said that, in times of cutbacks to councils we need to promote more and more of such provision in deprived boroughs such as mine. I would like to see promotion of what I see as more accessible sports too, which require less space and less kit and caboodle, and which can be played indoors, such as table tennis and basketball.

Across Britain, the most deprived areas on average suffer more from inactivity and have higher rates of obesity than less deprived boroughs. There are practical concerns that we need to take into consideration. We can encourage somebody to take more exercise, but if we do, we need to make it easy, affordable and safe for them to do so. In order to make a meaningful difference, we need to be serious about reaching those hardest-to-reach groups.

[Nick Smith]

The biggest health benefit is earned by getting someone to move from no activity to some activity. What are the Government doing to specifically encourage participation in physical activity in the most deprived areas? The next important factor is profile, and there is still lots to do to raise the profile of physical activity to improve public health. There have been some real success stories over the past year, of local government pushing this issue up the list of priorities. ukactive found that over 70% of local authorities have increased spending on physical activity in the last year. In Wales, the Welsh Assembly Government have set the pace for leadership on this issue. Last year, Wales launched the Active Travel (Wales) Act 2013—Europe's first piece of active travel legislation—which puts safe cycling and walking at the heart of Wales's plans for the future.

We must not underestimate the achievements that there have been, but we must also not underestimate how far we still have left to travel. Despite the increases and the good work and good will that we have seen, spending on physical activity represents just 4% of the ring-fenced public health grant. We need all Governments, of all colours, to take leadership on the issues—just look at the national campaign on smoking, which has made such a huge difference. Before 1998, smoking levels were rising year on year, as inactivity and obesity levels are rising now, yet since 1998, 1.5 million people have quit smoking. The tide has turned. Important factors include the 10-year strategy, which has been long-term and crucially, supported by all major parties across the aisle, so it is important that this issue is not politicised, and that is why it is great today that there is good cross-party debate. Pleasingly, the momentum has continued—and fair do's, in 2011, the Government set specific targets to reduce smoking further by 2015. That needs to be applauded.

However, that leads me to a final but really key point. Action on smoking is about shifting the narrative to prevention rather than cure, and that is what we need to do now for physical inactivity. Individually, we all need to be concerned with physical activity for the sake of our personal health, and nationally, we all need to be concerned about physical inactivity for the sake of our national health service.

The new chief executive of NHS England put that in no uncertain terms last week, when he told the annual conference of Public Health England to get serious about obesity or bankrupt the NHS. We cannot afford to keep flooding our NHS with avoidable illness and disability. Diabetes UK estimates that type 2 diabetes already costs the NHS about £9 billion a year. If we are to protect our NHS and the excellent service that it gives us and our constituents, we need to prevent these problems from arising in the first place. The NHS is the national health service, not the national sickness service or the national pharmaceutical service. Prevention is better than cure. We need to start seriously looking at shifting to a service that promotes health and prevents illness wherever possible.

I am pleased that a future Labour Government would be committed to allowing GPs to give out exercise on prescription. That is a step that the medical profession is ready to take. A recent poll of GPs reported that 95% of GPs without access to exercise referral programmes said they would use one if it were available. The success of initiatives such as Let's Get Moving, which encouraged more than 500 previously inactive patients to amass a total of 164 million steps—is that not brilliant?—shows how valuable GP surgery-led interventions can be.

This is an important debate and there are important questions to put to the Minister. First, how can the Government and others improve on what is being done? Secondly, where is the Olympic legacy for deprived areas such as Newham, which hosted the Olympics and is the least active borough in the country? Thirdly, what can be done to ensure that best practice is being shared, and that our efforts are being properly monitored so that we have data on what works, what is needed and, importantly, where?

Credit needs to be given where it is due. Some ships are moving in the right direction. For example, in England, the NHS's "Five Year Forward View" makes a strong reference to this topic. We must applaud that, but the tide has not yet turned and inactivity is still set to rise.

Like smoking cessation, what can the Minister offer that will really make a difference in this regard? Labour has given a commitment to put physical activity at the heart of its future health plans, but the current Government and all future Governments, of any colour, need to do the same. I look forward to hearing from colleagues and to the Minister's reply.

Several hon. Members *rose—*

Mr Mike Weir (in the Chair): About eight hon. Members want to speak, and I want the winding-up speeches to start at 10.30 or 10.35, so although I will not impose a time limit on speeches at the moment, I suggest that if Members stick to about six minutes each, we can get everybody in.

9.42 am

Justin Tomlinson (North Swindon) (Con): It is an absolute pleasure to follow the hon. Member for Blaenau Gwent (Nick Smith), who made a very good, thoughtful speech on a very important topic. I have highlighted it a number of times previously in Westminster Hall and the main Chamber.

I am speaking partly as a vice-chair of the all-party group on heart disease, but also because of my own background. My school was bottom of the league tables in Kidderminster. My group of friends replicated whatever was on television, so predominantly we played football, but if Wimbledon was on, out came the tennis rackets; if the Tour de France was on, out came the bikes; and if the Ashes was on, out came the cricket bats. The importance of that was both that I was active and that I kept out of trouble. Two of my friends ended up spending time at Her Majesty's pleasure, but the rest of us did not follow that path, because frankly we were just too tired at the end of the day, although I remember that when I phoned my old headmaster to say that I had got into Parliament, he said, "You know, the last time someone from our school got into the press, it was because they had gone to prison, but I'm not sure which is worse." We will all make a judgment on that.

The hon. Member for Blaenau Gwent made a very important point. This debate is not just about sport; it is about the opportunity to be active. That is the part that I want to concentrate on—that opportunity. Before I

became the MP for North Swindon, I represented for 10 years as a councillor a new build housing estate. It went from 1,800 to 10,000 houses. I was horrified once to be told that I was very lucky that my ward had the greatest proportion of open space of any ward in Swindon. I knew, as I lived there, that that was complete nonsense, so I did a bit of digging and it turned out that hedges, heritage sites and grass verges counted as open spaces. The last time I put down jumpers for goalposts to play football, none of those counted as usable open space, so it is a welcome move that the Government have removed the higher density rule, but I still think that more needs to be done in planning terms for new development to provide usable open space. That is incredibly important because garden space for one's own home is now one third smaller than it was in the 1960s and front gardens for new builds are often just an aspiration rather than a reality.

We do not need premier league-standard open spaces for people to be active. When I used to play football during the whole of the summer holidays, we played on an almost vertical pitch, which was very handy, because Matthew and Paul Gilbert, the twins, were considerably better than me and my teammates. We got to kick downhill all day and they got to kick uphill—that was only fair.

We also need to look carefully at how we organise opportunities. I was a big fan of the school sports partnership. The Government looked at that when they first came to power, because there was the worry that in the previous years, even with £150 million being spent, only two out of five children ever took part in competitive sport.

Mr Lee Scott (Ilford North) (Con): Does my hon. Friend agree that competitive sport, whatever sport it might be, in school leagues and various competitions is beneficial in getting young people involved and stopping some of the obesity problems that this country has?

Justin Tomlinson: I thank my hon. Friend for that very good point. I am about to come on to that issue, so I shall just pause my response, but I will cover it.

To return to the school sports partnership, there was the worry that after the £150 million had been spent year on year for a number of years, still only two out of five young people were involved in competitive sport. The reality is that if someone is good at sport, that is probably because their parents have encouraged them, and they have probably already signed them up to competitive teams. What the figures did not show was what was happening with the other three out of five children; it was probably the only opportunity that they had to be active. Therefore, the figures were not telling the full story and it was absolutely right for the Government to continue that provision.

Leading on from that was the desire to reinstate the school games, which was competitive sport. I speak from the experience of invariably being on the losing team—that set me up well for being involved in politics later in life. But I think that it is important for children not always to win. My hon. and learned Friend the Member for South Swindon (Mr Buckland) and I visit the Swindon school games every year, and they are a fantastic success. Huge numbers of sports clubs are engaged, as are volunteers; and schoolchildren of all abilities are getting involved.

I also welcome the moves to encourage more troops to become teachers. There is a chronic lack of PE-confident teachers in primary schools. That is a real challenge. I have visited a number of primary schools, and they have said that it is one of the biggest challenges that they face.

I am very proud that when I was a councillor, I set up the Swindon sports forum, which brings together about 60 different sports clubs. They are not necessarily competitive sports clubs. They could be walking clubs or clubs aimed at those aged 60 and above. However, the forum brings clubs together to share best practice and to talk about how they can secure funding from external bodies and how they can sometimes share facilities. There have been a number of major successes in that respect.

We face another big challenge. We talk about the Olympic legacy, and straight after the Olympics or any major sporting event on the television, young people are inspired and want to go and replicate the success that they have seen on the television. Sports clubs are then overwhelmed, in the short term, by huge numbers of new participants. The problem is that the number of children who can benefit is capped by the number of volunteers who are available. Sports clubs are no different from charities, political parties or other organisations when it comes to the real challenge of finding sufficient numbers of volunteers. I am a big fan of the Government's National Citizen Service programme, because it is training young people to be good, constructive citizens. I think that we should look to channel more of those volunteers, in the summer, to go on to become sporting volunteers to help sporting clubs.

There also needs to be a lot more work among youth services, leisure centres and traditional sports clubs. I remember that when I was a councillor, the three would never talk to one another, but I also remember pointing out that on a Friday night there was the ice skating disco. That was not technically sport, but it had 650 teenagers going round very quickly in a circle chasing after people they found attractive, so I argued that it was probably the most beneficial way of getting young people active.

Finally, there is the big plea that I have made as an MP. We have amazing facilities in this country. Whether it is the schools, sports centres or community facilities, they are fantastic facilities. However, we charge an absolute fortune for voluntary groups to come and provide constructive activities, whether for older people or for younger people. It is very hard to get volunteers, and I think it is unacceptable to charge them for the privilege of helping people to be active. In my utopian world, between the hours of 4 o'clock and 6 o'clock, all school buildings would be available free of charge to groups that provide constructive activities for young people. That would help busy parents. It would help to tackle the obesity crisis. It would provide constructive engagement, which stopped me going down a very different path. I make that plea for all parties. There is good cross-party support on the wider principle, and I think that that is the most tangible way in which we could make a big difference.

9.50 am

Barbara Keeley (Worsley and Eccles South) (Lab): It is a pleasure to serve under your chairmanship, Mr Weir. I congratulate my hon. Friend the Member for Blaenau Gwent (Nick Smith) on securing such an important debate. We need to promote physical activity to people across the UK. The issue is important to me as a constituency MP in an area that has very low levels of physical activity. I am co-chair of the all-party group on women's sport and fitness, and I encourage hon. Members to support that group. Last year, I was co-chair of the all-party commission on physical activity.

As an MP in the north-west of England, I am concerned that ours is one of two regions in the north with the highest levels of inactivity in the UK. In our region, 32% of the population is classified as inactive, which represents an inactivity level 5% higher than in the south-east. Reports demonstrate that deprived areas have higher levels of inactivity than the least deprived areas; the hon. Member for North Swindon (Justin Tomlinson) has referred to some of the reasons for that. The sheer cost of undertaking physical activity and classes sometimes gets in the way. My constituency is in the top 40 local authorities with the highest inactivity rates, and 33% of people are inactive. We need action locally to tackle the problems.

There are stark differences in inactivity rates not only between regions, but between men and women. There is a worrying gap between the rates of men and women who undertake exercise. The most recent figures from Women in Sport, which was formerly the Women's Sport and Fitness Foundation, show that only slightly more than 30% of women in England aged 16-plus take part in sport or fitness once a week, compared with more than 40% of men.

In Salford, the gap is even greater, with only 25% of women taking part in weekly exercise. Figures from Sport England demonstrate that more men take part in activity than women in every age group up to age 65. That is serious, because being physically inactive shortens a person's life span by up to five years and is responsible for 17% of premature deaths in the UK. Indeed, if everyone in England were sufficiently active, an estimated 37,000 lives would be saved every year. We must take that seriously.

I find it interesting that inactivity is as dangerous to health as smoking. Because women are less active than men, women are subject to an increased risk of ill health and premature death. The reasons for the gender gap in inactivity rates are well established. Women and young girls either face, or feel that they face, many barriers when it comes to sports participation. Barriers exist at both grass-roots sport level and elite levels. In the all-party group on women's sport, we work to identify those barriers and the actions needed to remove them.

The all-party group pressed the Culture, Media and Sport Committee to hold an inquiry into women in sport, which it did. The Committee's report, which was released in July this year, contained some interesting recommendations and confirmed many of the reasons for the gender gap in activity. It is not that inactive women do not want to play sport or to be active; research from Women in Sport showed that 12 million women, more than half of whom are inactive, want to play more sport. Many of the sports that are most popular with women, such as running and swimming, are done informally—that is an interesting clue—so they are outside the formal funding structures for sport.

Women make up 62% of participants in swimming, 42% of participants in tennis and 41% of participants in athletics, particularly running. I will come on to talk about running informally, because it is an attractive sport to women who have family responsibilities or other commitments that prevent them from taking part in team sports. There is also a clue in the figures for team sports. Only 7% of participants in football, 8% of participants in rugby union and 9% of participants in cricket are women. We can see a real trend there; women are tending to do informal sports such as running and swimming.

Many girls are put off exercise and sport at a young age, and too many girls end up thinking that sport is simply not for them. Sports such as football can seem entirely male, judging from the media coverage that they receive. Women's sport accounts for only 0.5% of all commercial investment and only 7% of the media coverage of sport, which makes it even more difficult to encourage girls and women to participate.

In terms of financial reward, it is surprising that male footballers are paid millions of pounds every year, but women's teams are nearly always amateur or semi-professional. Members of our England women's football team are on contracts under which they are paid £20,000 a year—not £20,000 a day or a week, but £20,000 a year—and the England women's rugby squad were not put on paid contracts at all until after they had won the rugby world cup. Every time I mention that, I get comments on Twitter stating that that is because of a lack of interest in women playing sport. I understand that 55,000 tickets have been sold for the England-Germany women's football match at Wembley this Sunday, so perhaps that tide is turning.

Women's and girls' negative perceptions of sport often stem from negative experiences of physical education and sport at school. That point is supported by the Culture, Media and Sport Committee report. A survey carried out by Women in Sport found that 51% of girls felt deterred from physical activity by their experiences of school sport and PE. Many girls describe their experience negatively, citing a lack of choice, an overly competitive environment, a lack of confidence in their own ability and concerns about body image. It is essential that we change young girls' perceptions of sport if we want them to be active for life. We must, as my hon. Friend the Member for Blaenau Gwent said, create exercise classes and sporting activities that actually interest girls.

I look forward to the campaign being launched by Sport England, which aims to change our perception of girls and women doing sport. The campaign is called "This Girl Can", and it will aim to see more women and girls exercising regularly or playing sport with less fear of judgment, more confidence and more enjoyment.

I will mention two very worthwhile initiatives of the sort that we see springing up now. "Fatty Must Run" is a social media advice and support initiative and Twitter account run by Julie Creffield, and it helps people who are overweight and starting to take exercise. Another great initiative is the "Couch to 5K" running group in Blackburn, where volunteers support free group running

sessions to encourage inactive people to run regularly. As part of our thinking about how to increase activity levels, we must look at similar wonderful, often voluntary, initiatives and find ways to support them.

It is time to focus on the scale of the problems we face with inactivity and health. I have mentioned that we could save 37,000 lives a year if everyone in the UK were sufficiently active. Women in the UK have the 10th highest rate in the world of cancers linked to physical inactivity. In 2012, there were nearly 79,000 deaths across the country from bowel, breast and womb cancers, of which an estimated 12,000 could have been prevented if women were more physically active. In Salford, the CAN-Move project aims to ensure that physical activity is part of the pathway for patients with breast, bowel or prostate cancers, and it offers those patients a 12-week physical activity programme. Such projects should be available more widely, but the most important thing is to focus on encouraging people to be physically active earlier, not simply when they already have a cancer.

9.58 am

Caroline Nokes (Romsey and Southampton North) (Con): It is a pleasure to serve under your chairmanship, Mr Weir. I congratulate the hon. Member for Blaenau Gwent (Nick Smith) on securing this important debate. I feel somewhat daunted to be following the hon. Member for Worsley and Eccles South (Barbara Keeley), who is something of an expert on women's sport and fitness. That was to be the focus of much of my speech, but there are a couple of other areas that I would like to discuss.

We have heard at length this morning about the problems associated with a lack of physical activity, and I wanted to focus briefly on some of the positives. Perhaps I come from a fortunate position and constituency, because Test Valley, in the south-east of England, is the eighth most active borough in the country. I spent 10 years of my life as the leisure portfolio holder on the local council, so I should know a little bit about what we did to encourage such activity, to ensure that there were pathways from school sports into clubs and to try to retain the crucial group of 14 to 18-year-old girls, where there is the most stark drop-off in levels of physical activity.

Test Valley borough council has long had a determined commitment to ensuring that sports clubs are supported, encouraged and celebrated. The weekend before last, I was lucky enough to go to the inaugural Romsey and District sports awards—a fantastic, uplifting event at which there was absolutely no shame about celebrating elite sport and the successes of those who have achieved a phenomenal amount, either as individuals or as part of teams and clubs. But there were also categories for veterans, a critical group that is being encouraged to stay in sport longer and be active later in life. There were also categories for coaches and volunteers. The volunteers were perhaps the most inspiring group, as they are giving up thousands of hours every year to ensure that clubs can keep going.

In my area, we are lucky to have a wide range of clubs. Every year there is a sports fair at Romsey sports centre, where the pathways from school sport into clubs are promoted and made accessible and inviting. One of the biggest barriers to physical participation is cultural. I always use the example of a golf club where, after walking in through the door, people are almost inevitably told that they are wearing the wrong things. The same is true of many gyms, where it is imperative to be wearing the right kit. Wherever people go, there are mirrors on every wall. People who feel somewhat nervous or anxious about making that first step—I firmly believe that the first step is the most important—can sometimes be put off instantly on arrival.

I have long said that the hardest thing when it comes to keeping girls and women in sport is that wonderful substance Lycra. Everyone in the gym will be wearing it, yet those who feel slightly self-conscious about their appearance, those who might be overweight, may look in the mirror at themselves clad in Lycra and decide that the gym is not for them and that they are never coming back.

It is critical that we have welcoming environments that are accessible in terms of both cost and the physical structure of the buildings. It is also imperative that we have a welcoming, enthusiastic and encouraging culture among instructors. I declare an interest as a parliamentary ambassador for the YMCA, which has led the way on physical activity and sport over the past 150-plus years. It is very seldom that people will go into a gym in this country and find instructors who have not been taught by the YMCA how to make the environment welcoming and successful and how to enthuse people to achieve what they can.

As chairman of the all-party group on body image, I have focused on some of the cultural barriers to participation, but I will say a few words about why it is important to encourage and not to "fat shame," a hideous term. I was interested to hear the hon. Member for Worsley and Eccles South refer to "Fatty Must Run", about which I have some reservations because the first step is the hardest. In a nation of people who are not taking part in enough sport and exercise, we have to encourage that first step. We have to make it culturally acceptable and the norm for people to take part, and we have to give them a pat on the back when they start taking part in sport.

The fat-shaming that we see from celebrities such as Katie Hopkins does the wrong thing, and we have to try to encourage everyone, whatever their size or shape, to take part in sport. It is true that people can be healthy at any size and inactivity is a danger for its own sake, so, whatever their body shape, I encourage people to participate.

I conclude by picking up the point about the participation of girls and women. Fifty per cent. of girls are put off sport in secondary school, and that feeling can continue for the rest of their lives. My hon. Friend the Member for North Swindon (Justin Tomlinson) referred to jumpers being used as goalposts, which is an important point. It is easy for boys to take part in football because all they need is four jumpers and a ball. Traditional women's sports require a great deal more equipment, and it is therefore harder for girls to carry on in sport once they leave school.

Many other hon. Members wish to contribute to this debate, so I will finish with one parting shot to the Minister: the Olympic legacy is critical. A feel-good factor is not enough; we want genuine well-being as our Olympic legacy.

Several hon. Members *rose—*

Mr Mike Weir (in the Chair): Order. I am afraid that we are now running up against the clock, so from this point I will set a formal five-minute time limit on speeches.

10.4 am

Grahame M. Morris (Easington) (Lab): I also congratulate my hon. Friend the Member for Blaenau Gwent (Nick Smith) on securing this debate, and I congratulate the Backbench Business Committee on allocating time for a subject whose importance is increasingly being recognised. The Select Committee on Health, of which my good and hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) and I are members, will be holding an inquiry on the impact of physical activity and diet on health, so this is a timely debate. I am sure that the evidence compiled by the Select Committee will be brought to the Minister's attention, and that appropriate action will be taken.

Many hon. Members who have contributed to the debate have covered the general subject areas, so in the interests of brevity I do not intend to repeat the statistics, but I will mention some specific issues that affect my constituency of Easington, County Durham in the north-east of England. The figures on physical inactivity quoted by hon. Members earlier in the debate are even higher in my region. Some 32% of people in County Durham are classed as physically inactive, and all the projections indicate that the problem will get worse. Higher degrees of inactivity are predicted by 2030.

International comparisons show that our levels of inactivity are twice those in Germany and France. I thought we would be rather more active than the United States, but our levels of inactivity are 20% higher. It is generally recognised that physical inactivity is a considerable public health problem. The numbers of people who are likely to suffer as a consequence of physical inactivity were identified earlier in the debate. It has been suggested that physical activity can help to combat, or at least delay the onset of, conditions such as heart disease, type 2 diabetes, obesity and even dementia.

The costs are not just for the individual; there are also costs for communities and our economy. There are various estimates of the cost to the UK economy, and I have seen a figure of £20 billion a year, so there are direct costs associated with the health issues. My hon. Friend said that £9 billion a year is spent on costs associated with treating type 2 diabetes, but many other health issues are also caused by inactivity. There are also indirect costs such as, for example, lost days of work and low productivity. Employers need to take note. Some 16 million working days are lost every year due to obesity-related illnesses, so improving workplace health could have an immense impact on individual businesses and the economy. It is in everyone's interests to address physical inactivity.

There have been some welcome improvements, and hon. Members have mentioned local authorities that are trying to prioritise physical activity, but local authorities are facing considerable pressures as a consequence of cuts in central Government funding, which have inevitably had an impact on their ability to deliver activities and opportunities to engage in physical activity. My local authority, Durham county council, is one of the hardest hit, and such authorities face some of the greatest challenges in relation to physical inactivity. Such authorities have seen the deepest cuts to their overall budgets. Indeed, 13 of the 15 local authorities with the most inactive populations are located in areas that are considered most deprived or more deprived. Despite facing huge challenges, particularly public health challenges, Durham county council has had to implement £135 million of cuts in three years, with another £44 million of cuts in the pipeline.

Mr Mike Weir (in the Chair): Order. Time is up, I am afraid.

10.9 am

David Rutley (Macclesfield) (Con): It is a pleasure to serve under your chairmanship, Mr Weir. I congratulate the hon. Member for Blaenau Gwent (Nick Smith) on securing this debate on an important subject on which I know he has been campaigning for many years. Many of us have taken the opportunity to come to support him.

I draw Members' attention to my interests: I am co-chair of the all-party parliamentary group on mountaineering, a vice-chair of the all-party parliamentary group on mountain rescue and secretary of the all-party group on national parks; there is a definite outdoor theme there. I will spend a few minutes discussing why it is vital to ensure that we tackle the challenge of physical inactivity, and how we can do even more by tackling it in an outdoor setting. Over the past few years, I have been passionate as a Member of Parliament about ensuring that we get people off the sofa and outdoors to be active. The good news is that we are making progress. We have had numerous debates; I secured a debate on outdoor pursuits recently, and in September the hon. Member for Ogmore (Huw Irranca-Davies) secured a debate on outdoor sport and recreation.

It is positive that we have been working closely with Ministers, particularly the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Maidstone and The Weald (Mrs Grant), who takes a keen interest in the matter, and of course our very own Minister for public health, my hon. Friend the Member for Battersea (Jane Ellison), who is an example in that respect. She was kind enough to come to the Macclesfield area and High Peak, and we walked around Goyt valley and up on to Shining Tor, practising what she preaches by having a meeting outdoors, talking and walking. She is an excellent walker and a great ambassador for the issue. I commend her for the important work that she does.

Why are we doing this? As Members have highlighted, it is important to recognise that 30% of the UK population are inactive, compared with Scandinavia, where the figure is more like 8%. Clearly, there are other countries not very far away that have grasped the nettle better and more effectively than we have. A key report published recently, "Moving More, Living More", suggests that the cost of physical inactivity is around £20 billion. We have a chance to reduce premature death. The importance of physical activity in tackling mental health issues as well has not been stressed as much in this debate as in other settings. The well-being aspects of walking and cycling, for example, are critical. Charities in my area, such as Age UK Cheshire East, make every effort to show people those well-being aspects.

It is good that we can take the agenda forward through Government and local authorities, but importantly, we can get more people involved in outdoor activities by bringing together various groups. Progress is being made; a year or two ago, we launched an important programme called "Britain on Foot", and now a coalition of outdoor organisations including the Ramblers, the Youth Hostels Association, Living Streets, the British Mountaineering Council and the Outdoor Industry Association has published six key proposals for Government action on the outdoors.

The first and most important is that we need cross-government support for a long-term strategy on outdoor recreation. We need a strategy for promoting outdoor activities and tackling physical inactivity, just as we have one for sport. Interestingly, Sport Cheshire has now changed its name to Active Cheshire, an approach which I am sure has been mirrored in other parts of the country as well, to show that we need a more holistic approach. Yes, we have a sport strategy, but now we also need a physical or outdoor activity strategy to match it every step of the way. The aim is to get 1 million more people out of physical inactivity.

Another of the six key proposals is to increase opportunities for young people to be active outdoors; I know that the hon. Member for Blaenau Gwent is particularly keen on that. The work of the Scouts, the Guides and Duke of Edinburgh programmes provides clear opportunities. I hope that the Minister, in her winding-up remarks, will show her support for the six key proposals, as the Sports Minister has done. We need a cross-government approach to the issue. The Sport and Recreation Alliance's report "Reconomics", published earlier this year, says that we have a vast blue and green gym that we should be using more often. It is free. Let us get more people active outdoors.

10.14 am

Kevin Barron (Rother Valley) (Lab): I congratulate my hon. Friend the Member for Blaenau Gwent (Nick Smith) on securing this debate. I do not want to repeat too much of what has been said. As people will know, I have had an active interest in public health for a number of my years in the House, and I have said on numerous occasions that the public health issues for the 21st century will not involve sanitation, fresh water supplies or bad housing, although unfortunately, in such a rich country bad housing still exists; they will have more to do with individual lifestyles and behaviour, including smoking, drinking alcohol in unhealthy amounts and other things. Inactivity is a major threat to public health in the 21st century.

My hon. Friend talked about the national health service being a sickness service. I have used it on many occasions, and for most of my life it has really been a national ill-health service. It reacts to people on the basis that there is something wrong, and we must move away from that. I say to the Minister that although I do not have many compliments to pay about the contents of the Health and Social Care Act 2012, moving public health into local government so that it becomes a part of local society was a proper thing to do. Also in that Act, although I have heard little about them since, were provisions on population health and how we measure it, and on health inequalities, from which constituencies such as mine suffer badly. I would like a lot more to be done on that issue.

There is a wealth of evidence clearly showing that an active life is essential for physical and mental health and well-being. A number of diseases, including cancer and diabetes, are affecting an increasing number of people at an earlier age, as are conditions such as obesity, hypertension and depression. Regular physical activity can guard against such conditions. We must enable people to take control of their current and future health.

Boosting parents' understanding about active play and physical literacy is essential for children as well. My childhood was not spent on Xboxes, or even in front of television for much of the time. Most of the time, if the weather was right, we were outdoors, climbing trees or playing football on the street, and up to all sorts of things. We had a far more active life than my grandchildren do. Outwith activities such as football and so on, they lead a pretty sedentary life in front of televisions and in their play.

Being active increases quality of life at every age and increases everyone's chance of remaining healthy and independent. The benefits do not stop there; there are many other social, individual and emotional reasons to promote more physical activity. Being active plays a key role in brain development in early childhood, and it is good for long-term educational attainment. Increased energy levels boost workplace productivity and reduce sickness absence.

As Members have hinted, the experience of other countries tells us that getting the whole nation active every day will happen only if we involve all sectors. Countries such as Finland, the Netherlands and Germany have turned their inactivity situation around—not in years, I admit, but in decades in places such as Norway. We all need to engage with such strategies in our communities. In order to make real and lasting change, we must take a long-term, evidence-based approach, building on what we know works, and embed physical activity into the fabric of daily life, making it an easy, cost-effective and normal choice in every community in England.

I will finish by giving an example. More than 20 years ago in my constituency, a then coal mining village called Thurcroft set up a programme with the local public health organisation called Thurcroft Healthy Hearts. It brought schoolchildren and pensioners together to discuss issues such as smoking. Inevitably, as it was a three-year programme, it ended after three years. Little evaluation of its benefits was done, although people were asked if they were happy with it and they said yes. However, from that programme came Thurcroft walking group. I walked with the group a couple of years ago. Its members are elderly people who have been meeting once a week to walk together, which has been to their general benefit. That is what we need more of in our society.

10.19 am

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Blaenau Gwent (Nick Smith) on bringing this issue forward for consideration.

When we look at the figures for physical inactivity, some of them are horrendous. In a world where we are so image and health conscious, it makes me wonder why we have not moved forward in the way that we should have done.

[Jim Shannon]

We also followed the Olympic games in 2012 by putting an emphasis on making more people do forms of exercise. Cycling was in, the gas-guzzlers were out and pedal power seemed to be winning the day.

We also have to look at ourselves, because we are all different—in fact, unique. We are all different shapes and sizes. Also, some of us have faster metabolisms than others. Some of us could eat buns and cakes until the cows come home and not get fat; others just look at buns and cakes and their waistline just expands straight away. That is what we are—different—so sometimes we have our own in-built systems that have to be addressed as well, and physical activity is a way of doing that. We want to try to ensure that those who are inactive consider physical activity; if they do not do more physical activity, their lives could be shortened.

Thirty minutes of exercise—three 10-minute blocks of exercise—can increase our life span, and reduce our chances of developing a wide variety of diseases. I am a type 2 diabetic myself. My developing diabetes was not necessarily down to a lack of exercise; it was down to diet. What we eat is therefore also important. Physical activity is important, but so is diet.

There are international figures to show the number of people who are not getting the recommended levels of physical activity. In the Netherlands, the figure is just 18% of the population; in Germany, 28%; in France, 33%; Finland and Australia are tied at 38%; they are followed by the USA, the stereotypical view of which is that everything is supersized, including people's thighs, and 41% of its population are not reaching the levels of activity recommended; but the figure for the United Kingdom of Great Britain and Northern Ireland is 63%, so we are at the wrong end of the scale, unfortunately.

Why is that important? It is important because Finland in 1970, for example, had the highest rate of heart disease in the whole of Europe, but now Finland has one of the lowest rates of premature cardiovascular deaths in Europe, the figure having dropped by 65% since 1970. In Finland, men are now living for an average of seven years longer, and women for an average of eight years longer, than they did in 1970. The right hon. Member for Rother Valley (Kevin Barron), who spoke before me, was absolutely right when he said that it has taken decades for that type of change to happen, but we have to start somewhere and hopefully we can start here.

At present, physical inactivity is responsible for 17% of premature deaths in the UK. According to ukactive, if everyone in England achieved their recommended amount of physical activity, 37,000 lives would be saved each year. Unfortunately, the other part of that equation is that if action is not taken, that figure of 17% will increase by another 15% by 2030. That is why the Government need to encourage the general public to be more active. In her response, perhaps the Minister could consider defining physical activity as a stand-alone public health issue, as has been requested by the World Health Organisation.

In its report, "Steps to solving inactivity", ukactive found a clear correlation between physical inactivity and deprivation. That is also why this issue should be prioritised in public health, education, social care and transport policy. Active children are more likely to be active adults, so the education in this area must start at home at an early stage. It is for not only the Department of Health, but the Department for Education and other Departments to consider. When it comes to the education of children, we all know the benefits of eating well and exercising.

The right hon. Member for Rother Valley said that when we were younger we had physical exercise; we did not have Facebook or Xboxes. That is a fact. Some parents even tell me that their children contact them in the kitchen below by texting or Facebooking them from the bedroom above. That is ridiculous, but it is a fact; that is sometimes how things are done. That is where we are moving to, and we have to address those issues. We are also in a different age, one where the vulnerability of children is greater than before, and we are obviously concerned about that.

In his introduction to the debate, the hon. Member for Blaenau Gwent referred to the anti-smoking campaign. It has been so successful that since 1998 1.5 million people have stopped smoking. Physical inactivity is the fourth largest cause of disease and disability in the UK, contributing to one in six deaths here. When we consider what the anti-smoking campaign achieved, I believe that we can do the same when it comes to promoting physical activity. Exercise is necessary for everyone's health, regardless of their shape and size.

10.24 am

Mr Iain McKenzie (Inverclyde) (Lab): Thank you, Mr Weir, for calling me to speak. It is a pleasure to serve under your chairmanship again.

I congratulate my hon. Friend the Member for Blaenau Gwent (Nick Smith) on securing this important debate, because we are very aware that inactivity has a direct impact on health, as we are so obviously seeing across the country.

Quite simply, our lives have changed. Many people now work in non-physically demanding jobs, where they spend many hours in front of a screen, before heading home to spend many more hours in front of a screen. Our leisure pursuits have changed as well, and even more so for our young. As we have heard, online games etc. are providing great competition for the more traditional games and sports in children's leisure time.

Inactivity and poor diet are taking their toll. We see that in our hospitals and in our health centres. As you will know, Mr Weir, many GPs in Scotland are now prescribing activity, in the form of "gym prescriptions".

The UK is staring at an epidemic of poor health brought on by obesity, which is due to a lack of activity and a poor diet. This is happening across the UK, where the only thing that seems to be getting faster is our eating habits. Drive-through food outlets can be seen everywhere. These are fine if they are visited infrequently, but unfortunately some people visit them frequently.

As we know, prevention is always better than cure. In Scotland, we are ahead of other parts of the UK and the world in suffering from this obesity epidemic; I suspect that you will agree with me, Mr Weir, when I say that that is the only world league table that we do not want to top. The problem hit us some years ago, and we had to take serious action to try to reverse the trend and prevent another generation from becoming inactive.

Top of all the unhealthy league tables—that is where we in Scotland found ourselves. Heart problems and diabetes brought on by a poor diet and people being overweight, coupled with smoking-related illnesses and the impact of over-drinking, all damaged our health, and at younger ages. We were seeing health problems associated with people in their 80s taking hold while people were in their 40s. We needed to get more active, and to improve our quality of life in so many ways. We needed to promote activity and sport for all. I am glad to say that that message is getting through. I myself am a Zumba orphan; my mother spends more time doing Zumba than she does on the phone, or talking to me.

My constituency of Inverclyde built all-new schools with state-of-the-art sports facilities. Inverclyde schools' sport facilities are first class and free for use by our communities. We also employed sports co-ordinators to introduce kids to a variety of sports and even more importantly to continue that sporting activity by linking up with clubs after school. The last time we did that I myself was in secondary school. That was when we built new facilities and I was introduced to a new indoor sport called basketball. In Inverclyde, we also offer free swimming to kids under 16, as well as free hire of 2G, 3G and—even in Scotland's climate—grass pitches for under-19 teams. Funding all that is not easy, but if we did not, the cost in the future would be quite simply unbearable. We bought into the legacy of the London Olympics and the Commonwealth games in Glasgow, using those events to excite people and promote activity.

Inverclyde educates and promotes the importance of getting active, and of healthy eating. You are what you eat. We tell youngsters that if they put rubbish in, they will get rubbish out, especially in sport. We are educating our kids to cut out as much sugar as possible, and to eat "five a day". The message is getting through. I paid a visit to a school, where I ate a school meal, and one of the pupils told a teacher that I had only three pieces of fruit and not five. I was guilty, and had to take another two pieces. So, as I say, the message is getting through.

We have been removing fizzy drinks from schools, and replacing them with water. However, we cannot do that on our own. We need our supermarkets to buy into this process too. We simply need to ask: why is fruit more expensive than sweets? We should remove sweets from the checkout area, etc. We should also make things easier for hard-working families, because the fruit and vegetables that they are taking home are not lasting the full week and they have to make further trips to the supermarket to stock up.

In conclusion, what can the Government do? I should like to offer some low-cost solutions that I am sure they would be interested in. They could do more to promote sport and an active life style; they could approach supermarkets about their short sell-by date food-laden shelves and about ready meals; and they could emphasise the reduction in sugar consumption. Activity can be a small part of people's day, but it is a big part of their life.

10.29 am

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): It is a pleasure to serve under your chairmanship again, Mr Weir. I congratulate my hon. Friend the Member for Blaenau Gwent (Nick Smith) on securing this debate and all colleagues across the House who supported the application for it. We have heard some important contributions by hon. Members from all parties.

I should like to take this opportunity to thank the many organisations that are doing an important job to get Britain moving—hon. Members mentioned many of them—including ukactive, Sustrans and StreetGames. I had the pleasure of joining Living Streets on a walk to work back in May, to celebrate national walking month and the benefits of walking to work, so I have seen first hand the fantastic work that it does. I also thank my hon. Friend for mentioning pedometers. Many hon. Members measure their steps on a daily basis. I am just on 2,000 already today and on my way to securing my 10,000 a day.

I share hon. Members' concerns about the place of physical activity in our society. Just a few generations ago, physical activity was an integral part of daily life, yet today it is becoming ever less a part of our daily routines. The opportunity to move and be active in modern life has declined dramatically: advances in technology mentioned by hon. Members, the rise in passive entertainment options, community safety concerns, roads that are not safe for pedestrians and cyclists, and limited playgrounds and green spaces are just a few of the reasons why.

We have heard the statistics, but they are worth reiterating. In some parts of the UK, more than 40% of the adult population is classed as inactive and a quarter of all adults in England are failing to do enough physical activity to benefit their health. Nearly half of all 11 to 25-year-olds in England—more than 4.5 million individuals —fail to achieve the chief medical officer's recommended levels of physical activity. This is deeply concerning. Our nation's children and young people are not getting the activity that they need to stay strong, fit, healthy and happy, which is something that will inevitably affect them in later life.

As we heard, insufficient levels of physical activity are estimated to cost more than £7.5 billion nationally. Other figures have also been mentioned. That sum is broken down to just over £1 billion in the NHS, £5.5 billion in lost productivity and £1 billion in premature mortality among the working-age population. My hon. Friend the Member for Easington (Grahame M. Morris) also mentioned the staggering 16 million days lost in the workplace, which we must be concerned about and take action on.

More than 1 million children are classed as obese and a third of children leaving primary school are classed as obese or overweight. We know that the status quo is not working. If we are to make the NHS financially sustainable in the 21st century, it follows that we need to have the most ambitious plans for physical activity, to contend with those lifestyle diseases that the NHS is increasingly responding to.

We know that physical activity is the simplest and cheapest route to good health and staying well. Moving from inactivity to activity is one of the easiest first lifestyle changes to make. This has been looked at academically and found to be easier than altering diet, stopping smoking or reducing drinking—and it can cost next to nothing, too. However, the issue is about more than health; it is also about people fulfilling their potential and making the maximum contribution. We know that children who are more active are more likely

[Luciana Berger]

to achieve better exam results and earn more throughout their lives. I echo the concerns of my hon. Friend the Member for Blaenau Gwent about lower levels of physical activity in more deprived communities. I should be keen to hear the Minister respond to that issue.

Put simply, physical activity and sport builds strong people and strong communities. Yet for an activity that brings such universal health benefits, there seems to be very little centrally driven support for its promotion. We have neither a way of accurately measuring the physical activity people take, nor consistent messages about what level of physical activity people should be taking. Until recently, the guideline for adults was for them to take 30 minutes or more of physical activity of moderate intensity on at least five days a week. That is a minimum of two and a half hours of physical activity per week.

In 2008, the health survey for England measured physical activity among adults by means of a questionnaire. Some 39% of men and 29% of women reported that they met the recommended minimum level of physical activity. However, when accelerometers were used on a group to measure their physical activity objectively, the real percentages were actually 6% and 4%. That was complex enough, but to make things more challenging, in 2011 new guidelines were produced by the UK's four chief medical officers that are particularly complex—I shall not read them out; I struggle to understand exactly what the recommendations are.

There are other issues to consider, too. The active people survey does not actually measure activity and does not include recreational walking or recreational cycling. We no longer even have a way of measuring children's participation in school sport, because the school sports survey, which measured the proportion of pupils receiving two hours of curriculum PE and the proportion participating in at least three hours of "high quality" PE a week, was scrapped in 2010. So, too, were the regulations that previously tracked schools' travel patterns. Will the Minister share with us any plans to clarify this confusing picture and introduce a more consistent way of measuring physical activity? Are there any plans to reintroduce the school sports survey and school travel survey?

Again I share concerns raised by hon. Members about the Olympic legacy in our country, despite the huge progress made under the previous Labour Government. In 2002, just 25% of children undertook two hours of PE and sport in school, but by the end of the previous Labour's Government time in office this had been raised to 93%. The previous Labour Government also created 422 school sports partnerships and 2,300 school sport co-ordinators, covering every school. It was my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown) who promised a "golden decade of sport", kicked off by the Olympics and Paralympics in 2012. Yet a series of decisions has meant that these ambitions have not quite been realised under this Government.

The school sport partnerships—the local networks of schools and PE teachers—which had quietly been achieving notable success in getting students across England to be more physically active during school hours have been abandoned; playing fields in some areas have been sold off; and school sport targets have been removed. We heard earlier this month that the borough that hosted the Olympic games is the least physically active in England.

Grahame M. Morris: Will my hon. Friend acknowledge the impact that cuts in local government have had, particularly on youth services? In national youth week last week, a number of youth clubs, including in Peterlee in my area, were reporting that they may have to close because of funding cuts.

Luciana Berger: I will move on to that point in a second. I was interested in the remarks made by the hon. Member for North Swindon (Justin Tomlinson). I have seen first hand some young people in my constituency who have taken part in the national citizen service, but that is just a few young people. At the same time, throughout the country, we have seen devastating cuts to our youth services. I want all young people to have access to good services. In a moment, I will mention my concerns about local authority cuts.

I should be interested in hearing from the Minister what work the Government are doing to mobilise all the different sectors, industries and organisations that have a role in getting Britain moving. My hon. Friend the Member for Easington mentioned people with dementia. We need particularly to pay more attention to and focus more on older people.

I am keen to hear what the Government are doing to encourage councils, which have the delivery system, to open up their parks, improve access to leisure centres and swimming pools, and make walking, running and cycling a key consideration of developments. However, I echo the concerns of my hon. Friend the Member for Easington about cuts sustained by local authorities throughout the country. My own area in Liverpool has had its budget cut by 56% and it is struggling to do all those things well.

We know that small adjustments to workplaces can make active travel or exercise before or after work a much more realistic option. What work are the Government doing with employers so that workplaces can become more physical activity-friendly? I have asked a number of questions about the health at work programme, and I was disappointed to learn from a parliamentary question that no records are being kept of the number of businesses that are becoming good health at work employers. That is a key issue, which needs more attention and resource directed towards it.

What work are the Government doing with sport governing bodies to ensure that the great success we have enjoyed at the elite level is matched with the same success at grass-roots level? I, for one, enjoyed taking part earlier this year in the "Back to Netball" programme, and I would like to hear about more projects like that that the Government are encouraging across the country—not only for young people, but for adults.

There is a particular concern and challenge around young people at college or university and the differing costs of accessing physical activity and organised sport in places of higher and tertiary education. In the absence of school sport partnerships and compulsory minimum numbers of hours of physical education in schools, how

will the Government ensure that sport and activity are a feature of every school, with quality sports coaching and provision in all schools?

I echo the concerns raised by my hon. Friend the Member for Worsley and Eccles South (Barbara Keeley) and the hon. Member for Romsey and Southampton North (Caroline Nokes) about female participation in sport and physical activity. We know that there is a gap between the number of men and the number of women who take part, and I would be keen to hear from the Minister what the Government are doing in that area. Finally, what action are the Government taking to promote active travel and create environments where people are more likely to walk or cycle for short journeys?

With the right support and direction from Government, getting Britain moving is a single, simple, positive goal that the whole country can get behind—a goal that has the potential to shift our national culture. The issue is not about finger-wagging or telling people they cannot do something they enjoy; it is about promoting a positive activity that people can feel good about and an affordable route to good health and well-being for the whole population. It is the most cost-effective way of making our public services and our NHS sustainable now and in the future.

10.41 am

The Parliamentary Under-Secretary of State for Health (Jane Ellison): First, I thank the hon. Member for Blaenau Gwent (Nick Smith) for securing this debate on such an important topic. It is one of my personal passions, particularly while I have been in this job. It is evident from the contributions of so many colleagues, who made so many thoughtful points, that many share my passion for this area. I do not pretend to think that I can respond to every specific point that was raised, because it has been a varied and wide-ranging debate, which demonstrates Parliament's appetite to get stuck into this topic. I will return to the powerful role that MPs have in increasing levels of physical activity if I have time towards the end of my remarks.

Society has changed a great deal, and that sits behind everything we have been debating this morning—why we have become more sedentary—and other Members have laid that out. I will not spend too much of my speech going over the evidence base, because it has been well covered by the hon. Gentleman and other Members, but the evidence base is well established for the problems that the level of physical inactivity in our nation is causing. I was pleased to hear Members talk not only about physical conditions, but mental health. I think dementia was also mentioned. There is an important evidence base for the fact that becoming more physically active can benefit people in a great many ways. One of my personal passions is how physical activity can impact on social isolation and exclusion; I will try and touch on that later. I will not reiterate what other Members have said on the statistics on how inactive we have become as a nation, because they are all on the record; I would prefer to use my time—I am conscious of leaving a little bit of time for the hon. Gentleman to wind up—by telling the House what the Government are doing.

I will say a few words about obesity. It is a slightly complex area, as I was saying to the hon. Gentleman just before we came into the Chamber. We are clear that all the expert evidence suggests that while physical activity brings the important health benefits that we have been discussing—such things as stronger muscles and bones and improved cardiovascular health and metabolic health, as well as some of the psychological well-being aspects—tackling obesity is fundamentally about eating and drinking less. That is what will lead to significant weight loss. That is not to belittle the role of physical activity, but to emphasise its importance. Physical activity cannot just be seen through the narrow prism of its role in weight loss, because it is bigger and more important than that and goes to the heart of so many well-being and other social issues. I am keen that it is not cast only in the light of weight loss. We need to understand its role in tackling obesity, not least in encouraging active lifestyles in children from the very start and not building up problems for future generations, but it is a little more complex than that.

Barbara Keeley: Will the Minister acknowledge that it is important for overweight people and large people to take exercise, because they will be healthier, whatever size they are, if they do that? There is a danger in focusing just on weight loss, instead of exercise. If people take exercise, it is likely to lead to a healthier lifestyle and a desire to lose weight.

Jane Ellison: Absolutely. I could not agree more with the hon. Lady. It is exactly why we should not just link obesity and physical activity together. It is better for everyone to move. I will come on to some of the conditions that are helped by that, but she is right that whatever someone's age, weight or state of health, moving more is always a better option.

Members have touched on this, but it was an important moment when we saw prevention put right at the heart of the NHS with the publication of the "NHS Five Year Forward View". Public Health England collaborated closely with the NHS on the prevention chapter of that forward view, which states:

> "The future health of millions of children, the sustainability of the NHS, and the economic prosperity of Britain all now depend on a radical upgrade in prevention and public health."

It cannot be said more profoundly than that that this issue is important. The attention given to that aspect of the forward view was heartening to me as the public health Minister, because I had not heard the prevention agenda put quite so much at the heart of the health debate in our country and related to the sustainability of our great public services to that extent.

Members have talked about shifting the narrative. With the best will in the world, Governments can only do so much. We have to shift the population's thinking from where we are now to where we need to be. A couple of Members touched on the role of some of the major charities. I have been having conversations with some of the major health charities about how they can harness the reach and reputation they enjoy among our population. For example, Macmillan Cancer Support is famous for its wonderful cancer care, but it is a bit less famous for the excellent work it does with the Ramblers on the evidence base on walking as a key element of physical activity. I have been talking to Macmillan and others, including some of the big cancer charities, about what more they can do to get people to understand

[Jane Ellison]

more widely the role of physical activity in preventing diseases, because those charities have enormous reach into the population.

I pay tribute to Breakthrough Breast Cancer on its message, "Raise your pulse, reduce your risk", which is a campaign that tells women that 30 minutes of daily physical activity can reduce the risk of breast cancer by at least 20%. Arthritis Research UK launched a piece around understanding arthritis, which addresses exactly the point that the hon. Member for Worsley and Eccles South (Barbara Keeley) made in her intervention. It is tackling the misguided belief that someone should rest if they have joint pain and is trying to put some of its weight, resource and reputation behind simple messages on standing, walking and being more active, even for people with some of those physical challenges.

We have dwelled a lot on physical inactivity among the young, and I will come on to some of the things that the Government are doing to help that, but the most inactive generation is the oldest generation. Only one in 10 men and one in 20 women over 75 are active enough to stay healthy. I am lucky enough to have both my parents still with me—one is 80 and the other is just under 80—and very much active and healthy. My father is still cycling 50 miles a week at 78. I look at their lifestyles and I see how much can be gained from staying active as people grow old. It helps them to remain independent for longer and tackles some of the thorny issues of social isolation. Active older people are unlikely to be lonely. We must be passionate about the activity agenda for older people, as well as the sensible focus on getting the young into good habits.

On the role of Government, experience from across the globe shows that getting everybody active every day will work only if everyone is involved, including all levels of government, so I want to discuss what we have been doing recently, because the level of activity is good. At a national level and following up on the Olympic legacy—I chair a cross-ministerial group on the physical aspect of the legacy—we started "Moving More, Living More" as a cross-Government policy to get more people active. It stresses that physical activity is everyone's business. If it just sits in a health silo, we will fail again. I have had conversations with Lord Coe, who recognises that we have been around this circuit before. Physical activity cannot just be a health measure; it must be embedded across all levels of Government and local government.

Following on from that, we have taken a much more granular approach and have provided a proper toolkit. Just last month, Public Health England published the "Everybody Active, Every Day" framework. It was going to be published early next year, but I urged them to bring it forward to this autumn, so that it was available to local authorities when planning their 2015-16 spend. We have provided £8.2 billion for public health over three years, and it is important that we also provide the best evidence base for how to spend that money for local populations.

I want to describe how the scheme was produced, because it has been a wide-ranging collaborative effort. I hope that MPs all received their toolkit. It might still be lurking in the inbox—we all receive a lot of e-mails—but please look for it, because it was designed to give MPs a role in promoting the agenda. The campaign was co-produced with more than 1,000 cross-sector organisations and individuals at national and local level. It was begun at a workshop in January this year. Since then, we have had nine expert round tables attended by more than 200 experts. Five regional forums have been attended by some 750 individuals, including people from local authorities. The "Moving More, Living More" policy and the recommendations of the all-party commission on physical activity—I see one of its members here—fed into the process. We held sector-specific presentations and workshops, bilateral meetings with Government and nine expert rapid topic overviews.

Good and promising practice has been collated, and we have also commissioned work on what constitutes such practice, with more than 960 submissions for assessment. I have also commissioned a review of return on investment data, which is critical for local government. A public consultation was held on the draft documents, with 183 submissions raising 550 specific issues. The output from the exercise, which was launched at the Oval last month, includes a toolkit, as mentioned, for elected representatives—I worked with Public Health England on the MP toolkit and we are looking at one for locally elected members as well—and free *British Medical Journal*-sponsored e-learning modules. Regarding the review of promising practice in communities, we have commissioned the Centre for Sport and Exercise Science and ukactive's research institute to consider and rate submissions. We have also done some detailed topic overviews, in particular looking at some in-depth guidance for addressing complex issues around deprivation and health inequalities, which will respond to one of the points raised by the hon. Member for Blaenau Gwent.

I have attended a high-level round table with local government leaders, who I must say are a great deal more optimistic than the shadow Minister about their ability to deliver on this agenda. The meeting was cross-party and extremely positive, and I have seen many of the things that they have been doing. This is a collaborative effort right across local and national Government to take us to the next level in terms of an evidence-based approach to physical activity. Like the right hon. Member for Rother Valley (Kevin Barron), who spoke about public health sitting well with local government, I absolutely think that it has landed in the right place. I have seen some fantastic examples of real leadership, but we need to give local government the tools to do the job. We do not want people endlessly reiterating the evidence base and endlessly trying to work out what works and carrying out their own evaluations when that can be done at a national level through the resources of Public Health England.

The four areas within "Everybody Active, Every Day" are "Active society", "Moving professionals", which is about ensuring that our professionals are geared up to make every contact count, "Active environments", and "Moving at scale", which is about the big interventions—as opposed to small, excellent micro-interventions—that will really make a difference to the population. The framework contains a lot more detail, and I urge Members to have a look at it, because it is what we are now engaging with local government leaders on. I was asked about the data that local authorities have at their disposal and the Active People survey provides them with areas to target.

In addition to all that, my Department has given £11.4 million to the Change4Life sports club programme, through which 13,500 clubs have been established to help our children be more active. Those clubs have deliberately been set up in areas of high childhood obesity and significant deprivation. We are also investing £180 million over three years into the primary PE and sport premium to improve health outcomes for primary-age children. We have provided £30.5 million to fund the School games organisers, who are responsible for delivering the games and co-ordinating Change4Life sports clubs. Much work is ongoing with the Department for Transport around cycling cities, and we have augmented its funding by putting money into five walking cities.

Sport England recently announced that it is also making more money available to help get people more active. I echo everything that has been said today about women's participation and removing barriers to entry. Some extremely good points were made. I welcome the fact that Sport England has recognised that and is looking to fund things that many of us would not traditionally recognise as sport and things beyond team sport. Like my hon. Friend the Member for Romsey and Southampton North (Caroline Nokes), I remember the Lycra shame of the 1980s and the "feel the burn" movement. We do not want people to go to something once and then give it up. We must remove the barriers to entry. I heard about wonderful local government initiatives, such as T-shirt swimming days for people who do not want to swim in just a swimsuit, and other clever things.

However, we need to get the message out there, which much of the debate concentrated on. I must be honest that I do not believe the Chief Medical Officer's guidelines are well understood. They are difficult for health professionals to understand and the same is certainly true for the public. I have commissioned a piece of work from Public Health England to develop a mantra for physical activity similar to "five-a-day", which, if not universally observed, is widely known and understood.

I hope that I have provided a sense of how we are trying to follow up on the Olympic and Paralympic legacies. Lord Coe has been clear that that will be judged over decades not years, because although the shadow Minister suggested that it has developed over the past five years, the problem has developed over decades, but we are taking action. MPs have a valuable role to play. It is a huge job, but we are making great strides towards getting everybody active every day. I thank Members for their participation in the debate.

10.58 am

Nick Smith: I have little time to respond, so I unfortunately cannot comment on all the cracking contributions made in the debate, but I did particularly like the point raised by my hon. Friend the Member for Inverclyde (Mr McKenzie), who talked about our spending all day in front of a screen and then going home to spend our evening in front of a screen. We should all be mindful of that. I also laughed at his story about being a Zumba orphan, because that is where his mum spends all her time these days.

I want to highlight a few points that were made in today's debate. It is important that we reduce obesity and improve health in areas of deprivation. The costs of being unhealthy are high, particularly for clinical conditions such as heart disease and diabetes. The financial costs of obesity are also high, and we need to promote physical activity. The NHS's chief executive has spoken of the NHS being bankrupted by the high costs of physical inactivity.

I thank everybody for participating in today's debate. We must place as much emphasis on promoting physical activity as we placed on reducing smoking in the past in order to see a successful campaign.

Corporal Stewart McLaughlin

11 am

Ms Angela Eagle (Wallasey) (Lab): I welcome the Minister of State for Defence Personnel, Welfare and Veterans and hope that she will be able to deal in detail with my arguments today. A member of the shadow Cabinet is not often successful in applying for a Westminster Hall debate, so I want to thank Mr Speaker for allowing it to happen.

My aim is to persuade the Government to right a great injustice and finally to allow Corporal Stewart McLaughlin's heroic actions during the battle for Mount Longdon to be considered for the recognition that they so clearly deserve. I will end my remarks early to allow my hon. Friend the Member for Barnsley Central (Dan Jarvis), who also served in the Parachute Regiment, to add his voice to the plea for the long-overdue consideration of a gallantry award for Corporal McLaughlin.

The circumstances that have led us to this debate, 32 years after the event, are well known and not disputed. In July 1982 Corporal Stewart McLaughlin was a section commander in 5 platoon, B company, 3 Para, which during the Falklands war led the successful assault on Mount Longdon, overlooking Port Stanley. It was a crucial victory that led, just days later, to an Argentinian surrender. As is acknowledged, the successful outcome of that battle was substantially in doubt.

Corporal McLaughlin's men were under sustained fire, but he reassured them by running into danger to pull the injured back to relative safety. He also protected them by leading the charge to the cover of nearby rocks. Apparently, when he realised that their position there was unsustainable, he shouted, "I will count one, two, three, and then we all go." According to his commanding officer, he shouted, "Come on, lads, I'm bullet-proof. Follow me!" He then ran straight towards the gunfire, followed by the rest of the section, and they all reached cover. Members of the section apparently commented that it was the bravest thing they had ever seen. The regimental colonel said that Corporal McLaughlin's heroic actions on that day are so widely known that they are now in the DNA of the regiment.

As I stood on Egremont prom on Remembrance Sunday to honour our war dead, it occurred to me that no story expresses the bravery and sacrifice of our armed forces better than that of Corporal Stewart McLaughlin, who was killed later that day in 1982, at the age of only 27. After the battle, Corporal McLaughlin's commanding officer, Lieutenant Colonel Hew Pike, wrote up a citation for bravery, but in the chaos and confusion after the battle the citation appears to have been lost, so it was never processed or considered.

The McLaughlin family are a big military family and they do Wallasey proud. Stewart's dad, the late Edmund Joseph, served, and so did six of his eight sons. Stewart's mum, the late Elizabeth, had much to be proud of. After Stewart McLaughlin died in June 1982, the family went to a memorial service for the fallen Paras in October of that year. At the memorial, Major Mike Argue, Stewart's officer commanding, told Edmund that he had put Stewart in for the highest award for gallantry. Three weeks later, when the awards were published in *The Gazette*, Stewart's name was not even mentioned. That was when Edmund knew that something was wrong and he started his campaign to get Stewart the recognition that everyone knew his actions merited.

Corporal McLaughlin's family have run a tireless campaign for the proper consideration of Stewart's actions, because they rightly believe that recognition of bravery should not be refused simply because of some kind of administrative error, and it was administrative error that is at fault. I first visited Edmund and his wife Elizabeth in the 1990s to lend my support to the campaign. In July this year, hundreds of Paras, family and friends marched to Downing street asking for Stewart's bravery finally to be properly considered for an award. Thousands of people have signed a petition and it was handed to the Prime Minister on that day.

Since then, however, it is fair to say that we have come up against a brick wall of intransigence. I have received two letters, one from Lord Astor and the other from the Prime Minister, turning down a request for what they call a "review" of the situation. They are understandably worried that a gallantry award granted to Corporal McLaughlin after the passage of so many years might somehow open the floodgates, but I argue strongly that Stewart's case cannot be reconsidered, because it was never considered in the first place. The response I have had from the Prime Minister fails to address that crucial issue.

A citation was written, but never processed. The letter from Lord Astor, a Minister at the Ministry of Defence, seems to intimate that perhaps Sir Hew Pike never submitted the citation at all. That point is patently untrue, however, and I ask the Minister present today to confirm that on the record. Sir Hew Pike, who is in the Public Gallery listening to the debate, along with Stewart's entire chain of command in the Paras, recalls submitting the citation and has recently taken the unprecedented step of rewriting it. In it, he states:

> "Cpl McLaughlin's leadership through a terrible battle, of which his young soldiers had no previous experience, inspired confidence in all and sustained those who might otherwise have faltered."

There are many contemporary accounts of Corporal McLaughlin's actions on that night that are not disputed. Yet the Prime Minister's letter refers to "reopening honours boards" and "reconsidering" Stewart's actions which have been "rigorously examined", even though we have established that his bravery was never considered for an award in the first place.

The Prime Minister goes on to say that there cannot be an award at this distance, because it would be unfair to those who "fought alongside him". Yet it is precisely the testimony of those of his comrades who did fight alongside him that provides the irrefutable evidence of his heroism on that day. Indeed, some of them were on the march to Downing street in July.

It is of course right that our honours system is rigorous and above reproach. It is also right that politics should play no role in making awards. All the campaign has ever been about, however, is ensuring that Corporal McLaughlin's actions are finally properly considered in the way that they would have been without the administrative error. The circumstances are so exceptional that I do not believe a dangerous precedent would be set if the Minister were to make us all extremely happy and announce a belated consideration in her response today.

It would not be the first time that a retrospective award has been made. For example, in 2012 the Prime Minister announced that sailors who delivered supplies to Russia during the second world war should receive the Arctic Star. Only a month ago, the Prime Minister awarded the South Atlantic medal to soldiers who served in the Falklands in the weeks after the war had concluded, and that was done after a review. I have examples of half a dozen soldiers granted the Victoria Cross decades after their death in the late 19th century. What we are asking for would not be unprecedented.

Corporal McLaughlin gave his life in the service of his country, but he has been failed by a rigid administrative system that has forgotten his sacrifice. His citation should have been processed, but it was not. The Minister has a chance to put that right. Every Minister whom the family have met has agreed that Corporal McLaughlin displayed enormous bravery worthy of recognition. Anyone hearing his story, or reading it in much greater detail than I have presented today, would agree. Will the Minister not agree that it is now appropriate that the rewritten citation should be properly considered alongside the contemporary accounts of Stewart's undoubtedly brave actions that day in order to give a man who gave his life for our country his due recognition?

11.9 am

Dan Jarvis (Barnsley Central) (Lab): It is a pleasure to serve under your chairmanship, Mr Weir. I congratulate my hon. Friend the Member for Wallasey (Ms Eagle) on securing this important debate. It is quite unusual for a member of the shadow Cabinet to secure a debate of this sort, and I pay tribute to her for the tireless campaign she has pursued over many years.

I also pay tribute to the McLaughlin family. For them, it has been a long march—or, to put it into regimental parlance, a long tab—but they have made a determined case throughout in a dignified way. We know that they are supported by an extended regimental family and that they carry the good wishes of thousands of people, not just in Merseyside but across the country.

This debate is important because it is about basic fairness to Corporal McLaughlin and his family; but it is also, more broadly, about the way in which we treat our veterans. Corporal McLaughlin was a tough and robust paratrooper, serving with 5 platoon, B company, 3 Para during the battle for Mount Longdon on the night of 11 June 1982. There is no doubt that he showed supreme courage and outstanding leadership during the battle. That was acknowledged in a recent letter from the Prime Minister, in which he said:

> "I have no doubt of the gallantry and incredible selflessness that was demonstrated...through his actions on the Falkland Islands."

We know that Corporal McLaughlin ran towards sustained fire, provided support to other platoons pinned down by Argentine forces, neutralised an enemy bunker and ran forward under fire to pull a wounded man back to cover. Although one man under his command was wounded, his entire section survived the battle.

As my hon. Friend said, a citation was written at the time by the commanding officer, Lieutenant General Sir Hew Pike, then a lieutenant colonel. We also know that, although now retired, Lieutenant General Pike has taken the unusual but much welcomed step of rewriting the citation. That rewritten citation was submitted to the Chief of the General Staff. Given the facts that have been outlined today, will the Minister consider whether she thinks it fair that the MOD is not prepared to look at the circumstances of this exceptional case?

We should also consider the wider message that the case sends to those who have served—our veterans. By recognising Corporal McLaughlin's sacrifice, we send a message that as a country we value the service of our men and women, that we reciprocate their service by ensuring they are treated fairly and are not disadvantaged, and that when they are injured mentally or physically they are supported. We must also be clear that their families will be properly supported if they do not return home from the places where our country has asked them to serve and that their loss is formally recognised by our nation. I am sure the Minister agrees that that is the fair thing to do.

I am sure the Minister will have received advice from her civil servants about how to respond to this debate and I have no doubt that their intentions are honourable. However, they may be advising that no special case should be considered, and that doing so may set a precedent. They should know, however—my hon. Friend has already outlined this point and I have shared the detail with the Ministry of Defence—that there is already precedent. My hon. Friend cited some examples, but we know there are more besides, including of where an award was granted decades after the action that warranted it took place.

In 1858, Private Edward Spence of the Black Watch died from wounds he sustained during the Indian Mutiny. In 1879, Lieutenant Nevill Coghill and Lieutenant Teignmouth Melvill fought at the battle of Isandlwana; they attempted to get their regimental colours to safety but were eventually caught and killed. Those are two of six examples from the period. Until a change in policy in 1907, awards for gallantry were not made posthumously. After that change, the families of those soldiers were duly invited to meet the King and receive the Victoria Crosses they had for years been denied. Military historians—we know there are quite a few of them out there—will also know about the VC awarded to Major Edward Mannock in April 1919, some time after his death in action, after a strong campaign by his former comrades, led by Ira Jones, and through the support of Winston Churchill. Precedent is not an issue in this case.

Let us be clear: given the concerns that have rightly been raised and the facts that have been laid out, it is within the Minister's gift to state that she feels this case is exceptional and merits further investigation. She could do that, and I hope she does so today. It would be warmly welcomed.

Corporal Stewart McLaughlin was a man who laid down his life for our country. He demonstrated supreme valour and made the ultimate sacrifice. He inspired his men that night and played a key role in sustaining the momentum that enabled 3 Para to win the battle of Mount Longdon. He left behind a family and a son, who is here today. We owe it to Corporal McLaughlin and his family, who have borne his loss for so long, to ensure an injustice has not been served. I believe that an injustice has been served and that we must put that right. It is only fair after what he has done for us.

11.16 am

The Minister of State, Ministry of Defence (Anna Soubry): It is a pleasure to serve under your chairmanship, Mr Weir. I congratulate the hon. Member for Wallasey (Ms Eagle) on securing this debate and the hon. Member for Barnsley Central (Dan Jarvis) on his speech. I have 14 minutes in which to try to respond to a difficult situation. It would trouble anybody to have to respond to what is undoubtedly an extremely difficult case, and if I sound as though I am rushing, I apologise absolutely, but there are some important points that need to be made.

The first such point is that I speak without fear or favour. I do not speak on behalf of any civil servant; I say what I believe to be right and true. I will begin by reading a small section of the speech prepared by me, because I want these words recorded in *Hansard*. I will then respond as far as is possible to all the important points that have been made.

We have heard today how Corporal Stewart McLaughlin was killed by mortar fire in the Falkland Islands in June 1982, after he had led a series of charges against the Argentines, notably machine gunners, in the battle of Mount Longdon. Like many others, Corporal McLaughlin was in the prime of his life when he died. He was only 27, and I know that he left a young son only four months old.

We know that a quarter of 3 Para lost their lives fighting on Mount Longdon. It is a remarkable story of courage, valour and achievement that Mount Longdon was taken at that time. We have also heard of Corporal McLaughlin's exceptional bravery and his leadership in the face of heavy enemy fire.

Having been briefed in detail on his actions in June 1982, I absolutely agree with the assessment of those actions. There can be no doubt whatever that Corporal McLaughlin demonstrated exceptional courage and bravery, in the finest traditions of his regiment—and, of course, the British Army—throughout the Falklands campaign. His family, his compatriots and the nation are right to remember him in that light. He was heroic.

We have also heard mention of a letter written to Corporal McLaughlin's son by the Prime Minister. I will repeat the lines quoted by the hon. Member for Barnsley Central:

"I have no doubt of the gallantry and incredible selflessness that was demonstrated by your father through his actions on the Falklands Islands. Our country owes a debt of gratitude to him and many like him which can never be repaid."

I will now describe, in short, the system as I understand it. I am happy to be corrected—notably, if I may say so, by the hon. Member for Barnsley Central, who knows this system because he has served himself, no doubt with courage and gallantry. As I understand it, after a battle, once the theatre of war has ceased, there is a gathering of officers who make representations to the commanding officer about those men—as they invariably are, although there have been women, as well, in more recent times—who have acted well above and beyond the call of duty. As a result, citations are prepared; that certainly happened after the battle for Mount Longdon.

The citations are submitted to a committee to decide whether honours should be awarded. That committee then goes into considerable detail, often taking evidence from others who served. It looks at the whole theatre of war and—I will be corrected if I am wrong—tries to make some assessment of what awards should be made and on what grounds. It takes all matters into consideration at that time.

All that is done in the strict confidence. Unfortunately, this case is an example of why that confidentiality exists. It would be quite wrong for a family to be given some sort of false hope: "Your son was remarkable"—I actually take the view that they are all remarkable—"and is being put up for an award." If that young man then does not receive an award, that family quite rightly feels that some injustice may have been done and that, in some way, some criticism has been made of the otherwise heroic actions of their loved one. That is why this is done in confidence, and I do not have any difficulty with that whatever.

In the event that a citation that has been put forward does not result in an award, there is a period in which the commanding officer can, effectively, say, "What went wrong there? What happened? We put forward this person for an award. He didn't receive one. Why didn't that happen? Has some injustice been done? Is there some new evidence that can be brought forward to make sure justice is done?" I am told it is a five-year period, although, normally, these things happen quite swiftly after the awards have been announced.

Unfortunately, in this case, no such representation was made at that time. Sir Hew Pike has talked about that and his grave regret that that was not done at the time. It may be that if it had been done at the time, we would not be having this debate today, and this perceived—and I think it is an injustice—would not be being put forward in this way. But it was not done, and I know that Sir Hew, in meetings with the family, has expressed his regret that it was not done.

What do we know has happened in this case? If Sir Hew says he wrote and submitted a citation, it is not for me to say that he did not. What we do know, however, is that no citation was received and therefore the board, the committees and so forth never considered the case for Corporal McLaughlin to be given an award. We could go back and perhaps talk for ever about why that citation did not go forward. Sir Hew has talked about the constraints of time, and he has said, according to the minutes I have seen, that, perhaps, in the heat of the moment, after all that had happened, the issue simply did not catch somebody's eye—I think that is the expression he uses—and the citation was, therefore, not submitted. In any event, however, it was not submitted and, therefore, could not be considered. Then, unfortunately, no one came forward—it has to be at the highest level—to say, "What's happened with the case for McLaughlin? Why hasn't he got an award?"

So here we are, 30 years later, in this awful position, where there is no doubt about Corporal McLaughlin's gallantry, heroism and bravery, but the question is, how do we fix something 30 years on? I have thought long and hard about this—forgive me, but I listen to my officials and I respect all that is said—and I genuinely do not see any way round this, because of the passage of time. The hon. Member for Barnsley Central will no doubt disagree with me—I am more than happy to be intervened on—that everyone who serves knows what the rules are. These are the rules, and they can sometimes result in injustice, because it is also the case—

Ms Angela Eagle: Will the Minister give way?

Anna Soubry: May I just finish this point? I am quite happy to take an intervention, although I am conscious of the time.

The hon. Gentleman and others listening to the debate will know that there are many who conduct themselves well above the call of duty and who do the most astonishingly brave and heroic things, but who, for whatever reason, never even get a citation—those wonderful acts never come into the light, so they never get the recognition that they should. Apparently, I am told, that is an accepted part of the system; it is not a perfect system, but is as good as it can be.

Ms Eagle: I understand the argument the Minister is making about precedent and the way the system works, but we have now established that the citation was written —Sir Hew Pike, who is here listening to the debate, says it was written—but never actually typed up and transferred over. Therefore, Stewart McLaughlin's actions were never considered at the time.

Given the exceptional nature of this occurrence, where we have the word of the commanding officer at the time and we have extremely detailed contemporaneous information about what Stewart did on that night, I wonder whether the entire system would collapse and the floodgates would open if the Minister said, "This is exceptional. We need to go back and consider, with all the evidence we have, the citation that was originally written and accept that there was an unexpected administrative error. In this case, therefore, we should go back and reconsider."

Anna Soubry: I hear the power of the argument, but I fear that this may not be the only such case. Yes, I do believe that it would not be a good precedent, because of the 30 years. If it were not for the 30-year period, there would be much more merit. It is perhaps unfortunate that we did not have this debate many years ago, because we could perhaps have resolved this. However, it is the 30-year period that agitates concerns.

Dan Jarvis *rose—*

Derek Twigg (Halton) (Lab): Will the Minister give way?

Anna Soubry: Quickly, but the hon. Gentleman must remember that I have a matter of minutes left, and I want to read out a letter.

Derek Twigg: I am not sure whether I have to declare an interest, but I am an honorary member of the South Atlantic Medal Association.

If the Minister believes an injustice has been done, will she say she believes an injustice has been done? Clearly, she has the power to do something about that. Let us take an example. The advice was very clear that the Bomber Command medal and the Arctic medal could not be awarded so long after the event. Why can the Minister not take action now to ensure that this wrong is put right and that this injustice is dealt with?

Anna Soubry: For the very same reasons that no Government of any colour over the last decades has changed the system: we recognise the danger. Actually, awards for gallantry and bravery are different from service medals, if I may say so. However, the issue is the passage of time; it is the 30 years. It is also the fact that there is that five-year gap during which exactly such representations can be made by comrades—by senior officers. In this case, that did not happen. Those who serve and who know about the system say that it is not right and that it would not be fair, given the long passage of time—

Dan Jarvis: Will the Minister give way?

Anna Soubry: No, I cannot take interventions. I have taken three interventions, and I have had less than 15 minutes to try—

Dan Jarvis: Two.

Anna Soubry: Sorry, two interventions. If I can give way, I will. I do not know whether everybody has read the letter from Lieutenant General Jacko Page, who was the colonel commandant of the Parachute Regiment. If I do not have time to read out his letter to Corporal McLaughlin's son, I will make sure everybody gets the opportunity to see it, because, in it, he expresses the position better than I am perhaps expressing it. He talks in very clear terms about the unusualness of this case. He says:

"This is an unusual case in that the system for the award of honours is, as much to protect those who do not receive an honour, kept confidential. It follows that there is no formal appeal process, and no 'right' to an award for a particular level of gallantry or bravery shown."

Dan Jarvis: Will the Minister give way?

Anna Soubry: I will, but wait—sorry. The letter continues:

"Everyone who has knowledge of Stewart's story recognises his outstanding courage and leadership on Mount Longdon, and how widely admired he was as a soldier. But the very essence of the citation system is that all those relating to a particular campaign should be contemporaneous with the events described, so that fair comparisons of 'like with like' can be made by the Committee in the process of selection and allocation of awards. Even a relatively short time after the event, let alone 31 years later, this disciplined methodology becomes, by definition, impossible. Language changes, perceptions change, memories change and the immediacy of the time is entirely lost. Above all, the necessary comparisons between citations cannot effectively be made. Moreover, it is hard to imagine how in practice the allocation process could fairly be opened to retrospective citations without extending the principle to all, not just in the Falklands Campaign but in every theatre. This would be wholly unimaginable; it simply could not be done."

Dan Jarvis: Does the Minister want to run the risk of talking the debate out? Will she give way?

Anna Soubry: Yes.

Dan Jarvis: I am grateful to the Minister. Let me ask her a very simple question: has an injustice been served on Corporal McLaughlin? Yes or no?

Anna Soubry: I believe that his outstanding bravery has, indeed, been recognised, and it has been marked. The hon. Gentleman should explain that—

11.30 am

Sitting Suspended

EU Reform

[JOHN ROBERTSON *in the Chair*]

2.30 pm

Sir William Cash (Stone) (Con): It is a great pleasure, Mr Robertson, to serve under your chairmanship. In 1997, shortly after the Maastricht rebellion, Thomas Kielinger of *Die Welt* wrote a pamphlet entitled "Crossroads and Roundabouts" about Germany and the United Kingdom in Europe—the contrast between the German vision of Europe and the UK's commitment to its Parliament and its own national interest. We have done the roundabout; now we are truly at the crossroads of the EU and perhaps even of our relationship with Germany. Is it really the case that in this country we are disproportionately preoccupied with our own national concerns?

I am introducing this debate about the UK and Germany in the EU—the first devoted specifically to the subject, I think—about which, in the interests of our mutual relationship, we must be both realistic and straight with each other, as we were yesterday in discussions with the Bundestag European affairs committee.

I warned John Major before Maastricht that the treaty, which I urged him to veto, would lead to a European Government and a German Europe. I campaigned for a referendum on that and the petition to Parliament received many hundreds of thousands of signatures. In my book of that time, "Against a Federal Europe", I wrote:

> "The answer to the German question lies primarily in Germany itself and that to hand her the key to the legal structure of Europe with a majority voting system gravitating around alliances dependent on Germany simply hands her legitimate power on a plate."

That is now becoming clearer by the day. I also wrote then:

> "Britain wants to work together with Germany in a fair and balanced relationship, based on free trade, cooperation and democratic principles. She does not want to be forced into a legal structure dominated by her. Plans for a united Europe stray into the darkest political territory, and must be firmly rejected."

I wrote that in 1991. In 1990, I had written that

> "if Germany needs to be contained, the Germans must do it themselves…now is the time for the Germans to prove themselves".

In the words of the German philosopher, Thomas Mann, in 1953:

> "We do not want a German Europe, but a European Germany."

I argued that we were embarking on

> "a European Germany and a German Europe"

because the two ran together after Maastricht. As Bismarck himself said:

> "I have always found the word 'Europe' on the lips of those politicians who wanted something from other Powers which they dared not demand in their own names."

He meant their own national interests. It is also to be recalled that, as Friedrich Karl von Moser stated:

> "Each nation has its main characteristic. In Germany it is obedience. In England it is liberty."

Mark Field (Cities of London and Westminster) (Con): My hon. Friend and I have talked many times about these matters, for obvious reasons. Does he accept that a British exit from the European Union would be the single most likely thing to provide the German dominance of Europe to which he refers? Is it not very much within the modern German mentality to see the European Union as a way of containing elements of some chapters of their history—of which, understandably, they are not proud? They see a strong European Union as being the way in which the dominance of Germany can be kept at bay.

Sir William Cash: I understand that point and my hon. Friend has made it to me before. All I can say is that it depends on the structure being created and the irreversibility established by the treaties themselves as put into legislation. As I shall explain in a moment, the consequence of the existing structure is to create an imbalance in favour of Germany and a disadvantage for the United Kingdom in several areas. That is what we must evaluate because we want a peaceful and stable Europe; unfortunately, however, what is happening now is creating instability, and I believe the European Union as it was conceived will ultimately be undermined. Our parliamentary system is the bulwark of the liberty and democracy that saved us and Europe. That is no anachronism today.

The problem we now face in an increasingly assertive German Europe is one increasingly at odds with British national interests. For me, that was one of the mainsprings of the Maastricht rebellion and it has been exacerbated by successive treaties, including Lisbon—against which, notably, the Conservative party was united.

The situation is getting worse. For example, we are told that the single market is the prime reason, or certainly one of the prime reasons, for our engagement in the European project. Although more than 40% of our trade is with Europe, our trade deficit with the other 27 member states is £56 billion, whereas the German surplus with the same member states is £51.8 billion. At the same time, we have a substantial surplus with the rest of the world with the same goods and services. I fundamentally disagree with the CBI's analysis.

A host of individual problems give rise to concern—for example, the regulatory system in the City of London. I wrote about that in the *Financial Times*, warning the City against the consequences, and we have lost case after case in the European Court of Justice. There is the ports regulation, opposed by port employers and the trade unions. There is the change in the patent courts system. There is the lack of a reciprocal policy of liberalisation in relation to energy, professional services and other matters. There is over-regulation, particularly of small businesses, on which no substantial progress is ever made, and which is calculated to cost about 4% of EU GDP.

The effect on our economy is deep. Our growth is being dragged down by the sclerotic eurozone, whose problems in many countries, such as Italy and Greece, are blamed on German currency and export manipulation.

Mr Jim Cunningham (Coventry South) (Lab): The hon. Gentleman mentioned the single market. Logic says that anyone signing up to a single market gets a central bank and a single currency. Surely the horse has bolted. I remind the hon. Gentleman that it was the Labour party that gave the British people a referendum and the five economic tests.

Sir William Cash: I entirely accept the hon. Gentleman's second point about the referendum; I have never disputed that. Far from it—it was an extremely good thing,

although back then it was about a kind of Europe different from the one we are now experiencing.

I voted for the Single European Act, but I tabled an amendment to preserve the sovereignty of the Westminster Parliament. If that amendment had been allowed for debate, which it was not, it would have changed the whole nature of the matter. I was strongly supported by Enoch Powell, who understood that if we were to have a single market that did not work, the only way to retrieve the situation would be through some form of notwithstanding formula of the sort I have returned to over and again in subsequent years.

German economic policy is obsessed with fiscal discipline and large current account surpluses. Without the euro, currency adjustments would control Germany's ability to export cheaply. German economic efficiency, combined with the single currency, allows for artificially cheap German exports at the expense of Mediterranean countries, which can deflate their currencies to offset cheap German goods, drawing money and jobs north and leaving the southern Governments unable to finance their deficits through economic growth.

German insistence on fiscal discipline is, as Wolfgang Munchau made clear in yesterday's *Financial Times*, ideological and a deeply held response to the crisis of the 1930s. The result will be the destruction of the Mediterranean export economies while simultaneously deepening the damage through austerity on a massive scale. An attempt to impose German-style labour laws and fiscal discipline on those countries will fail and will not bring the required efficiency to compete with Germany.

The eurozone, which is dominated by Germany, is a disaster, as is increasingly recognised publicly by some of my Labour colleagues, and it seriously damages our economy. Furthermore, although we are told that consensus is the norm, the political consequences of the present treaties mean that, as of 1 November this year, the majority voting system in the EU Council of Ministers has been profoundly changed, subject only to a compromise transitional arrangement called the Ioannina compromise.

Germany and France with two small states can now effectively determine European decision making. The consensus is insufficiently transparent and is achieved primarily because the member states know the outcome of a given vote, which in any case does not sufficiently correspond to our concerns. In my European Scrutiny Committee, we have been very critical of how Coreper functions and the manner in which we are unable to achieve our objectives. We also have some critical things to say about UKRep.

Indeed, VoteWatch Europe has demonstrated that when the UK has voted between 2009 and 2012, it has done so in favour with the majority of member states in 90% of all votes. That strongly suggests that most European Commission proposals go through in practice. Therefore, the change in the voting system will tend to affect British interests increasingly adversely.

Professor Roland Vaubel of Mannheim university has examined the voting system and argued that the outcome is one of regulatory collusion, favouring Germany in particular. One must recognise that Germany makes a very substantial net contribution—£13 billion in 2013 compared with our £8.6 billion, although our contribution is rising. In return, Germany now acquires disproportionate advantages under the voting system and through its economic influence in Mitteleuropa.

In his speech in Berlin on 13 November, John Major reinvoked the concept of subsidiarity and he did so again on "The Andrew Marr Show" on Sunday. He said that subsidiarity is the answer and that we must

"nail it down as a matter of European law".

I do not know which planet John Major has been living on since Maastricht, but that is already a matter of EU law. When he promoted subsidiarity in the Maastricht treaty, I described it as a con trick. In my 30 years on the European Scrutiny Committee, I have never come across a single example of the direct application of subsidiarity. Even John Major now reports its failure, and his speech in Berlin was a catalogue of the failures of his European policy at Maastricht.

The European Union is not an abstract concept. It is about the daily lives of our voters, to whom we are directly accountable, across a vast range of matters. The list of chapters in the consolidated treaties sets out the immense impact that the European Union now has on us all.

The European Scrutiny Committee, of which I was elected Chairman in 2010, argued strongly and unanimously in November 2013 that the Government should reintroduce the veto. We were promised that the veto would never be abandoned when the White Paper was issued in 1971; that was the basis of our voluntary acceptance of the treaties by our Parliament in the passing of the European Communities Act 1972, yet so many other additional competences have been added since. That paper described the veto as being in our vital national interest, and stated that to abandon it would even endanger "the very fabric" of the European Community itself. Somebody out there understood where all this could lead, as it has.

The Prime Minister, to his credit, did veto the fiscal compact, although my right hon. Friend the Member for Wokingham (Mr Redwood) will remember a conversation that we had with him shortly beforehand. My Committee proposed the application of the formula

"notwithstanding the European Communities Act 1972"

to our Westminster legislation when it is in our national interest to do so. We could thereby override European laws and the European Court of Justice when necessary, as we can and should, under our own flexible constitutional arrangements unique to the United Kingdom among the 28 member states, thus regaining our right to govern ourselves in matters of vital national interest.

Those proposals were rejected by the Government, which shows how weak our negotiating stance really is in relation to the need to change fundamentally our relationship with the EU in the interests of our parliamentary democracy and the needs of our voters.

Dr Julian Lewis (New Forest East) (Con): Am I right in thinking that my hon. Friend has referred to the fact that Germany—the country on which this debate is focused—has a sort of parliamentary supremacy as a safeguard in its legislation, and that that is what he has tried to introduce for the United Kingdom? Can he tell us how well it works for Germany?

Sir William Cash: The short answer is that in the German constitution, in the preamble to the Basic Law of 1949, an assumption is built in for a united states of Europe. Unfortunately, therefore, a change in the German constitution would be required to enable the Karlsruhe

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court to override the provisions of the Basic Law. Therefore, Germany faces a real constitutional question that we do not, because we do not have a written constitution and we have the inherent right, within our own Parliament, to make the kind of adjustments that we want in this area.

To refuse to accept our Committee's proposals—I say this with great respect to the Minister—is not merely walking away; it is not even engaging with the real problem, which is the dysfunctional structure created by successive treaties and the disadvantages that that creates for the United Kingdom.

All that demands a direct return to democratic accountability at Westminster—not the Maastricht-based co-decision with the European Parliament, which I opposed at the time, and not the manner in which the majority voting system and the so-called consensus have led to us being put at significant disadvantage from time to time in matters of our national interest. Those are increasingly becoming a matter of concern following the change in the voting system as of 1 November.

Mark Field: Does my hon. Friend not accept that many in continental Europe would say that Britain has a permanent exclusion from the single currency, is not signed up to the Schengen agreement, and in fact, under Maastricht, was also exempt from the social chapter, although that exemption has now gone? He talked about the fiscal compact, which technically speaking was not a veto, but essentially was done at eurozone level.

If we are going to continue to opt out, does my hon. Friend not recognise the concern that, as we become ever more marginalised from the centre of Europe, the case for staying in the European Union will become ever weaker? Is that the path down which he now wishes to take us, and if so—

John Robertson (in the Chair): Order. The hon. Gentleman will have the chance to make a speech later.

Sir William Cash: I have said many times on the Floor of the House that I think we have reached the point where we will have to leave the treaties, for all the reasons that I have given and will give. The opt-outs are merely indications of the profound uncertainty with which Britain entered the European Union in the first place. As I pointed out, the veto was a completely unconditional promise for the future, and that has now been whittled away. As I will explain, there are more and more reasons why we are at the exit door. Those are not purely economic, but political.

The European project, based on Maastricht and the successive treaties, has undermined the credibility and efficacy of European integration. That is now reinforced by the practical and visible impact of endemic protests and riots in the streets of European cities and by vast unemployment in several member states, in which youth unemployment has reached obscene levels of up to 60%. I predicted that when I wrote about it in the early 1990s, and I added that it would be followed by massive waves of immigration from central and eastern Europe when the Maastricht system failed, with the consequent emergence of the far right. No one can say that that has not happened now.

Mr John Redwood (Wokingham) (Con): Does my hon. Friend agree that the Germans' problem now is that to make a success of their single currency, they need a political union with massive transfers of money from the rich parts to the poor parts of the union, as we have in the sterling currency union or as exists in the dollar currency union, but that is exactly the kind of system that the United Kingdom would never accept, and that is why, at the crossroads, we need a different relationship?

Sir William Cash: That is completely right. We need a different relationship with the EU as a whole that also includes the eurozone, because the eurozone, which is causing so much of the dislocation in Europe, is dominated by Germany, and the German financial and fiscal policies, which I have described already, have that enormous impact in destabilising the eurozone.

This is where I really part company with statements made by some members—senior members—of our Government. I am referring to the consequences of the eurozone. We were told at the time when it was evolving, with the banking union and all the rest of it, that it was, in effect, a natural course of events that we could not prevent. Actually, it has created the very instability that is most likely to lead to the destruction of the European Union itself. That is the problem. It is not just a negative view that I am trying to put across; it is the fact that it is destabilising Europe. It is creating problems of a kind that can get completely out of control, with catastrophic consequences not only for this country but for Europe as a whole. That is why the argument that I am seeking to advance is that actually this is a real problem for Europe as a whole. It is not anti-European to be pro-democracy.

Mr Jim Cunningham: It was remiss of me not to congratulate the hon. Gentleman on acquiring the debate. I know the views that he has held over many years. My point is this. During the last economic downturn, the Germans, for example, did not dictate British economic policy; it may be argued that British economic policy was dictated to Europe. I do not see the hon. Gentleman's logic. If he feels that the European market as it is constructed now is causing major problems in Europe, why should we pull out of that situation, rather than rebalancing Europe? That is what I do not understand about the argument that he is making.

Sir William Cash: The short answer to that is that we do not need to be in the European Union to trade with Europe, because it needs us—for example, in relation to Germany's export of cars—on a monumental scale. I have already given the figures for the surplus that Germany runs with the other 27 member states. Furthermore, we have a global economy to which we can address our economic and trading concerns, and we are achieving a substantial surplus with the rest of the world, selling the same goods and services. What I am arguing is on the balance of judgment as to whether it is in our interest to subordinate our parliamentary system of government and the democracy that goes with it in order to achieve a trading relationship that at best is extremely debatable and, in certain instances, is positively disadvantageous.

Let me turn to the issue of defence, which is so fundamental to our national interest. Unlike John Cleese's immortal words in "Fawlty Towers", "Don't mention

the war", we must never forget the reasons why we were confronted in two successive world wars by unprovoked aggression from Germany. We must look to the greater historic landscape in our mutual interests and we must look to resolve our real differences about the structure as well as individual issues within the EU.

Ten days ago, at a formal conference in Rome under the Lisbon treaty, comprising chairmen of national parliamentary committees for all 28 member states and the European Parliament, the German delegation formally proposed a defence Commissioner and a defence Council of Ministers and reinvoked the idea of an EU military headquarters. As Chairman of the European Scrutiny Committee, I argued passionately against that, as did the right hon. Member for Gordon (Sir Malcolm Bruce) and the hon. Member for Ilford South (Mike Gapes), the former Chairman of the Select Committee on Foreign Affairs. The British delegation defeated the proposal, but the German delegation insisted that

"it will have to be put back on the agenda at the next conference"

and added ominously that

"Great Britain will simply not be able to maintain their line".

That harks back to previous German attempts to establish a European defence policy with majority voting and must be repudiated once and for all.

Sir Gerald Howarth (Aldershot) (Con): My hon. Friend is making a very important point because, as he knows, defence is the only area of European activity—I will not call it policy—where the United Kingdom still has a veto, a veto that I twice used to prevent any increase in the budget of the European Defence Agency. But is he also aware that the former Foreign Secretary, our right hon. Friend the Member for Richmond (Yorks) (Mr Hague), and I, at the Foreign Affairs Council meeting, vetoed the idea of an operational headquarters for the EU, because it would have served further to undermine the cornerstone of European defence, which is the North Atlantic Treaty Organisation? We must resist any further attempt by the Germans, the Poles or the French to create a defence identity within the EU.

Sir William Cash: We are all indebted to my hon. Friend for his time in the Ministry of Defence. What he said is well known to me, but ought to be better known outside the House. This is crucial. The question whether we have an EU military headquarters moves us into very dangerous territory. I will show my hon. Friend the full transcript of the exchanges between me and the German delegation on this matter. I do not have time to go into it now, but I can assure him that I set out some very powerful arguments, including by making reference to article III of the 1990 treaty, which dealt with the question of the restrictions on Germany in relation to the manufacture and distribution of nuclear weapons, which went back to the original NATO treaty of 1949. Also, of course, I mentioned in particular the role of NATO in relation, for example, to the Baltic states and the rest of it. NATO is there; it is the cornerstone, as my hon. Friend rightly says.

Mark Field: I very much agree with what my hon. Friend has said and with the intervention by our hon. Friend the Member for Aldershot (Sir Gerald Howarth), but does he not think that we would be greatly assisted in making the case for ensuring that there is no change in the European defence mechanism if we honoured our own commitments to ensure that at least 2% of our GDP is spent on defence and, given the insecurities of this world, rather more in the years to come?

Sir William Cash: I very much agree with that. Of course, there is this wave of counter-cyclical agreement and disagreement between my hon. Friend and me. Actually, that is encapsulated in a personal matter. We were, through our respective families, involved in the battles in Normandy, which I will not go into now, but which he knows about and I know about and which were extremely poignant and extremely relevant to what went on at that time.

Mark Field: My hon. Friend is far too modest to go into great detail or perhaps did not want to embarrass me, but I should point out that although his father served in the British Army, my great-uncle was serving in the Panzer regiment for the opposite side during that particular battle.

Sir William Cash: That was on 10 July 1944. My father got the military cross, and my hon. Friend's great-uncle was on the other side, but there we are.

We must also—this is very delicate territory—remain clear that the United States, which has for more than 50 years impressed on the United Kingdom the importance of a more integrated Europe, must not be allowed to persuade us against our national interest in relation to the question of defence. However, this is not by any means only about defence. As I have explained, it is also about our economy and our trading relationships, which are punctuated by constant tensions embedded in our European relationship that, to a greater or lesser degree, are based on our alleged obligations under European law.

Most recently there was the budget surcharge issue, but there are also disputed areas of policy such as the European arrest warrant and, of course, the current wave of concern over immigration and freedom of movement, on which we are warned against infringing European law and on which we had very interesting exchanges with the Bundestag's European affairs committee yesterday. It takes the view that one has to distinguish between workers and people, and that it is our fault that we have ended up where we are now, but as the shadow Minister, the right hon. Member for Wolverhampton South East (Mr McFadden), heard me say last night, of course we believe that that was the consequence of decisions taken by the former Labour Government. But there we are.

It must be said, however, that the European rule of law is itself a moveable feast at the whim of certain states. For example, in 2003, Germany and France themselves broke the stability and growth pact with impunity when it suited them. We are currently reminded by a proliferation of articles and books about the collapse of the Berlin wall that the German question, and its embodiment in European and our own and their political history, remains a constant national interest. In fact, very rarely do we talk about Germany in this country, but in Germany and in France they talk about it almost incessantly. Indeed, I recall taking part in a debate on the future of Europe in the then dilapidated Reichstag when the Berlin wall was still up, and putting

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my hand against the wall itself, and I recall a member of the German delegation vigorously waving his arms as I heard him through the Bakelite headphones vociferously remonstrating that, as he put it,

"my heart and soul rages with fervour and passion at the thought of a single government and a single parliament in this Reichstag."

I warned the meeting that such language would merely rekindle old tensions—and that was before the wall came down.

As Peter Watson, who rightly reminds us in his book "The German Genius" about the great contribution of Germany to industry and art, said in a book review last week,

"no one has yet succeeded in explaining the collapse into barbarism that followed the First World War."

I would add that nor has sufficient attention been given to the question of how to deal with a European Union—created to avoid everything that had happened in the aftermath of the first and second world wars—dominated, as it now is, by a peaceful but assertive Germany, based on a framework delivering supposedly irreversible policies that have delivered instability throughout Europe and vitally affected our own economy, our national interest and Westminster democratic accountability. Insufficient attention has been given to how we deal with that problem, and it is not just for us but for all the European member states, and Germany in particular.

Furthermore, far from containing German domination of the EU, the treaties have stimulated it. For all the protestations, the European Union has morphed into an increasingly undemocratic Europe, with Britain unacceptably relegated to the second tier and with Germany largely predominant over the whole, as well as the low-growth eurozone.

The Prime Minister was entirely right to state in his Bloomberg speech:

"Our national Parliament is the root of our democracy."

We must address the question of a fundamental change in our relationship with the EU and the reassertion of sovereignty at Westminster and in our democracy. Those are the reasons why we were able to prevail in the dark days from 1940 to 1945, and we must not underestimate their importance today. Now we must do so again on those principles, but in very different circumstances. It is not enough merely to reform at the margins. We must resolve the European, and therefore the German, question in our own time. If negotiations for that purpose, above all else, cannot be resolved, we must leave the treaties and lead Europe on the right road to stability and peace, both for ourselves and for Europe—including Germany—as a whole. We must be, as Churchill said, "associated, but not absorbed." For that purpose, we must pursue a policy of an association of nation states.

The Prime Minister's purported renegotiations do not, at present, tackle the fundamental structural question of the treaties. The Foreign Secretary is right to indicate that we must never go into a negotiation unless we are prepared to get up from the table and walk away, but it is essential that we are told what our red lines are, and that they address the fundamental changes that we need within the EU. Immigration is, of course, a major issue, but the question of our borders is not simply a question of immigration. It is a question of parliamentary democracy and jurisdiction, and therefore it is about more than the symptoms of our problems with European integration and its impact on our entire political and economic national interest. Trade alone is not the arbiter of freedom and democracy; it flows from them, as do the laws that affect our economy and that have been so disadvantageous to us, as I have indicated already, in many areas.

The renegotiations cannot be successful in our national interest without a fundamental change in the architecture of the European Union. If we do not renegotiate and achieve such fundamental change, Germany's predominance in the project will increase and the United Kingdom will be required to leave the EU. We must not be continually subjected and subordinated to being in the second tier of a two-tier Europe.

We are now at an historic moment at the crossroads of the European Union, which can be evaluated only on a broad historical landscape. I voted yes in 1975, and I attempted to reserve our Westminster sovereignty in the Single European Act in 1986. Maastricht and European Government changed all that. Britain and Germany have historically had, and still have, very different visions of Europe. We look to our borders, and Germany looks towards a broad, roaming European vision—a political union without borders.

Not so long ago, I referred in the book I mentioned, "Against a Federal Europe", to Hans-Dietrich Genscher, who was Foreign Minister of Germany for 15 years and was one of the most powerful architects of reunification and the current European Union. Although he repudiated his former loyalties, Genscher stated:

"We Germans can be the architects of a united and indivisible Europe"

and that a strong Germany was good for Europe. In my analysis in 1999, from which I do not demur, I said that the assertion of a strong Germany being good for Europe

"begs many questions. Germany's economic strength derives from the fact that she saturates the EC"—

as it was then—

"and Eastern Europe with her exports; if as seems likely, she consolidates this position via the single market, while gaining de facto control of the single currency, one could well envisage a scenario in which a strong Germany was bad for Europe. If industries in other countries were weakened or depleted by German domination and if the single currency removed the competitiveness of weaker economies, while the social charter…insulated German workers from competitively low wages abroad, then one could well imagine economic decline and rising unemployment on the periphery of the EC financing the German stranglehold."

Who would argue today that that has not happened? I noted that at the 25th anniversary of the collapse of the Berlin wall, when Dr Michael Stürmer was asked on "Newsnight" how Germany had achieved such predominance, he indicated that it was "by default". I reserve judgement on that.

Furthermore, we are not simply talking about Germany's economic impact on other member states, whatever subsidies or defensive alliance through NATO they may receive in return. As I have said, the preamble to the German Basic Law of 1949 includes a policy leading to a United States of Europe as one of the constitutional foreign policy goals of Germany. As all those factors have aggregated, it has become ever more important for the United Kingdom to look to its own future. To that we must turn our determined attention, while seeking peaceful co-operation and trading relationships within

Europe and with Germany. There will be no peace in an unstable Europe, which will implode with disastrous consequences. Such instability is inherent in the imbalanced structure of the whole, not only of the eurozone. We all want peace in Europe, but to ensure such peace we must restructure the treaties, not simply tinker with them.

We must clearly put this to Germany and the EU as a whole. The United Kingdom cannot and must not allow our democracy, in this Parliament, from which all political and economic action flows and which has saved Europe and herself for generations, to be in any way compromised. As William Pitt stated in his Guildhall speech in 1805:

"England has saved herself by her exertions and will, as I trust, save Europe by her example."

John Robertson (in the Chair): I will be calling the Front Benchers at about 3.40 pm, so hon. Members have about 10 minutes each.

3.9 pm

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Stone (Sir William Cash) on bringing this matter to the House for consideration. Most, if not all of us probably share his opinion about the importance of discussing where we are going, and that resonates with all my constituents.

The hon. Gentleman said that he voted yes in 1975, but the Democratic Unionist party clearly took a "no" stance. However, it is good that all of us here today are of the same mind, even if we were not of the same mind back in 1975.

Sir Gerald Howarth: Just for the record, I should say that I campaigned for us not to join the European Economic Community in 1975.

Jim Shannon: The hon. Gentleman and my party were on same platform—that is good news, and I am glad to hear it.

As we move towards the Westminster election campaign next year, people's minds are focusing on Europe, not just because of other parties' stances on the issue, but because it affects their lives, and I want to talk about that.

The hon. Member for Stone is right that we cannot let Germany direct EU strategy or policy. We cannot allow debate on EU reform to be simply about tit-for-tat arguments on ideology. We need a real dose of realism, and today's debate gives us that realism.

The worst of Europe damages the best of Britain. That is how I feel about the issue, and that is how I believe many others feel about it. The worst of Europe means red tape for businesses, mass immigration and less money for hard-working taxpayers. The May elections proved that the people of the EU are angry. The Government should not need reminding that the message sent loud and clear at our polls was that voters have had enough.

David Simpson (Upper Bann) (DUP): I congratulate the hon. Member for Stone (Sir William Cash) on obtaining the debate. The research notes we received for the debate say Germany wants Britain to remain part of the EU

"because of its economic and political weight".

If that is the case, Germany and others are surely going to have to change their attitude dramatically.

Jim Shannon: They will have to be very generous in trying to entice us, but it will probably take more than they are prepared to offer at this time.

There needs to be substantive change. There should be genuine change for the better. At the top of the shopping list should be tackling immigration and returning sovereignty to this Parliament so that we can legislate on behalf of those we represent. That is what we want to see: representation in Parliament, and Parliament having the necessary strength.

The background notes to the debate mention immigration, and it is important that we put on record that Mrs Merkel's mantra is:

"Freedom of movement is very important. Nothing has changed"

in Germany's position. According to the background notes, one of her fellow party members, Gunther Krichbaum, said:

"Cameron would get a bloody nose if he introduced quotas 'unilaterally'"

on immigration. My hon. Friend is right that we need some conciliation, but there does not seem to be much evidence of it at the moment.

The Government need to send a signal of intent by calling for an end to the travelling European circus, which costs almost €200 million every year just bouncing between two cities in Europe. In a debate in the main Chamber last week, one of my colleagues also mentioned vanity projects. There are a great many things money is wasted on, and Germany supports and encourages that, but I do not believe we can.

According to Office for National Statistics provisional figures for the year ending June 2012, non-British net migration to the UK was 242,000, of which 72,000 people were EU nationals and 171,000 were from non-EU countries. Inward migration from the EU was mainly flat between 1991 and 2003, but, following EU enlargement in 2004, there was a significant jump in EU migration to the UK.

In 2003, research commissioned by the Home Office estimated that net immigration from the 2004 accession member states would be "relatively small"—between 5,000 and 13,000 immigrants per year. It actually worked out to be 42,000 a year between 2004 and 2010. That significant underestimate served to undermine public confidence in EU migration.

It is important to mention some of the comments made in Mrs Merkel's speech to Parliament, which she made partly in English. She said,

"some expect my speech to pave the way for a fundamental reform of the European architecture which will satisfy all kinds of alleged or actual British wishes. I am afraid they are in for a disappointment."

Conciliation in that? I don't believe so. That is the issue in this debate.

Unsurprisingly, when figures are so far out, the public will become wary of Europe and of Government policy towards the EU. That became a particularly sensitive subject following the worldwide financial crisis of 2007-08, as belts were tightened and jobs were lost—many have still not been replaced. As the cost of living rises and wages stagnate, the public become increasingly alienated from freedom of movement.

On the red tape surrounding businesses in the United Kingdom of Great Britain and Northern Ireland, firms face a challenge, and I want to talk about that in the few minutes I have left. My hon. Friend the Member for

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Upper Bann (David Simpson) will have a personal knowledge of EU bureaucracy and what it means to businesses.

Our businesses produce superb products, offer world-class services and benefit from being able to sell to a European market of 500 million customers. However, businesses are often encumbered by problematic, poorly understood and burdensome European rules. The impact is clear: fewer inventions are patented, fewer sales are made, fewer goods are produced and fewer jobs are created.

The burden falls most on small and medium-sized firms, which make up the vast majority of businesses. I would like to give two examples. In farming, whether it is the dairy industry, the poultry or the pig business, or any of the goods produced on farms on the land in the United Kingdom of Great Britain and Northern Ireland, we have bureaucracy coming from Europe. Farmers nearly have to have a university degree to get through the red tape. They are not just farmers; they do not just till the land anymore—they do the books and deal with bureaucracy.

I represent the fishing village of Portavogie, and we have never seen so much bureaucracy coming from Europe in relation to fishing. There will be a debate on that in December, before a Minister goes to Brussels to fight our case. However, where once we had 110 or 120 boats from Portavogie fishing in the Irish sea, we now have 70. We have bureaucracy coming from Europe on white fish, and particularly cod. We have a cod recovery plan, which shows there is more cod in the Irish sea than there has been for umpteen years, but, yet again, the fishermen who agreed to the changes see no benefit from them. The bureaucracy in relation to fishing and farming is incredible.

The business taskforce was asked to develop a set of recommendations to reform British and European institutions. It was asked to address the barriers to overall competitiveness, starting a company, employing staff, expanding a business, trading across borders and innovation. According to the taskforce, implementing the recommendations could save billions of pounds, euros and kroner, and thousands of new firms and new jobs could be created. The creation of jobs and new products and technologies must be at the top of our priority list. We must encourage competitiveness so that businesses, including small and medium-sized enterprises, which make up a great deal of the firms in Strangford, and which are the backbone of my constituency, can compete in Europe and on the world stage.

Ultimately, we want an EU of openness and transparency, with equal economic opportunities for all member states. We must ensure that the EU is steered away from the ideological march towards a European federal superstate and towards a more flexible organisation that listens to and respects people in all its member countries. That is what the hon. Member for Stone said in introducing the debate, and that was the whole thrust of the debate.

The EU needs to be open for trade, closer to its people, living within its means and delivering value. That is the only way in which it can function properly, allowing each of its member states to flourish and ensuring that we in the United Kingdom of Great Britain and Northern Ireland benefit from our large number of trade partners, which will undoubtedly be boosted by the signing of the transatlantic trade and investment partnership at the G20 in Brisbane just a couple of days ago.

In conclusion, we must assert the sovereignty of the UK Parliament, enact the European Union (Referendum) Bill and allow British voters to have their say as soon as possible.

3.19 pm

Mr John Redwood (Wokingham) (Con): I rise to talk about two large European powers that are both, in their own ways, reluctant Europeans. It is well known that the United Kingdom made an historic and important decision, under the previous Labour Government, not to join the euro. Many of us campaigned actively for that decision. We strongly believed that if the United Kingdom joined the euro it could probably bring the currency down. It would be extremely damaging to our own economy and financial system. How glad I am that we prevailed on that Government. If the United Kingdom had been in the euro at the time of the great banking crash of 2007-08, we would have brought the euro down. The House may remember that it was the United Kingdom that brought down the euro's progenitor, the exchange rate mechanism, which a previous Government mistakenly went into. Just as the forces of the Great British trading economy—an international economy with a strong dollar base—brought down the ERM, so I think we would have brought down the euro.

Now that we have made that historic decision, I see no intention on the part of any serious force in the United Kingdom to reverse it. I am pleased at that. I confidently predict that no party with any serious chance of winning a single seat in the Westminster Parliament in 2015 will campaign on the UK joining the euro between 2015 and 2020. I confidently predict that the same will be true if we have a general election in 2020. I do not see the mood changing. We have learned our lesson. We have understood that it will not work as an economic project.

We understood also that it does not work from the point of view of our democracy. As soon as a country begins to share a currency with other member states of the EU it must share many other things. Those countries are on a long journey towards a united states of Europe. They are discovering that they will need to share their policy on tax and public spending. It is no longer possible for people in Spain, Italy or Greece to think that they have a democratic right to choose their level of public spending, public borrowing or taxation. They are under increasingly tough controls from the centre. Germany is right about that: strong financial discipline is needed in a currency union if it is to work.

That is exactly the kind of control that the United Kingdom would never accept. I do not see parties of the left accepting that Europe should tell us to spend less; and I do not see parties of the right accepting that Europe should expect us to tax more. Indeed, some of us on the right would not want to be told to spend less in certain areas; and some on the left would not want to be told to tax more, in certain ways. We as a democracy say that the fount of our democracy is the elected Members of this Parliament; and that controlling taxation and our budget are central to our great national story. Our mother of Parliaments emerged to control the

finances of the King and to say to the King or Queen, "You shall not tax more—or not without redress of grievance, or without our having a say over how the money is spent." That is why the United Kingdom will rightly remain a reluctant European. We cannot accept the continuing pressure from the logic of the euro, that we should give away those fundamental birthrights—the democratic right to elect people to tax and spend, and change them if they tax and spend too little or too much, or in the wrong way.

I remember, as part of the anti-euro campaign, hitting on the phrase that joining a single currency would be like sharing a bank account with the neighbours. I used to say that I get on well with my neighbours. We have Christmas drinks and the odd summer party, and enjoy each others' company. However, I do not know about other hon. Members, but I am not ready to share a bank account with my neighbours. I just have this feeling that if I were the prudent one, when I wanted to draw out some of my money to spend, the neighbours would have spent it. They might have wanted a fancier house, and taken out a big mortgage; then when I wanted a mortgage I would discover that our mortgage capacity had already been used up. That is exactly what being in a single currency is like. My opponents in those debates used to look for what was wrong with my analogy. I thought it was broadly right, but even I thought it might be a little bit of a try-on. Now that we have seen the euro scheme I realise that it was completely apt. That is exactly the position of countries such as Greece, Italy and Spain, in relation to Germany. Germany says "We do not want you using the collective mortgage, because we know you will borrow more, and we have got to do the saving."

There is therefore an unhealthy tension, which is why I must talk about two reluctant Europeans. The other big power in Europe that is proving to be reluctant about the scheme of full European integration, providing the political backing to the single currency, is none other than Germany itself. At the very time when some Germans presume to lecture the United Kingdom on being a reluctant European—a very counterproductive thing to do, because it encourages Euroscepticism no end when Germans lecture us in that way—we find that Germany is busily trying to restrain the others from the impelling political logic of the euro, which must be to complete the political union to provide the backing to the currency.

If we exchange banknotes in the United Kingdom, we see on the banknote a symbol of our country. We see the monarch's portrait. It is there partly because we like our monarch, but also as a symbol that the whole taxable capacity, the whole parliamentary and political weight, and the whole authority of the United Kingdom Parliament stands behind that banknote. People trust it, trade it and use it because they know that that is true. In time of crisis Parliament stands behind the Bank of England; the Bank of England stands behind the banknote; and the taxable capacity of the country is there for whatever crisis might arise. The problem with the euro is that there is as yet no symbol or political union to stand behind the banknote. That is why it has been subject to crisis after crisis. Pictures of bridges had to be used on the notes, and they could not be like any actual bridge to be found anywhere in Europe, because that might offend people. An Italian bridge might mean the Spaniards would be jealous; or perhaps they would be grateful that their bridge was not being pledged on the banknote—I do not know. There would have been tension or difficulties even over choosing the symbols for the banknote, so they had to choose something more anodyne.

There is a much bigger and more important political reality behind that; we are discovering that the full taxable capacity of the German state does not yet stand fully behind the euro, and that the rich and successful countries do not want to pool their riches and success with the poorer countries in the Union. Until they do, the currency will be crisis-stricken. The development of a second euro has already happened. The second euro was the Cypriot euro. Unbelievably in a first-world currency, people who had been foolish enough to deposit euros in a Cyprus bank could not take them out. When it was allowed, they were not worth €1; they were devalued before people could have their money back. That had to happen because the German taxable capacity would not stand behind the Cypriot bank. There is no way that, if a city or part of the United Kingdom—it would be invidious to give names—got into balance of payments or financial difficulties, people's pounds, deposited in a bank in a part of the United Kingdom, would be first frozen and then devalued before they could be taken out. Everyone would rightly be scandalised and think it absurd. Yet that happened in the eurozone, because our reluctant European, Germany, would not stand behind the euro.

My prediction is that Germany is on a slow but inevitable march to standing behind the euro. In a way, I hope it is, because I wish the euro well and it needs to be a grown-up currency with proper transfers behind it; but the more Germany is on that movement towards being the paymaster, founder and discipline-provider of the euro area, the less possible it is for Britain to belong to that system. That is why I welcome the magnificent contribution that my hon. Friend the Member for Stone (Sir William Cash), has once again made to our national debate, and why I hope people are listening outside the Chamber, in addition to those who have kindly come to listen. Today's debate is about the mighty subject of our generation. We wish our continent and the euro area well, but the United Kingdom must now find a new relationship. Just as surely as Germany needs to become the centrepiece of the political union to make a proper reality of the euro, so the United Kingdom, unwilling and unable to join it, will need a new, looser and different relationship with that emerging superpower—which will be not an armed superpower but an economic one, with, at last, the taxable capacity of Germany standing behind the rest.

It is important for that to happen quickly. I do not want to live in a Europe where there is practically no growth year after year and where there are sometimes rather bad crashes. I do not want to live in a Europe where the banking system is still riven by difficulty and disaster because there is not full support from the euro-area in the way we would expect from an integrated economic zone. I want to live in a Europe that is more vibrant, more exciting and more interesting.

I am very pleased that my country has stayed out of the euro; I am very pleased that, with our own financial and monetary policies, we now have a growth rate of which we can be proud and that gives our people hope; and I am very pleased that unemployment is coming

[Mr John Redwood]

down. It would make things so much easier for us if Europe had a growth rate of which we could be proud, if its unemployment rate was coming down and if it could offer hope to its young people. Europe cannot do that unless it either completes its currency union properly or breaks it up as soon as possible. We cannot join Europe in the former, and we do not wish to lecture it on the latter, so can we please get on with negotiating a relationship that works for Britain? Can we privately, not publicly, remind Germany that if she wishes this mighty project to work, she has to commit herself to it as fully as we have to disengaging?

3.30 pm

Dr Julian Lewis (New Forest East) (Con): In 1997 it was an act of rebellion for a Conservative candidate in the general election to campaign against the UK joining the single currency. Indeed, I had to resign my post at Conservative central office in order to do so. In the lifetime of this Parliament it was also an act of rebellion for a Conservative Member to vote for an in/out referendum. Both those rebellions are now seen as core Conservative commitments, and even the Labour party and many others, as my right hon. Friend the Member for Wokingham (Mr Redwood) said in his outstanding speech, would not dream of going to the electorate pledging themselves to trying to join the single European currency. That shows that, over time, progress can be made in opening people's eyes to what is at stake with Britain's troubled relationship with the European Union.

On two grounds in particular, no one could be better qualified to introduce such a debate than my hon. Friend the Member for Stone (Sir William Cash). First, as we have heard, his father won the military cross but also lost his life fighting to liberate France from German occupation in 1944. Secondly, although of course I knew that he is Chair of the European Scrutiny Committee, I did not learn until today that he has served on that Committee scrutinising Euro-legislation for the last 30 years, which is an exercise in self-flagellation bordering on the heroic.

There seem to be two strands to the idea of Germany in Europe, and the first strand appears to have something in common with what used to be said in the early years of NATO, which, as we all know, was once described as being designed

"to keep the Russians out, the Americans in, and the Germans down".

In other words the idea was that, because Germany had twice brought world war to the European continent, the best way of preventing it happening again was to tie Germany into multinational alliances and institutions. That is one point of view; the other point of view is that it is not only about trying to prevent war in Europe. The question is whether it is an alternative way for Germany to exercise the sort of power and control in Europe that she failed to get by other means in those two terrible conflicts. I do not know which of those two strands is the primary motivation among German democratic politicians. Some of them may indeed be afraid of their country's past being repeated; others may actually covet ways of gaining, through peaceful methods involving the slow absorption of other countries that are gradually drawn into the EU net, the sort of influence that they failed to gain in the past.

In the 1970s I studied the theory of international relations under the great Professor Sir Michael Howard, as he now is. One of the topics I studied was integration theory. The idea was that countries could be made to merge with each other not by telling them directly what the end product would be, but by drawing them through imperceptible degrees and through the exercise and creation of new common functions into an ever-closer relationship, so that they did not realise where they were going until they had already arrived at their destination.

I must admit that I was sceptical. I thought that countries might start on that path but that at some point they would wake up, realise the destination, decide that they did not want it and turn back. I admit that I have had to qualify my scepticism over the subsequent decades because, time and again, I have seen our country being drawn down that route. I wish I had £5 for every time somebody involved with the European project has said, "The high point"—or the high-water mark, or something else of that sort—"of European integration has now been reached." Funnily enough, there is always one high-water mark after another. Frankly, I am getting fed up with it.

Mr Redwood: Has my hon. Friend also noticed that each successive federalising treaty has been explained to us as representing no serious transfer of power of any kind? How is it that we have so little power left?

Dr Lewis: Indeed. The process has become such a habit that the mask slips very rarely; but there was one notable occasion when the mask did slip. On new year's eve just over a decade ago, when the European single currency was about to come into force, I saw the then President of the European Commission, Romano Prodi, being interviewed at midnight, and he was asked the following question: "This is a political project, isn't it?" For once he let the mask slip, and he smiled beatifically and said, "It is an entirely political project."

Sir Richard Shepherd (Aldridge-Brownhills) (Con): I am grateful to my hon. Friend for allowing me a brief intervention. In the 1980s the mantra of Conservative Governments and Ministers was "No essential loss of sovereignty." That was haunted right through and dragged across the nation as if there was a truth in it. Any time anyone suggested that sovereignty is a perfect construction in itself, they immediately wanted to tell us why sovereignty was no longer sovereignty, having said there would be no loss of sovereignty.

Dr Lewis: I pay tribute to my hon. Friend who, like my hon. Friend the Member for Stone and my right hon. Friend the Member for Wokingham, has done so much over the years to try to arrest the slide to a destination that nobody in this country actually wants. The reality is that if there is a single currency, it will only work if there is a single economy. And if there is a single economy, it will only work if there is a single Government. And if there is a single Government, it will only work if there is a single country, which is what the architects of this scheme want us to have. Although they admit to each other that it is political, what they

say to us is that it is economic and that it all depends on our economic and trading relationship with Europe. I conclude by saying that just because one has a strong trading relationship with other states, it does not mean that one has to merge one's currency, one's economy, one's population, one's foreign policy or one's country with those other states. We want a good relationship with Europe, but we are our own country, which is how we intend to stay.

3.39 pm

Mr Pat McFadden (Wolverhampton South East) (Lab): It is a pleasure to serve under your chairmanship, Mr Robertson. I congratulate my near neighbour in the west midlands, the hon. Member for Stone (Sir William Cash), on securing the debate. I also greet the Minister for Europe, the right hon. Member for Aylesbury (Mr Lidington), with whom this is my first proper exchange since I took up this post a few weeks ago, and I thank all the right hon. and hon. Members who have contributed to the debate.

I have found the debate extremely interesting and revealing. It has been revealing to me because it has illustrated the plight of the Minister and the Prime Minister, for which I have some sympathy. As I have listened to the hon. Member for Stone, the right hon. Member for Wokingham (Mr Redwood) and the other hon. Members who have spoken, I have found myself asking what kind of renegotiation by the Prime Minister could possibly satisfy them, other than one leading to Britain's withdrawal from the European Union. I would be grateful if the Minister addressed himself to that question in summing up. I have sympathy for the Prime Minister in the task that he has set himself, given the yardsticks set for him in this debate by his hon. and dear Friends.

As the hon. Member for Stone said, we had some interesting exchanges yesterday with the Bundestag's Committee on the Affairs of the European Union, whose members have been visiting the UK this week. This debate is timely in a sense, because both of our countries are major members of the European Union but we look at the European Union through different eyes.

It is sometimes said that for Britain, EU membership is purely transactional. I hesitate to endorse that verdict. I think it is a mistake to ignore the commitment to democracy, equality, human rights and the peaceful resolution of problems that comes with membership. It is an achievement of no small significance that today it is almost inconceivable that two member states of the European Union could go to war with one another. Given what is happening on the fringes of the European Union, it would be wrong for us to dismiss that achievement.

Britain and Germany have different histories, and we look at the issue through different eyes, but there is an aspect of common values to it, as well as a purely transactional one. On a day-to-day basis, as I am sure the Minister will confirm, Britain and Germany have much in common in our approach to the European Union. In ordinary working meetings of the Council of Ministers, British and German Ministers often agree.

Of course, as this debate has rightly outlined, we do not always face the same issues. Germany is a member of the eurozone; indeed, it is the lead guarantor. The UK is not, and is highly unlikely to join the euro, meaning that Germany faces issues, such as banking union and fiscal compacts with other member states, that we in the UK sometimes do not, and we are not part of some of those agreements. We sometimes have a distinct approach to economic and financial issues. Given our rule and the size of the financial sector in the UK, and its global reach relative to the rest of our economy, it is absolutely right that we should reserve the right to take a distinctive approach on some of those issues.

Mr Redwood: Does that not mean that we need a new relationship? Does the right hon. Gentleman not see that, according to his logic, we cannot be in the room when a lot of financial matters are discussed because we are not part of the compacts relating to the euro?

Mr McFadden: The euro has been in place for some time. During that period, London's financial strength has if anything grown, not diminished. I would not agree with the right hon. Gentleman if he suggested that being outside the euro somehow meant that we could not play a constructive role within the EU.

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

Mr McFadden: I will press on, if the right hon. Gentleman does not mind.

Another issue that has arisen in this debate is the free movement of people, which has been at the heart of discussion in the UK in recent months about our relationship with the EU. I have looked up the figures. Eurostat, for example, calculates that net migration from elsewhere in the EU in 2012 was 230,000 for Germany and 82,000 for the UK. It is important to give some context to the view that everyone from everywhere else in the EU is always migrating to the UK. That is not the case. There are significant migration flows into both Germany and Britain, and it is important to have a debate in both countries about the rules under which EU migration should operate.

The Government have made certain announcements about restricting access to benefits for some EU migrants, and my own party agrees that access to benefits should be conditional. Most EU migrants come to work and not to claim—the recent report by University college London showed that overall, they are net contributors—but of course it is not just an issue of accounting. It is important that we have rules that are seen to be fair, and that operate in fairness to our own citizens as well as to those who come here. Today, in my party, the shadow Home Secretary announced that we believe that an EU migration fund should be established to help local areas that find themselves under particular pressure due to freedom of movement. If freedom of movement is to remain a core principle, it is reasonable for member states to ask for some help from the EU budget to help communities adjust where there are consequences for local areas.

I believe that on this question, Britain and Germany have much in common. I do not believe that Germany wants the rules for access to benefits to be abused; a case came to the European Court of Justice the other day. The Prime Minister has taken us into new territory. He is now talking not just about conditionality for benefits under freedom of movement but about changing the principle of free movement itself. That approach

[Mr McFadden]

appears to have been rebuffed by Chancellor Merkel, with the *Der Spiegel* report that she sees it as a red line that she would not cross, and that at that point she would stop her efforts to keep Britain in the European Union. It would be one thing if I thought that the Prime Minister's shift in strategy had been carefully thought out, but he appears to have crossed the line with little thought for what it will mean for his renegotiation. Can the Minister tell us how many member states have told him that they support reform of the principle of free movement since the Prime Minister made his announcement?

Of course some Back Benchers, and perhaps some Conservative Members in this room, will be pleased by the shift because they may not want the Prime Minister's renegotiation to succeed. Perhaps glory for them is defined not by a successful renegotiation but by one that fails, leading to UK withdrawal from the EU. I am afraid that there I must part company with the hon. Member for Strangford (Jim Shannon), who said that we might all be united in our view today. It is not a consensus shared by me or my party.

There are major British interests, in terms of jobs, employment rights and investment, in getting it right and in remaining part of the EU. What we are seeing is a governmental strategy, if one can call it that, which is led more by party management and trying to keep happy the party members who agree with the hon. Member for Stone than by our national interests. The danger for the Minister and the Government is that if he and his colleagues keep standing at the edge of the cliff and making demands in order that they will not jump, eventually other member states will stop their efforts to stop them from jumping and say, "Go ahead, and be our guest."

3.50 pm

The Minister for Europe (Mr David Lidington): Mr Robertson, I welcome you to the Chair this afternoon. I also welcome the right hon. Member for Wolverhampton South East (Mr McFadden) to his first outing in Westminster Hall with his new responsibilities. In addition, I congratulate my hon. Friend the Member for Stone (Sir William Cash) on securing the debate. He and I have been discussing these issues for about 25 years—

Sir William Cash: Since 1990.

Mr Lidington: "Since 1990," my hon. Friend reminds me. And as I will make clear in my remarks, there are some things that we agree upon and other things where there are perhaps some divergences in our respective approaches.

I will start with those areas on which I can find ready agreement with what my hon. Friend said in his opening remarks. I agree with him and other hon. Members when they say that the current levels of unemployment and low growth in Europe are a scandal and a cause of human misery, as well as an important cause of the widespread public discontent and anxiety that we see right across the continent. I also agree with those who have argued today that those economic challenges need to be addressed by a vigorous programme, primarily of supply-side reform, at both national and European level, focusing on the liberalisation of markets, especially in services, on deregulation and on embracing the opportunities offered by free trade. Those economic reforms are right not only for the UK but for Europe as a whole. I also say to hon. Members, frankly, that whether this country were in or out of the EU, endemic low growth and high unemployment in the rest of Europe are very bad news for businesses in this country, given the high proportion of our trade that is done with other EU companies and member states.

I agreed with what my right hon. Friend the Member for Wokingham (Mr Redwood) said when he expressed relief that this country had decided not to take part in the euro. I agree that that would not have been in this country's interests and I continue to believe that it is not a project that it is in our interests to take part in.

I also agree that for those partners that have committed themselves to membership of the euro, the logic of a single currency and a single monetary policy must be for closer integration of economic and fiscal policy decisions, and in turn for there to be political arrangements to hold such decisions accountable. One of the central political questions for the EU in the years to come—the next decade or so—will be whether we can construct arrangements within Europe that permit those who have committed themselves to a single currency to integrate more closely, while genuinely respecting, and in full, the rights of those who choose to remain outside the euro. That also means ensuring that the EU, in both its rules and its working culture, guards against the kind of caucusing that my hon. Friend the Member for Stone warned us might be a possibility—a caucus among eurozone countries, effectively to write the rules for everybody else regardless of others' interests or views.

I also agree with the case for more wide-reaching political reform at European level. The EU is too centralised, and is often too bossy. As the hon. Member for Strangford (Jim Shannon) said, we need to have an EU that shows greater flexibility and that is better able to accommodate the diversity that is needed among the 28 member states that there now are, rather than the six member states the EU started with.

There was some discussion about defence. I agree with those who argued that it is NATO and not the EU that is, and should remain, the key alliance for the maintenance of the security of this country and of Europe as a whole. As my hon. Friend the Member for Aldershot (Sir Gerald Howarth) said in an intervention, we still have a veto in regard to Europe's common security and defence arrangements and we have exercised that veto in the way that he described.

Sir Richard Shepherd: The Minister will remember the visit of Mrs Merkel to the House of Lords, where she said she was absolutely convinced that what had held Europe peaceful was the EU, whereas I think most people in Westminster Hall today would think that it was, in fact, NATO that did that. Is it not NATO that is really the basis of the security of Europe?

Mr Lidington: I will come to that point a bit later on, but I do not think we need to say that those two institutions are polar opposites. It is true that it was NATO that defended democratic western Europe from Soviet militarism and aggression for more than half a century, and in doing so held out the hope of liberty for

the enslaved nations of central Europe. I will come on to the role that the EU has played in the past 25 years in cementing democracies in those countries once they escaped from Soviet rule.

I will briefly continue on defence. Any treaty change that provided for EU armed forces would now need not only the agreement of the UK's Government, under the requirement for unanimity, but, under the European Union Act 2011, an Act of Parliament and a referendum. Those things would be needed before such a change to treaties could take place.

The UK and Germany have different experiences of Europe. My hon. Friend the Member for Stone drew attention to how Germany, in the mid 20th century, saw the collapse or failure of national identity, institutions and culture, whereas for us that period in our history is very much about the vindication of those things. However, if we look at what has happened in the EU in the past quarter of a century, we have seen not only greater prosperity but how the peaceful collapse of the Berlin wall and the integration of the eastern Länder into the Federal Republic was followed by the establishment of the rule of law, democratic institutions and human rights in parts of our continent where those things had been crushed for most of the 20th century. And contrary to the argument of the hon. Member for Aldridge-Brownhills, I believe that it has been the accession process leading to EU membership that has made possible the institutionalisation of those reforms and entrenched them in a way that did not happen when infant democracies were formed after the treaty of Versailles at the end of the first world war.

The question of the UK's membership of the EU should be based upon a clear-eyed assessment of our national interest, and in my view it ultimately needs to be decided by a referendum of the British people. However, the House needs to acknowledge that any relationship with Germany, or with the EU generally, that preserves simply the things that we like about membership and none of the things that we find difficult or irksome is not within the bounds of political possibility, and the same is true of the notion that leaving the EU would somehow free this country from the EU's influence or rules. That has not been the experience of Norway or Switzerland, which can trade freely with the EU but also have to implement EU laws, pay into the EU budget and accept freedom of movement, without having any say or any vote upon those matters.

I think there is the prospect of serious EU reform; I also think there is growing recognition around the table in Brussels and in national capitals that that reform is necessary for the prosperity and the continuation of peaceful democracy throughout our continent; and I believe that under the Prime Minister's leadership that is what we shall achieve.

3.59 pm

Sitting suspended for a Division in the House.

Armed Forces (Investment)

4.28 pm

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): Thank you for calling me to speak, Mr Robertson. I am grateful for being allowed to hold this debate. May I just say what a privilege it is to be the Member of Parliament for Plymouth, Sutton and Devonport? I know that the hon. Member for Upper Bann (David Simpson) will be delighted to hear me say so. My constituency is of course the home of 3 Commando Brigade and one of the principal homes of not only the Royal Navy, but the Royal Marines. I should also potentially declare an interest in that I am a vice-chairman of the all-party parliamentary group for the armed forces, with special responsibility for the Royal Navy and the Royal Marines. I hope that I am their champion in this place.

Upon my election in 2010, I submitted a paper on the strategic defence and security review, which clearly set out that I fully supported the control of public expenditure and in which I named long-term care for the elderly and the defence of the realm as my political priorities within that reduced financial envelope. I argued that any military expeditions should be done within the context of NATO. While I recognise that there is at present no public appetite to put troops on the ground, particularly under conditions where eventual outcomes and aims are unclear, our armed forces have a high level of support. I found that out this weekend when I watched the Plymouth Argyle versus Portsmouth football game, which I will discuss in a moment. The country expects our Government to defend British interests. If we expect our military to engage outside the UK, we must ensure that it is equipped and manned properly. I press the Government to commit to spending at least 2% of our GDP on defence. If not, could we at least have a bit more?

At the weekend, as I mentioned, I went to watch Plymouth Argyle play Portsmouth—the dockyard game—at Home Park on armed forces day. I am delighted to report that Plymouth won 3-0, but I was sad that my hon. Friend the Member for Portsmouth North (Penny Mordaunt) had to see her side get a bit of a pasting. While speaking with some royal naval officers during half-time, I was told of a potential shortage of trained engineers. Indeed, at a meeting earlier today, I learned that the shortage could be 400,000 across the military. When the Minister replies, I will be grateful if he might explain what the Government are doing to ensure that we have the necessary number of trained engineers across all three of our military disciplines.

David Simpson (Upper Bann) (DUP): I congratulate the hon. Gentleman on obtaining the debate. May I put on record the thanks of the vast majority of the people of Northern Ireland for the tremendous work done by the armed forces in the Province, certainly during the difficult times? In this debate about the funding of the armed forces, will he include the aftercare of soldiers and of those who have come home with loss of limbs, mental health problems and so on?

Oliver Colvile: I will come on to that in due course.

I will be grateful if my right hon. Friend the Minister tells me what discussions his Department is having with the Department for Business, Innovation and Skills on

[Oliver Colvile]

plans for a new nuclear engineering college—located, I hope, in my constituency, but we will soon find out about that. In my opinion, the SDSR should not look simply at equipment; it should also continue to look at delivering the armed forces covenant for the families, a point made by the hon. Member for Upper Bann. That means improving housing conditions, providing better health care, especially mental health care, and education.

Most importantly, Britain is an island nation. As we prepare for the next SDSR, I urge the Government to ensure that resources are directed at protecting our trade routes. That means prioritising both the Royal Navy and the Royal Air Force.

Jim Shannon (Strangford) (DUP): That also means the Army, which I am sure the hon. Gentleman is coming to. When we look to the future, we need to see more boots on the ground. In Northern Ireland, whether regulars or reservists, we have had a big level of recruitment, and the biggest level of recruitment to the Territorial Army or Army Reserve that there has ever been in any part of the United Kingdom. Does he feel, as I feel, that the necessary resources should be made available to ensure that where there are large levels of recruitment, as in Northern Ireland, we continue to make that happen? I understand that resources are being squeezed, but it seems a pity at a time when people want to join the reservists.

Oliver Colvile: I am keen to ensure that we look after the Royal Navy and the Royal Marines as well. I understand that the Army plays a significant role, but my priority this afternoon is to talk up the interests of the Royal Navy, if I may.

My right hon. Friend the Minister should not be surprised about that, because I represent a major naval garrison city and, like him, I am a Navy brat. Without a strong Royal Navy, Christmas could be cancelled. We all expect to find fresh fruit and vegetables in our supermarkets. The majority of us want to buy wines from Australia, South America, South Africa and throughout the world. Imagine the number of letters and e-mails that we would all receive, especially from children, if Christmas were cancelled because such products were not available in our shops. So a key part of our defence strategy must be to retain our nuclear deterrent.

Since the 1990s Devonport has been the only dockyard in Britain that renews and refuels our nuclear submarine fleet. We also have the deep maintenance programme for our surface ships, though we share those somewhat with Portsmouth. Earlier this autumn my right hon. Friend the Secretary of State for Defence announced that he had signed a £2.6 billion agreement with Babcock that will safeguard 4,000 jobs for the next four years or so. I very much welcome that and thank the Secretary of State—if the Minister will pass that back to him—for safeguarding the jobs in our dockyard for the immediate future. I am concerned, though, that in six months' time Drake's drum could be called back into service, especially if the polls stay as they are.

Let me make it clear: I desperately hope that we have a Conservative Government with an overall majority after the general election. Many of the pundits, however, are predicting a hung Parliament in which Labour could be looking to do a deal with either the Liberal Democrats or the Scottish National party—

Jim Shannon: Or the Democratic Unionist party.

Oliver Colvile: Or the DUP—but let me deal with the other two.

Earlier today I looked at the Liberal Democrats' website. They are still saying:

"Britain's nuclear deterrent, which consists of four Trident submarines, is out-dated and expensive. It is a relic of the Cold War and not up-to-date in 21st century Britain. Nowadays, most of our threats come from individual terrorist groups, not communist countries with nuclear weapons.

The Liberal Democrats are the only main party willing to face up to those facts.

The UK has four Trident submarines on constant patrol, which are nearing the end of their life. A decision needs to be made about what we do to replace them."

I emphasise that I am quoting the Liberal Democrats:

"It would be extremely expensive and unnecessary to replace all four submarines, so we propose to replace some of the submarines instead. They would not be on constant patrol but could be deployed if the threat from a nuclear-armed country increased."

They quite obviously have taken no notice of what has been going on in Ukraine.

Dr Julian Lewis (New Forest East) (Con): My hon. Friend is making a crucial point. It is worth adding that the Liberal Democrats, when sending a submarine to sea, would send it unarmed, wait for a crisis to arise and then sail the submarine back to its home port in order to put the nuclear weapons on board, presumably by the grace and favour of the country now threatening us.

Oliver Colvile: I thank my hon. Friend for making that point. The Liberal Democrats are making it clear that they want to reduce the number of submarines and they might make that a condition of being in any coalition with the Labour party.

On Saturday, Nicola Sturgeon, the new leader of the SNP, told her party conference:

"My pledge to Scotland today is simple—the SNP will never, ever, put the Tories into government."

She added that Labour would

"have to think again about putting a new generation of Trident nuclear weapons on the river Clyde."

On Andrew Marr's programme on Sunday, Mr Findlay, a candidate to be leader of the Scottish Labour party, set out a radical agenda for his party. He confirmed that under his leadership Scottish Labour would oppose Trident on the Clyde. He confirmed that that had been Scottish Labour's policy for some little while. That is in line with the position of the Scottish trades unions.

I very much hope that the Minister will confirm that a future Conservative-led Government will remain committed to four continuous at-sea deterrent submarines. My concern is that if the nuclear submarines are thrown out of Scotland, the Government of the day might decide that our submarine base and dockyard should be relocated from Devonport to another site. Some 25,000 people in the travel-to-work area of Devonport depend on defence for their jobs.

Jim Shannon: There will always be a place for the base in Belfast, if that should happen. Be assured of our support for the Trident submarine. The DUP is committed to that.

Oliver Colvile: I thank the hon. Gentleman, but I remind him that I am the Member of Parliament for Plymouth, Sutton and Devonport. I do not want to see the submarines going off to Northern Ireland, although it plays a significant role in things.

During the 10 years that I was the Conservative parliamentary candidate for Plymouth Sutton and, subsequently, for Plymouth, Sutton and Devonport, I found myself campaigning almost every day to keep the Devonport dockyard and naval base open. My interest in Devonport is not only due to my political candidature, but because my grandfather was the first lieutenant of HMS Vivid, the Devonport barracks, having served as the gunnery officer on Devonport-based HMS Valiant at the battle of Jutland, and my uncle commanded Stonehouse barracks before becoming commandant general of the Royal Marines.

The previous Labour Government proposed to move the Type 23s to Portsmouth. That would have left Plymouth with five Type 22s, which have subsequently been scrapped. The Labour Government also proposed to move the submarine fleet to Faslane, while retaining Devonport for the refuelling and refilling of the nuclear submarines, despite the fact that they had not gained agreement from the families. In my opinion, despite the very best efforts of my Labour predecessor, Mrs Linda Gilroy, and the hon. Member for Plymouth, Moor View (Alison Seabeck), the previous Labour Government were slowly but surely killing Devonport's naval base and dockyard by a thousand cuts. I believe that was because Labour has no political clout in Devon and Cornwall. People need to remember that on 7 May next year.

In the past four and a half years, we have seen Devonport's future as a naval base and dockyard become much more secure. The coalition Government have kept seven Type 23s at Devonport, moved HMS Protector from Portsmouth to Devonport from 1 April this year so that all our Antarctic resources are placed in one location, and delivered amphibious capability with Royal Marines Tamar at Devonport.

I seek confirmation from the Minister that at least seven of the Type 26s will be based at Devonport, although I would like the whole lot if I am quite honest—I realise that I am a bit greedy—and that one of the Type 26s will be named HMS Plymouth. I also ask him to clarify the timing for the move of the submarine fleet to Faslane and to state when the infrastructure will be ready. By confirming much of that, he will be helping to ensure that Drake's drum can be put away again for the next five years and that we will not be hearing its drumbeat for many a year.

4.40 pm

The Minister for the Armed Forces (Mr Mark Francois): I congratulate my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile) on securing this debate and giving us the opportunity to discuss this important subject. Before turning to the matter at hand, namely investment in our armed forces, I will take this opportunity to offer my public thanks to him for his staunch support of the armed forces, including in his role as the vice-chairman for the Royal Navy and Royal Marines in the all-party group on the armed forces, and for his support of the 350th anniversary of the Royal Marines this year.

As for investment in the armed forces, the UK is one of the 12 founding members of NATO and takes that role seriously. We have the second largest defence budget in the alliance, behind the United States, and the largest in the European Union. This Government are committed to and indeed meet both key NATO spending targets, spending 2% of our GDP on the defence budget and over 20% of that budget on new equipment. Those commitments were reaffirmed in September by the defence spending pledge made at the NATO summit that the UK proudly hosted in Wales.

Our equipment programme represents a substantial investment of some £164 billion over 10 years, and is expressed annually in our published defence equipment plan. The Army is receiving significant investment in a number of equipment programmes. In September, my right hon. Friend the Secretary of State for Defence announced a £3.5 billion contract for the highly advanced Scout armoured vehicle, which will boost our capability and sustain 1,300 jobs across the United Kingdom supply chain. We are also investing in expanding our fleet of battle-proven Foxhound armoured vehicles and upgrading our fleet of Apache attack helicopters and our Challenger 2 main battle tank fleet.

The Royal Air Force boasts an impressive equipment programme, which includes enhancing the Typhoon via Tranche 2 and Tranche 3 upgrades to maintain its battle-winning edge and procuring the new F-35 Lightning II joint strike fighter, which will place this country at the forefront of fighter technology, as the United Kingdom is the only level 1 partner with the United States in that programme. We recently announced agreement in principle to procure the next four F-35B aircraft for the United Kingdom. This month, the Ministry of Defence has taken delivery of its first A400M Atlas, marking the start of the RAF's next generation of airlift capability. Production and delivery for the remaining fleet will continue at pace to deliver the full fleet of 22 aircraft by early 2018. We have also recently acquired 14 new heavy-lift Chinook Mk 6 helicopters, to be based at RAF Odiham, giving us one of the largest Chinook fleets in the world after the United States.

To move particularly close to my hon. Friend's heart, the Royal Navy continues to be one of the premier navies in the world, especially as we look forward to the delivery of the Queen Elizabeth class aircraft carriers, the largest ships ever built in the United Kingdom. I was delighted and honoured to be at the naming ceremony of HMS Queen Elizabeth in July, a truly historic occasion. I was also pleased that the Prime Minister announced at the NATO summit that the second carrier, HMS Prince of Wales, will also be brought into service, ensuring that we always have one carrier available 100% of the time. The Navy is also procuring and supporting seven Astute class nuclear attack submarines and six Type 45 Destroyers, and is starting the transition from Type 23 frigates to the new Type 26 global combat ships. The recent contract award for three offshore patrol vessels also serves to strengthen the Royal Navy's capabilities and maintain shipbuilding skills in the United Kingdom.

Dr Julian Lewis: Will the Minister confirm that 13 Type 26 vessels will be ordered?

Mr Francois: As my hon. Friend will know, we are still at the assessment phase for the Type 26 programme, but 13 is still the planning assumption.

[Mr Francois]

Additionally, the latest version of the Royal Marines' protected mobility Viking vehicle is being rolled out, and four new Royal Fleet Auxiliary tankers will be built over the next four years, with the first due to enter service in 2016.

We are also making full provision for the successor deterrent system, providing the ultimate guarantee of our national security. In answer to the question of my hon. Friend the Member for Plymouth, Sutton and Devonport—and to an intervention by my hon. Friend the Member for New Forest East (Dr Lewis) before he has made it—the Royal Navy has maintained a continuous at-sea deterrent for over 50 years, based on four boats. It is envisaged that that will continue under a new Conservative Government.

Dr Julian Lewis: I would not have liked the Minister to have anticipated an intervention that was not then made, so can we therefore conclude that in a hung Parliament there would be no question of our ever agreeing again to a deal with another party to postpone the main-gate contract signing, as unfortunately happened in 2010?

Mr Francois: My hon. Friend, with his usual eloquence, tempts me down a difficult alley. I cannot give him the assurance that he wants on that point, but I think I have made the party's position on four boats clear. I regret that I disappoint him, as I know he has hankered for a fifth boat for some time, but I cannot promise that to him either.

Furthermore, we are significantly increasing our investment in cyber-security, ensuring our armed forces are equipped with cutting edge capabilities across all environments. That combined investment is not only securing the best possible military capability, but helping to secure UK jobs and growth. The UK defence industry employs more than 160,000 people, with a turnover of some £22 billion.

I turn now to naval bases. For generations, up and down the country, many communities have given outstanding support to our armed forces. That is particularly true for those around the Royal Navy's three main naval bases at Devonport, Portsmouth and Clyde.

Her Majesty's naval base Devonport delivers world-class, safe and secure operational capability and support to the fleet. Devonport is home to Britain's amphibious ships, HMS Ocean, HMS Bulwark and HMS Albion; HMS Protector, the ice patrol ship; survey vessels; half of the Royal Navy's frigates; flag officer sea training, the training hub of the front-line fleet; and the centre of amphibious excellence at Royal Marines Tamar. Devonport is also the main support base for the Royal Navy, particularly with its unique deep maintenance refuelling and defuelling facility for nuclear submarines.

The Devonport base employs 2,500 service personnel and MOD civilians, supports around 400 local firms and generates around 10% of Plymouth's income. In all, some 25,000 people in Devonport's travel-to-work area depend on defence for their livelihoods—and in my hon. Friend the Member for Plymouth, Sutton and Devonport they have a worthy champion.

Portsmouth naval base is home to almost two thirds of the Royal Navy's surface ships, including the Type 45 destroyers, half of the Type 23 fleet and the mine countermeasures and fishery protection squadrons—something close to my heart, as my father, to whom my hon. Friend kindly referred, served on a minesweeper at D-day. HMS Clyde, the Falkland Islands patrol vessel, is also based at Portsmouth, which will be home to the two new Queen Elizabeth class aircraft carriers, the first of which should arrive in early 2017.

Her Majesty's naval base Clyde is the naval service's main presence in Scotland. It is home to the core of the submarine service, including the nation's nuclear deterrent, and the Royal Navy's newest and most advanced submarines, HMS Astute and HMS Ambush. From 2020, Clyde will be the Royal Navy's single integrated submarine operating base and submarine centre of specialisation. The nearby Royal Navy armaments depot at Coulport is responsible for the storage, processing, maintenance and issue of key elements of the UK's trident deterrent missile system and the ammunitioning of all submarine-embarked weapons.

The 2010 strategic defence and security review confirmed the requirement to maintain all three naval bases. This commitment is evidenced by the recently announced maritime support delivery framework—MSDF.

Turning specifically to that framework, on 13 October my right hon. Friend the Secretary of State for Defence notified the House that the Ministry of Defence had awarded two contracts to provide continued support to the management of the UK's naval bases, and maintenance and repair of Royal Navy warships and submarines to ensure that they are able to meet their operational commitments. The award of these contracts, with a combined value of £3.2 billion, shows a clear indication of our continued commitment to invest in the support provided to the Royal Navy.

MSDF contracts have been awarded to both our industrial partners at naval bases. The contract awarded to Babcock to provide support services at Her Majesty's naval bases at Devonport and Clyde is valued at £2.6 billion, and the contract awarded to BAE Systems to provide support services at Portsmouth naval base is worth some £600 million. The Babcock MSDF contract covers the 5.5 years to March 2020. The BAE Systems contract covers an initial period of 4.5 years to March 2019, with an option to extend it for an additional year.

We should recognise the contribution that this level of investment will make to the long-term economic health of the nation's three main naval bases. They will sustain around 7,500 industry jobs across the three naval bases, with 4,000 of those jobs in my hon. Friend's constituency at Devonport naval base. I thank him for his kind words and I will ensure that his gratitude is passed on personally to my right hon. Friend the Secretary of State, whom I will see in about an hour. I hope my hon. Friend the Member for Plymouth, Sutton and Devonport considers that to be telegraphing the message pretty quickly.

There will also be 1,500 jobs at Clyde naval base and more than 2,000 at Portsmouth. MSDF is a modern commercial and financial strategy replacing a number of existing support contracts with one wider contracting framework with each company. We have consolidated several different contracts into two main ones. This new strategy incentivises industry to transform and rationalise

to meet the needs of the Royal Navy, to drive continuous performance improvement and to provide a better deal for defence and the taxpayer by delivering significant savings. We estimate that those savings will be of the order of £350 million over the life of the contracts.

Investment is not just about equipment, infrastructure and support contracts. It is also about people and we are investing in them. Like other employers, our armed forces face a challenge in recruiting and retaining personnel, especially in engineering and nuclear cadres. That is being addressed through a range of measures, including affiliations with four university technical colleges. My hon. Friend the Minister for Defence, Equipment Support and Technology—Min DEST—is in discussion with colleagues at the Department for Business, Innovation and Skills about a new engineering college. My understanding is that those discussions have not yet concluded and that there is still some way to go, but it may assist my hon. Friend the Member for Plymouth, Sutton and Devonport to know that it is planned that the next meeting on the project will take place early in the new year.

Jim Shannon: During an earlier intervention, I mentioned the take-up of reservists in Northern Ireland where, numerically, it is stronger than anywhere else in the United Kingdom, as the Minister will know. An issue that has been brought to my attention is the resources needed to ensure that they can capture more of the potential recruits in Northern Ireland. Can the Minister give us an indication of what he could do with that?

Mr Francois: First, the hon. Gentleman knows a lot about this as he has been a reservist in Northern Ireland; I pay tribute to his service. Secondly, I have visited Northern Ireland at least twice since I have been at the Ministry of Defence and while there I have visited several units, including the 2nd Battalion the Royal Irish Regiment which I believe is one of the best recruited infantry battalions anywhere in the Army Reserve. I was impressed by its spirit and determination and it was one of the best attended Army Reserve centres that I have been to since I have been in this job. We appreciate that in Northern Ireland there is a strong tradition of service in the armed forces and we will do what we can to continue that. I hope that volunteers will continue to come forward enthusiastically, as they have done in the past.

The Government fully understand the importance of our armed forces and the security and protection of our national interests at home and around the world. We absolutely understand the importance of our people and I hope that the House will accept that that is also important for me, as the son of a D-day veteran.

We have sorted out the mess that was defence spending under the previous Government and we have taken hard but necessary decisions. We now look ahead to the realisation of Future Force 2020. We take pride in our battle-winning armed forces that serve to defend this country and its allies. As the son of a man who served in the Royal Navy, I take great pride in the senior service which is so well served by those at Portsmouth, Clyde and Devonport.

Housing Market (London)

4.55 pm

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): I am glad to have the opportunity to address this Chamber on London's housing crisis. There is no doubt that if there is one issue that Londoners are agreed on, it is that the housing market in London is in a state of crisis. Before I close my remarks, I would like to touch on the New Era estate in Hackney, which illustrates some wider issues and whose tenants are faced with predator American developers and may be evicted by Christmas.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Will my hon. Friend give way?

Ms Abbott: I will happily give way to my hon. Friend before I sit down.

The current London housing market is broken. The average house price in London is £600,000, nearly twice that in the rest of the country. The average monthly rent of a flat in London is over £1,500 a month and to put that into perspective, across the rest of the UK, landlords ask an average of just over £650. To illustrate how far the crisis has spread, a garage in Hackney was recently put on the market for £375,000 and an eight-car parking space in Mayfair was on offer for £2.25 million.

The effect of the inflated housing prices is manifold. For many young Londoners, owning their own home is just a dream. Does the Minister agree that an entire generation of young Londoners have been failed by the Government and the Mayor? A generation of young Londoners are trapped in an eternal cycle of unstable tenancies and extortionate letting fees, and faced with the inexorable truth that a vast chunk of their monthly earnings is immediately sunk into a black hole from which they can expect no real return. They cannot afford to buy in London, so they are forced to rent well into their 30s or to move outside the M25.

The issue is difficult not just for young Londoners hoping to buy; it is a real issue for employers because the cost of housing in London has dire consequences for recruitment in London. The NHS in London has one of the lowest retention rates and highest vacancy rates in the country. The vastly superheated housing market is a crucial issue behind that. I point the Minister to a report that the London Chamber of Commerce and Industry published in May highlighting the fact that over 40% of London businesses said that their ability to recruit and retain skilled workers was negatively affected by housing costs. I question whether the Government truly understand the impact of such issues in London. Does the Minister understand the seriousness of the implications of the inflated property prices and the difficulties of recruitment for London's sustainable future?

I have seen first hand in Hackney how high property prices indirectly affect rents, including those in the social housing sector, placing extremely high pressure on our most vulnerable communities. Combined with housing benefit cuts, there is a danger that in the immediate future, we will see a social cleansing of zones 1 and 2.

[Ms Abbott]

Another crucial element in London's housing crisis is super-wealthy, non-domiciled international buyers who want to purchase property in central London. They are using London property as a status symbol and a safe deposit box, often keeping the properties empty for much of the year. Even in Hackney, large developments in Dalston had many units bought off-plan in the far east. The almost limitless supply of super-wealthy, non-domiciled buyers in the centre of London is causing a price ripple throughout zones 2 and 3, making it increasingly harder for ordinary families on average wages in previously affordable boroughs to meet their housing costs. Does the Minister agree that when it comes to international, non-domiciled buyers of central London property, we need to look seriously at financial measures designed to disincentivise that practice?

The other structural deficiency in the London housing market is the fact that local authorities are now allowing—or feeling that they have to allow—planning policies to be persistently flouted and affordable housing quotas to be ignored in the interests of huge overseas development consortia, such as the Malaysian consortium that is currently developing Battersea power station. The bottom line is that the London market is not a functioning market, and simply increasing the supply will not bring the cost of houses down for ordinary Londoners.

It seems to me that there are a number of things we can do. We need to tighten up on exploitative letting agencies that hit new tenants with exorbitant fees, and I am glad to say that Labour is moving in that direction. We need to allow councils to borrow to build; that is probably the single most important thing. The Labour Government had a wonderful record in renovating and doing up estates, but we simply did not build enough genuinely affordable housing. The only way that can be made good now is by allowing local authorities to borrow to build in order to produce housing that ordinary families can actually afford.

Some measure of rent stabilisation or rent control also needs to be considered. They have it in New York, San Francisco and Berlin—those are not Marxist municipalities, so if there is some measure of rent stabilisation in other big international cities, we can have it in London. Only if we can offer renters some prospect of stable rents will we be able to offer them the quality of life and the certainty in their communities that they now crave. Rent controls, in spite of what some Government Members have tried to imply, do not signify the first footfalls of a mass, state-led, nationwide socialist project. In a big international city, unless something is done to stabilise rents, the centre of that city will, over time, become out of reach to ordinary people.

We are leagues behind global leaders in addressing the problem of spiralling rents. Labour has raised the issue of a mansion tax, which I support in principle, but I am arguing that the proceeds from a mansion tax should be kept in the cities where it is raised. That would be in line with the recommendations of the London Finance Commission and other recent reports on finance in our big cities. If the money from the mansion tax in London was hypothecated to a London housing corporation, it could be used to build genuinely affordable housing—not the Boris Johnson version of affordable housing, which is 80% of market rates—and to offer mortgages to key workers in the public sector.

My first mortgage was given to me by Westminster council, which gave out mortgages in the '80s in the belief that people who got a mortgage and owned their own home would be more likely to be Tories. They got it wrong with me, but none the less, I am grateful for my very first mortgage. The mansion tax is a good idea in principle, but to sell it to Londoners, I believe that they ought to be able to see a direct benefit through investment in affordable housing in London.

That brings me to the New Era estate, which contains over 90 families, many of whom have lived there all their lives. It has always been deemed to be affordable housing, but sadly for those residents, all around Hoxton and in the City fringes of Hackney, a housing bubble has erupted that has made almost irresistible the profits to be made from clearing out those tenants and letting out the accommodation at market rents.

Who has stepped into the breach? A US developer called Westbrook Partners. It could not have less interest in housing ordinary people and in affordable housing. On its website, it describes itself as,

"a privately-owned, fully integrated real estate investment management company with offices in New York, Boston, Washington DC, Palm Beach, San Francisco, Los Angeles, London, Munich, Paris and Tokyo."

It goes on to boast that it has

"raised…$10 billion of equity in $40 billion of real estate transactions".

This entity is not interested in providing housing in principle; it is entirely profit driven and does not care about the consequences of its activities for the tenants who fall into its hands.

The company owns properties all over the United States. In 2007, it took over a large development—a rent-controlled building—in the Bronx. From then, the tenants saw heat and hot water being turned off and becoming sporadic. They found that repairs went undone and they started to be harassed. Fortunately, in New York rent-controlled apartments they have some rights, and finally, in April this year, the New York Attorney-General, Eric T. Schneiderman, reached a settlement with Westbrook. It had to make years of repairs and resolve thousands of building violations, and it had to pay more than $1 million in rebates for illegal fees and overcharges. When it comes to Westbrook, we do not have to look in a crystal ball; we can read the book and see how it has exploited tenants in other parts of the world—and yet, these are the predator property developers who have come into Hackney and purchased New Era.

What are Westbrook's plans? I understand that it intends to issue a notice seeking possession to all the tenants, to clear and refurbish the estate for full market value prices—way out of the reach of most of the existing tenants—and that it has no plans to provide any houses for below market price. I also understand that it intends to sell in four or five years, flipping the properties at a profit.

The mayor of Hackney has written to Westbrook in the past 24 hours, asking it to reconsider its plans and to honour a commitment to no further rent increases until 2016. He is also asking that the new managing agents for New Era, Knight Frank, meet the council and engage with the residents. Even the Mayor of London—the Minister's colleague, Boris Johnson—is calling for Westbrook to engage with the council and with the tenants.

The tenants, many of whom have, as I said, lived all their lives on the estate, have asked me to say to the Minister that they simply do not understand why a foreign company is allowed to buy the estate and evict 92 residents, with no sense of whether the company is a fit and proper owner and no sense that the tenants have any protection. They have also asked me to ask what the Government will do to offer the tenants protection and support. I hope that the Minister will find it in his heart to say something supportive to those tenants, who are fearing eviction by Christmas.

Meg Hillier: As the constituency Member for the New Era estate, I, likewise, have had many conversations with tenants, who are very worried about their future. I also managed to speak to Knight Frank earlier today to urge them not only to honour the two-year rent and tenancy guarantee, as a minimum, but to look at having affordable rents to make sure that people who have lived there for 20 years or thereabouts—for a long time—do not find that their homes are removed from them. Does my hon. Friend agree that the real issue is people coming in who are looking at this as being about profit rather than about people and their homes, and that in London, we need a long-term private rented sector where people can bring up families over a generation?

Ms Abbott: I entirely agree with my hon. Friend, although I would say that it is a question not just of long-term tenancies, but of rent stabilisation. It has become completely impossible for people to manage in a rental market in which there is no stabilisation and rents continue to spiral. I have spoken at some length about the New Era situation, because it reflects the way in which Londoners' homes are becoming pieces on a chessboard for multi-billion-dollar international property developers.

Mr Andy Slaughter (Hammersmith) (Lab): That reminds me that the *Financial Times* scoop today is that the Qataris intend to buy up the High Speed 2 sites. One of those is in my constituency, where 24,000 homes are planned, but of course those 24,000 homes will be exactly those sky-high-priced luxury flats, because that is what the Mayor of London wants. Let us not ignore the fact that this is not happening by accident or because of market forces. It is a deliberate policy of this Government, Conservative councils and a Conservative Mayor to price my constituents out of London so that international developers can make a profit there.

Ms Abbott: I am grateful to my hon. Friend. There is no question but that we are seeing a process that is partly about the way private developers are being facilitated and partly about what is happening with the Government's so-called welfare reforms, which, as I said, is resulting in a form of social cleansing of zones 1 and 2 in London. That does not make for a sustainable community. How are hospitals, the fire service, local authorities and the public sector generally to recruit if ordinary people coming into the housing market for the first time increasingly can afford neither to buy nor to rent in zones 1, 2 and even 3? As my hon. Friend said, that is not by chance—by accident. When we have a Mayor who says that affordable means 80% of private sector rents, which is way out of the reach of anyone on an average salary in London, and who seems loth to intervene in what is happening, Londoners have to face the grim reality that a city that has always prided itself on its diversity and cohesiveness will see that diversity and cohesiveness torn asunder as we move towards social cleansing at the centre. If nothing is done about the current situation, London will become a place where people living in zones 1, 2 and 3 either are extremely wealthy or are serving the extremely wealthy. That is the only way people will be able to afford to live there.

As I said, there are a number of remedies that we need to look at. First and foremost, councils need to be able to borrow to build. We need some form of rent stabilisation. We also need to do something about rental agencies and the charges that private sector renters find themselves paying.

However, there are also a few things that we should not do. It has been suggested that one solution to London's housing crisis lies in building on the green belt. As someone who spent most of her childhood on the edge of the green belt in Harrow and who now lives in the inner city, I do not believe that building on the green belt is the remedy. It is what developers always want, because building on the green belt is easier for them. They build executive houses that they can sell easily. But houses on the green belt are of no use to young professionals in the centre of the city, who want to be within reasonable commuting distance of their work. They are of no use to families in the centre of the city, who want family-sized housing that, again, is within commuting distance of their work. I therefore say very firmly that anyone proposing to build on the green belt is simply falling into a trap set for them by developers. We should look at the more than 50,000 brownfield sites in London and incentivise development on those sites. The truth is that London's housing issues must be addressed primarily within the M25, because it would defeat the primary objectives of the green belt—to check urban sprawl and to support biodiversity—if we fell for what the developers are telling us and started to build on it in any great numbers.

London is the greatest city in the world. It has never been more energetic, more exciting or more prosperous, but I put it to the Minister that without urgent action to address the housing crisis, London's future is at risk. The housing crisis is not just a question for young renters, people who cannot afford to buy and people in social housing and council housing, who are being forced out of London in some cases because of the cuts in housing benefit. It is also a question for older people who are themselves well housed but who look at their children, who may have professional jobs, and realise that they will never be able to afford to buy inside the M25. It is also a question for employers. As I said, it has become increasingly difficult for London employers to recruit because of excessive housing costs.

How does the Minister propose that a city such as London can function if teachers cannot live within commuting distance of the schools that they teach in, if nurses cannot live within commuting distance of the hospitals that they work in and if even policemen find themselves living way outside the communities that they police? The state of the housing market in London is our most pressing issue. What is happening on the New Era estate in the constituency of my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier) illustrates predatory property developers at their worst.

[Ms Abbott]

I am grateful to the House for the time allotted this afternoon to raise these important issues and I look forward to hearing the Minister's response and his comments on what he and the Government are doing to address this state of affairs.

Meg Hillier *rose—*

John Robertson (in the Chair): If the hon. Lady can make her speech in a minute and a half, she can have it.

5.16 pm

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Thank you for calling me, Mr Robertson. I want to return to the issue of the New Era estate, because those 92 households reflect one of the real challenges that my hon. Friend the Member for Hackney North and Stoke Newington (Ms Abbott) just touched on. This involves people in low to moderate-income jobs.

I refer people to a report that I partly authored in 2000-01 for the London assembly. These people are in good jobs. They work long hours and work hard. However, they are unable to afford anything in the private rented sector, possibly even in zone 6 in London. Particularly affected are those who would never qualify for social housing. The social housing restrictions are now so tight that single men who perhaps have children but are not living with them have so little choice about where to live that they are forced out of London in many cases. There is a real shortage of long-term, good-quality, affordable rented housing in both the social sector and, crucially, the intermediate private sector.

I urge the Minister to look at this issue. I have had answers before on the Floor of the House: Ministers, with a sweep of the hand, have said, "Oh, we're doing work to improve the situation and ensure that private landlords can do a better job and invest longer term," but nothing is mentioned about the rents, and there is real concern about that hugely important area. There was provision on the New Era estate for more than 80 years under the last private landlord—the only owner before it was sold. That has now gone. We saw this with the Crown Estate housing being sold, although happily it was bought by Peabody. That is at least a housing association, which we can have access to and talk to. However, there are real issues. We are seeing estate after estate—the Warner estate in Waltham Forest and other estates in London—

John Robertson (in the Chair): Order. I am sorry to interrupt the hon. Lady, but we must give the Minister time to respond.

5.18 pm

The Minister of State, Department for Communities and Local Government (Brandon Lewis): Thank you, Mr Robertson. It is a pleasure to respond to the debate under your chairmanship. Certainly towards the end of the speech by the hon. Member for Hackney North and Stoke Newington (Ms Abbott), I found an issue that we agree on—this is probably one of the rare times when we actually agree on something. I am referring to defence of the green belt, on which I absolutely support her comments, particularly in terms of urban sprawl. She makes a very good point on that.

Going backwards from there, I start to disagree with the hon. Lady somewhat. I do not entirely disagree that London is the greatest city in the world, although as a Norfolk Member of Parliament I make a very strong pitch, as I am sure she would appreciate, for the great assets of Norwich. I encourage others to come and see Norwich.

To take the comments this afternoon more generally, it is important that we ensure that there is good-quality, affordable housing for everyone. An effective housing market has been and is a really important priority for the Government. Specifically in London, the Mayor of London has set himself a target of delivering 42,000 new homes a year, a figure that has not been matched in London by any Government since the 1930s. I am pleased that we have devolved power to the Mayor of London, who can look at what is right for London and make decisions for London.

When I visited City Mills development in Hackney this summer, I saw some of the really good regeneration and development that are being done. The development is creating more homes for people—I believe that the total number is going from some 450 to around 750—while getting rid of some ugly tower blocks and bringing back street scenes and community in attractive properties that people can be proud of, so that they can start to build a community again.

Since 2008, with 18 months left of his second term in office, the Mayor of London has already delivered more than 5,100 affordable homes in Hackney. That represents a considerable increase on the 4,220 affordable homes delivered during the previous Mayor's eight years in office.

Ms Abbott: May I remind the Minister that the Mayor has much broader housing powers than the former Mayor had? That is a consequence of the former Mayor's campaigning. I also remind the Minister that affordable housing, as the current Mayor defines it, means 80% of private sector rents. That is way out of the reach of ordinary people in Hackney.

Meg Hillier: I point out that on the Colville estate, which is, coincidentally, opposite the New Era estate, the council is building homes for tenants. It is good quality social housing, just as the Minister described. That is a model for what can be achieved with good local leadership and the right funding, and it delivers long-term affordable homes. Surely the Minister can see that as a model, too. Hackney has the answers.

Brandon Lewis: Yes, and I am proud that more council houses are being built under this Government than under the previous Government. Councils are building council houses again. The hon. Member for Hackney North and Stoke Newington spoke about councils being able to deliver more and to borrow more.

At the start of self-financing, councils had borrowing headroom of £2.8 billion, which has not been entirely used up. I encourage councils to go ahead and progress with developing new housing. We have also recognised that some councils needed extra borrowing powers, so we have already announced £122 million of additional borrowing headroom for 22 authorities, to support the delivery of more homes in their areas. We have consulted

on proposals to increase local transparency about the value of local authorities' social housing assets. That is an important step forward.

We have had to rebuild the housing market in this country. There are now more than 4 million households in the private rented sector, and that number is increasing. Private rented sector rents in England—I appreciate that I am talking only about England—have fallen in real terms every year under this Government. Last year, the average increase in England was 1%, which is below inflation, for the 12 months ending in September. In London, rents increased by only 1.5% over the same period, with inflation at 1.2%. Local authorities are responsible for ensuring that standards are met, but the Government are taking steps to improve quality and choice in the private rented sector.

I want to see more people investing in the private rented sector. Landlords who own 10 properties or fewer make up by far the majority of the sector, and it would be good to see more institutional investment and professional experience in the sector. That is why we have established the £1 billion build to rent fund, which will have delivered contracts by March of next year for up to 10,000 new homes.

Some of those contracts are already in place for homes across London, and I expect more to follow. We have established the private rented sector taskforce to encourage more entrants into the sector, and we are determined not to jeopardise that investment by increasing red tape and unnecessary regulations, such as rent controls. Rent controls demolished the market last time they were introduced and reduced it to about 8%, although we are rebuilding that.

We recognise that standards must continue to improve. We want professionalism in the sector to increase, to make it more attractive to investors and tenants. We have taken action to tackle bad landlords so that they either improve or leave the sector. That is why I entirely support what the Mayor is doing with the London rental standard. We are also giving tenants the know-how, through our "How to rent" guide, to get rental deals that meet their needs.

Hon. Members have raised a couple of questions and suggestions. The hon. Member for Hackney North and Stoke Newington said that she supports the mansion tax in principle. I am sure that she will not be surprised to hear that I do not support it, not least because the effective delivery of a mansion tax would involve the revaluation of many homes. When that has been done elsewhere, it has caused problems for people right across the scale and tended to hit the most vulnerable. A mansion tax would also risk penalising people—in the main, pensioners—on low incomes whose properties have appreciated in value. The Opposition's policy seems to change every day, however, so I have no doubt that it will develop and change further.

Hon. Members have said that they believe that foreign investment in the housing market is having a negative impact, and I think that we need to put that in context. Foreign investment in new housing has been helping to provide the finance required to build the housing that we need, particularly in a global city such as London. Without such up-front investment, financiers would not have released the cash needed for development to go ahead, and building would have completely stalled. The developments that we now have would not be in place.

Not only do those developments provide homes in which people can live and work, but they unlock associated affordable housing development. Even where property is foreign-owned, much of it is rented out, which generates an ongoing return for the investor. A good example is Battersea power station, which has been derelict and undeveloped for about 30 years. Development is now going forward thanks to a combination of private investment from Malaysia and public infrastructure support from the Government. To put the situation in perspective, the Bank of England recently estimated that foreign buyers represent only 3% of all residential property transactions in London.

Meg Hillier: I understand that something as intractable as Battersea power station may have needed a kick start from someone wealthy, wherever they were in the world. In Hackney, however, new developments are being bought off plan by landlords who will never set foot in the country. They were originally built to provide homes for local people, but they never reach the hands of local people. I do not think that that is what the Minister is talking about, and I hope that he does not support that approach.

Brandon Lewis: We sometimes also see British institutional investors—British companies—investing in the private rented sector overseas. In places where that has happened, they tend to be grateful to have good management. I want to see good management, good landlords and good institutional investment coming into the private rented sector. The Mayor of London has recently launched a mayoral concordat on new homes in the capital. Key developers have been contacted and asked to commit to selling new homes on every development to Londoners before, or at the same time as, they go to overseas buyers.

A couple of hon. Members spoke about properties being built and left empty. The number of empty homes across England is at its lowest rate since records began. The vacancy rate in London has dropped to below 2% for the first time ever. Hon. Members have touched on the question of how we improve the private rented sector by looking at letting agents. Although landlords and letting agents are free to set their own charges, they are prohibited from setting unfair terms or fees under existing consumer protection legislation.

Mr Slaughter: The Minister is talking about support for affordable housing and even social housing. Can he explain why he sat on, and subsequently overturned, the Planning Inspectorate's report on the Shepherd's Bush Market compulsory purchase order, which will destroy social housing, a 100-year-old market and small businesses simply in order to build more than 200 luxury flats on the site?

John Robertson (in the Chair): Order. The Minister will have to write to the hon. Gentleman.

5.28 pm

Sitting adjourned without Question put (Standing Order No. 10(13)).

Written Statements

Tuesday 18 November 2014

CABINET OFFICE

Ministerial Responsibilities

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): The new "List of Ministerial Responsibilities" has been published today. Copies have been placed in the Vote Office and the Libraries of both Houses. Copies will also be sent to each hon. Member's office in this House.

The list can also be accessed on the Cabinet Office website at:

https://www.gov.uk/government/publications/government-ministers-and-responsibilities

COMMUNITIES AND LOCAL GOVERNMENT

Autumn Recess

The Secretary of State for Communities and Local Government (Mr Eric Pickles): I would like to update hon. Members on the main items of business undertaken by my Department since the House rose for the Autumn Recess.

Increasing house building and supporting the housing market

Official statistics of housing supply released on 13 November showed that the numbers of new homes in England has risen by 10% over the past year the highest percentage increase in 12 years. Since 2010, the Government have delivered a net increase in housing supply of over 530,000 additional homes across England.

New figures also showed the numbers of repossessions are now at their lowest since records began in 2008, thanks to the Government's long-term economic plan; our deficit reduction programme is keeping interest rates down and making mortgages more affordable. Figures published by the Council of Mortgage Lenders anticipate repossessions falling further in 2015 and 2016.

On 18 November, my Department published a consultation paper on the next step to zero- carbon homes. New homes built today are saving people around £200 on average on their energy bills compared to homes built before the 2010 general election and cutting carbon emissions. From 2016, we are going even further by making all new build homes zero- carbon, and we are now consulting on how to apply this to small house builders to ensure they continue to play their part in building much needed new homes, without them being priced out of the market.

Creating jobs through Enterprise zone

Enterprise Zones are playing a vital role in driving forward England's growing economy. On 12 November 2014, we announced that that the 24 Enterprise Zones have created an estimated 12,530 jobs, attracted 434 new businesses and generated over £2 billion worth of private investment since opening for business.

The Government-backed sites are providing top-class fiscal incentives and world-class infrastructure, promoting growth across a range of key industries, including the automotive, aerospace, pharmaceutical, and renewable industry sectors—and also boosting the UK's construction industry and wider supply chain.

Empowering local people with new community rights

On 11 November, we noted millions of people across England are now benefiting from the coalition Government's community rights programme; local residents are coming together to protect pubs, libraries and leisure centres against sell off, creating neighbourhood plans to decide on new local development and deliver local jobs and improved local services. The total number of uses of the rights has now hit 3,000, with more than 1,500 much loved buildings, assets and green spaces listed and 1,200 neighbourhood plans well underway.

On 14 November, we announced grants to six schemes to help them reopen to the public or transform their existing use enabling them to provide leisure, cultural and care facilities, create local jobs, and help build a stronger economy. Each scheme will receive between £130,000 and £440,000 funding which will pay for repairs and refurbishment for the new community use, and will help provide practical case studies for other communities.

Promoting fire safety

On 17 November, we launched a number of measures to boost the safety of e-cigarettes in response to increasing concerns over the number of fires caused by faulty charging units.

This included new consumer guidance as part of the Fire Kills campaign and electrical fire safety week. In addition, the Department for Business, Innovation and Skills has commissioned a number of local authority trading standards departments to investigate whether current e-cigarette safety information is sufficient and widely available enough to consumers.

Commemorating the Great War

My Department continues to support events to commemorate the centenary of the First World War to help promote united communities. Across the country, community groups including schools, libraries, museums and places of worship to community centres, football clubs and pubs are active participants in commemoration events researching their own local First World War heritage and holding musical recitals, such as the Last Post. Ministers supported a series of events to mark Armistice day, which has a particular resonance this year given the great war commemorations.

I am placing in the Library of the House copies of the press notices and documents associated with these announcements.

FOREIGN AND COMMONWEALTH OFFICE

Armoured Vehicles (OSCE Mission in Ukraine)

The Minister for Europe (Mr David Lidington): The Foreign and Commonwealth Office has today laid a departmental minute proposing a gift to Ukraine.

The United Kingdom is committed to supporting Ukraine's sovereignty and territorial integrity. Throughout the crisis that has unfolded during 2014, the Organisation for Security and Co-operation in Europe (OSCE) has played a crucial role in monitoring events on the ground and facilitating dialogue between Ukrainian and separatist factions in the east of the country. The OSCE's special monitoring mission has been operating in Ukraine since March 2014, and the UK has been a strong supporter of its role, providing nearly £2 million in funding and seconding a number of UK nationals into the mission.

The Minsk protocol, the peace plan and ceasefire agreed between Ukraine and Russia on 5 September has tasked the SMM with significant additional responsibilities, notably monitoring and verifying the ceasefire and monitoring the Ukraine-Russia border. The ceasefire is just about holding but with continued outbreaks of violence, and fatalities. It is therefore vital that the OSCE special monitoring mission receives the funding and equipment it needs to expand to its full capacity of 500 international monitors and be enabled to fulfil its mandate while operating within an often very challenging environment. As part of a package of enhanced support to the OSCE, the UK therefore intends to provide 10 armoured vehicles to the mission, which have been identified as being crucial to allow monitors to operate securely in the more volatile eastern parts of Ukraine.

This package will be funded by the Government's conflict pool fund—FCO, MOD and DFID. It is in direct response to a request from Swiss Federal President and OSCE Chairman-in-Office Didier Burkhalter, who has written to OSCE Foreign Ministers requesting the provision of people, money and equipment.

The departmental minute sets out the proposal to gift 10 armoured vehicles and associated communications equipment worth £1,169,006 to the OSCE. The proposed gift will consist of the following UK sourced equipment:

10 armoured vehicles (8 x LC200, 2 x LC105)—£1,120,000

10 AV spares kits—£11,266

10 Motorola DM4601 VHF radio plus ancillaries—£4,740

10 Codan Envoy XI HR radio—£33,000

The proposed gift has been assessed against the consolidated EU and national arms export licensing criteria. The proposed gift has been scrutinised and approved by a senior, cross-Whitehall conflict pool approval board, which has confirmed that it fits with the Government's strategic and delivery objectives. Foreign and Commonwealth Office officials also assessed the project for human rights risks, using the overseas security and justice assistance guidelines established by the Foreign Secretary in 2011. They concluded that the risk of human rights violations arising from the project's delivery could be successfully mitigated.

The Treasury has approved the proposal in principle. If, during the period of 14 parliamentary sitting days beginning on the date on which this minute was laid before the House of Commons, a Member signifies an objection by giving notice of a parliamentary question or of a motion relating to the minute, or by otherwise raising the matter in the House, final approval of the gift will be withheld pending an examination of the objection.

HOME DEPARTMENT

Police Reform

The Secretary of State for the Home Department (Mrs Theresa May): On 22 July, I informed the House that I intended to reform elements of the police disciplinary system to improve transparency and justice and to strengthen protections for police whistleblowers. Today I am launching a six-week public consultation on these measures. Subject to the consultations I intend to implement these measures before the end of this Parliament.

The integrity of the men and women who work in the police service of England and Wales is critical to public trust in policing. Real or perceived misconduct or corruption dents that trust and makes policing by consent more difficult. The vast majority of police officers behave appropriately and conscientiously, which makes it even more important to root out misconduct and malpractice and hold those responsible to account.

I want to ensure that the systems and processes that deal with misconduct by police officers are robust, independent and transparent to the public. In July I commissioned Major-General Chip Chapman to review the police disciplinary system. His report has been completed and I will consult on his recommendations for wide-ranging reform shortly. That consultation will also include proposals to fundamentally reform the police complaints system and further protections for police whistleblowers.

The consultation I am launching today focuses on specific reforms that can be made in the short term that will have a significant impact in making the current system more robust, independent and transparent until such point when more fundamental reforms can be implemented.

To improve justice, I am consulting on a power for disciplinary hearing panels to remove or adjust the compensation payments due to chief officers on termination of their appointment where a disciplinary finding is made against them.

To introduce greater independence into the way police disciplinary hearings are conducted and ensure judgements are legally sound, I am consulting on the introduction of legally qualified chairs to conduct police disciplinary hearings.

To strengthen protections for police whistleblowers and ensure they can come forward with confidence, I am consulting on proposals to ensure whistleblowers will not be subject to disciplinary action for taking the necessary steps to report a concern and that any reprisals against them will be taken seriously.

Finally, to improve transparency and accountability to the public and ensure that the robust response that the police take to misconduct is both visible and open to public scrutiny, I am consulting on holding police disciplinary hearings and appeals in public.

I hope that all those with an interest in these matters will respond to the consultation.

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

JUSTICE

Prison Competition and Efficiency

The Lord Chancellor and Secretary of State for Justice (Chris Grayling): In November 2012 the Government announced the start of a new programme of work to drive down costs across prisons in order to deliver value for money for the taxpayer, accelerate cost reductions, maximise savings and to improve outcomes without compromising public safety. The programme included applying a new public sector staffing benchmark that had been developed by the Prison Service in competition with private sector bidders during prison competition phase 2 and the competition of ancillary and through-the-gate resettlement services in public sector prisons.

This approach allows HM Prison Service to focus on core custodial functions, with private and third sector partners adding their expertise and experience by delivering efficient and innovative ancillary and resettlement services.

In June 2013 we announced a competition for the management of a range of works, maintenance and facilities management services in public sector prisons. The competition was formally launched in January 2014, and included: maintenance; works and building projects; management of prison stores; waste disposal and collection; energy and environmental management; cleaning; and escorting of contractors and their vehicles.

I can today announce the outcome of the competition. After a rigorous evaluation of bids, Amey and Carillion have been selected to run the services across four geographical areas. These are:

Lot 1. Amey—North East, North West, Yorkshire and Humberside

Lot 2. Amey—East Midlands, West Midlands, Wales

Lot 3. Carillion—East of England, London

Lot 4. Carillion—South West, South Central, Kent and Sussex

We intend to award five year contracts, with expected savings from these contracts in the region of £115 million over that period. This represents an impressive saving for the taxpayer. We expect the new providers to start delivering these services on 1 June 2015, following a period of mobilisation. Robust arrangements will be in place to manage the new contracts.

WORK AND PENSIONS

Social Justice: Transforming Lives--Progress Report

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): In 2012, we published "Social Justice: transforming lives", a landmark document setting out a new vision for supporting the most disadvantaged families and individuals across the UK. The strategy outlined how family breakdown, low educational attainment, worklessness, problem debt, and addiction combine to cause the entrenched poverty affecting many of our communities, highlighting the complexity of the issues that many people face.

To meet this challenge, the strategy signalled that a new approach was needed— putting early intervention first, while tackling the root causes of poverty to give those experiencing disadvantage a meaningful second chance.

Today, I wish to inform the House that later today I am laying the Command Paper "Social Justice: transforming lives—progress report", which shows what this Government have achieved in turning that vision into a reality, but also renews our commitment to this important agenda.

Over the last 12 months, we have continued the cultural change needed in order to achieve our aims, spanning not only families and individuals, but also public services and the way the Government fund them.

As today's progress report sets out, delivering this aim has required a complete shift in how the Government tackle social problems: an unrelenting focus on preventing problems arising in the first place; giving people the support they need to make transformational changes to their own lives when problems arise; and spearheading new multi-agency, outcome focused approaches in order to address problems in the round.

The achievements set out in this report show how much can change in two years, and what this change means to individuals. We have made substantial progress against the commitments set out in the original "Social Justice: transforming lives" document, but we have not stopped there, and this report outlines what further action is required and how we should keep up the pressure on what we have created, which carries the profound theme of making meaningful life changes to the most vulnerable in our society.

By restating our commitment to transforming lives, and continuing to drive change in Government, at a local level and across the voluntary sector, in how we help families and individuals in need, we will make social justice a reality for everyone in the United Kingdom.

Let us continue to work together to build on this promising work. Our aim is not just about social justice in this Parliament; it is about social justice for years to come.

Social Security Advisory Committee

The Minister for Employment (Esther McVey): My noble Friend the Parliamentary Under-Secretary of State for Work and Pensions (Lord Freud) has made the following written ministerial statement.

> Today I am launching a review of the Social Security Advisory Committee (SSAC). As part of the Government's continuing drive for efficiency and effectiveness, all Departments are required to review their arms length bodies at least once in every three year review cycle to challenge whether the functions they perform are still necessary and if so whether it is still appropriate for them to be delivered in the same way. The review of the Social Security Advisory Committee will look at the Committee's functions and whether it needs to continue to exist. If the review determines that the Committee should continue, it will go on to examine the potential for delivering more effectively and efficiently and the corporate governance mechanisms. I will inform the House of the outcome of the review and place a copy of it in the Libraries of both Houses when it is completed.

Pensions: National Employment Savings Trust Corporation

The Minister for Pensions (Steve Webb): I am pleased to announce that Mr Otto Thoresen has been appointed as the next Chair of NEST Corporation, the body that

runs the National Employment Savings Trust (NEST). Mr Thoresen will take up the appointment from 1 February 2015.

NEST was established as a low-cost, occupational pension scheme to support automatic enrolment. It is focused on a target market of low to moderate earners and smaller employers who the market served inefficiently. Through delivery of its public service obligation, NEST ensures that all employers have a suitable pension arrangement through which to fulfil their automatic enrolment duties.

NEST already has around 1.6 million members and is working with over 9,000 employers. From June 2015, 1.2 million small employers—those with fewer than 50 workers—will start to engage with automatic enrolment. NEST will be critical in ensuring that these small employers are able to access low-cost pension provision for their workers.

Mr Thoresen brings with him a wealth of knowledge and experience of pensions to this challenging role and has a distinguished career of operating at the highest level in large and complex organisations. He is currently director general of the Association of British Insurers (ABI) and has held senior posts at Aegon, Abbey Life, Royal Life Holdings and Scottish Equitable. He is a trustee of Young Enterprise; an adviser to the Citizens Advice Board Edinburgh; a governor of the Pensions Policy Institute; and a trustee of Step Change, a debt charity. His appointment as Chair demonstrates our commitment to recruiting people with a proven track record and the expertise to get the job done.

Petitions

Tuesday 18 November 2014

PRESENTED PETITION

Petition presented to the House but not read on the Floor

Allegations made against an education professional in Birmingham

The Petition of Jackie Hughes,

Declares that the Petitioner is an education professional working in Birmingham and was Head of School Effectiveness in Birmingham City Council from 2007–2010, during which time she was implementing the then Government's National Challenge Programme and assisting Birmingham to become one of the leading core cities for secondary school performance in England; further declares that the Petitioner currently works for the Education Department of the Church of England in Birmingham; further declares that the Honourable Member for Perry Bar (Khalid Mahmood MP) said in Parliament on 22 July 2014 (Column 1254) that he "...would like to use parliamentary privilege...to name a few individuals about whom...further investigation needs to be made...Jackie Hughes...and all local authority officers who colluded with this huge tragedy of keeping these schools in a position they should not have been in, and who by not listening to the parents, governors and teachers who demanded action were not prepared to act on their behalf"; further declares that the Petitioner's Member of Parliament, the honourable Member for Birmingham, Yardley (John Hemming MP), has requested Mr Mahmood to explain what allegations have been made about her and what investigation he believes needs to occur and notes that Mr Mahmood has not responded to this request; further declares that the vague assertions of the Honourable Member for Perry Barr have caused the Petitioner to attract embarrassing media attention and questions from colleagues; and further declares that the Petitioner believes that there is no evidence to justify the assertion that was made.

The Petitioner therefore requests that the House of Commons require the honourable Member for Perry Bar (Mr Mahmood) to apologise to the House for making unsubstantiated allegations in Parliament about Mrs Hughes's conduct as Head of School Effectiveness in Birmingham City Council.

And the Petitioner remains, etc.—*[Presented by John Hemming.]* [P001399]

The Petition of David Hughes,

Declares that the Petitioner is an education professional working in Birmingham and was Head of School and Governor Support for Birmingham City Council from 2007–2010, during which time he was awarded a Chamberlain Award for "Outstanding Service" on the votes of Head Teachers in Birmingham; further declares that the honourable Member for Birmingham, Perry Bar (Khalid Mahmood MP) said in Parliament on 22 July 2014 (Column 1254) that he "...would like to use parliamentary privilege...to name a few individuals about whom...further investigation needs to be made...David Hughes...and all local authority officers who colluded with this huge tragedy of keeping these schools in a position they should not have been in, and who by not listening to the parents, governors and teachers who demanded action were not prepared to act on their behalf"; further declares that the Petitioner's Member of Parliament, the honourable Member for Birmingham, Yardley (John Hemming MP), has requested Mr Mahmood to explain what allegations have been made about him and what investigation he believes needs to occur and notes that Mr Mahmood has not responded to this request; further declares that the vague assertions of the honourable Member for Perry Barr have caused the Petitioner to attract embarrassing media attention and questions from colleagues; and further declares that the Petitioner believes that there is no evidence to justify the assertion that was made.

The Petitioner therefore requests that the House of Commons require the honourable Member for Perry Bar (Mr Mahmood) to apologise to the House for making unsubstantiated allegations in Parliament about Mr Hughes's conduct as Head of School and Governor Support for Birmingham City Council.

And the Petitioner remains, etc.—*[Presented by John Hemming.]* [P001400]

OBSERVATIONS

HEALTH

NHS health services in Guisborough, Skelton, Brotton, Park End and Hemlington

The Petition of residents of the UK,

Declares that the Petitioners believe in fighting to defend the NHS; further that the Petitioners believe in fighting to defend the NHS services in East Cleveland and Park End and Hemlington, Middlesborough, and oppose cuts inflicted by the Conservative-led Government's Health and Social Care Act 2012; further that the Petitioners believe that proposals to scrap GP services at Hemlington Medical Centre should be abandoned; further that proposals to scrap GP services at Hemlington Medical Centre should also be abandoned; further that the Petitioners believe that South Tees clinical commissioning group's plan to close East Cleveland Hospital's and Guisborough Hospital's minor injuries units is short-sighted given the £30 million deficit of South Tees Hospitals NHS Foundation Trust; and further that the Petitioners condemn South Tees clinical commissioning group's decision to close Skelton's NHS walk-in centre and close Park End Medical centre.

The Petitioners therefore request that the House of Commons urges the Government to encourage NHS England and South Tees clinical commissioning group to re-open Park End Medical Centre, Skelton Medical Centre, its NHS walk-in centre and East Cleveland and Guisborough Hospitals' minor injury units.

And the Petitioners remain, etc.—*[Presented by Tom Blenkinsop, Official Report,* 29 October 2014; Vol. 587, c. 363.]

[P001393]

Observations from the Secretary of State for Health Department:

These are matters for the local NHS. This Government are committed to devolving decision making about local NHS services to local clinicians and communities. GPs, clinicians, patients and local authorities are best placed to determine the nature of their NHS services.

Following a period of public consultation, on 15 October the South Tees Clinical Commissioning Group approved changes to community services, including minor injury services. The CCG will commission a new centralised stroke service and an enhanced minor injury service at Redcar Primary Care Hospital by April 2015. In the next two years, the CCG plans to significantly improve the range and extent of services available in the community. This includes services such as physiotherapy, occupational therapy and community nursing, along with providing more treatments in patients' own homes, and more outpatient and day treatment appointments at local community venues.

NHS England is responsible for the commissioning of primary care services. The GP practices at Park End and Skelton Medical Centres, first commissioned in 2009, have closed as their respective contracts have expired. This followed a service review involving stakeholder engagement and an impact assessment. The review showed list sizes to be low against original projections, with sufficient accessible primary care capacity nearby.

The walk-in service at Skelton Medical Centre also closed at the end of its contract. The local NHS assessed that there was not sufficient demand for the walk-in service to make it viable.

NHS England is seeking an alternative provider to retain Hemlington practice until December 2015. This will enable a comprehensive review, involving full consultation, yet to be undertaken.

Ministerial Correction

Tuesday 18 November 2014

COMMUNITIES AND LOCAL GOVERNMENT

Stormwater Drainage (Local Authorities)

The following is an extract from Questions to the Secretary of State for Communities and Local Government on 10 November 2014.

19. **Duncan Hames** (Chippenham) (LD): What recent guidance he has given local authorities on ensuring adequate storm water drainage in residential areas. [905970]

The Parliamentary Under-Secretary of State for Communities and Local Government (Stephen Williams): There are strict tests in national planning policy to protect people and property from flooding, including from storm water. We made clear in planning guidance that we published in March that where those tests are not met, new development should not be allowed.

Duncan Hames: Quite right. In the past year we have seen businesses and homes damaged by floods in Bradford on Avon, Corsham, Melksham, and villages, including Holt. What role does the Minister expect local authorities such as Wiltshire council to play in preventing flood damage with sufficient storm water drainage?

Stephen Williams: We obviously expect local authorities to deal with such issues through their local plan. Some 94 local authorities act as the lead local flood authority and are expected to have in place a flood risk management strategy. Of those 94, 36 local authorities have not yet published or consulted on their strategy and, according to my information, Wiltshire is one of them. Perhaps as a diligent constituency MP, my hon. Friend will join me in encouraging Wiltshire council to come forward with that plan.

[Official Report, 10 November 2014, Vol. 587, c. 1175.]

Letter of correction from Stephen Williams:

An error has been identified in the response I gave to the hon. Member for Chippenham (Duncan Hames) during Questions to the Secretary of State for Communities and Local Government.

The correct response should have been:

Stephen Williams: We obviously expect local authorities to deal with such issues through their local plan. Some **152** local authorities act as the lead local flood authority and are expected to have in place a flood risk management strategy. **Of those, as of March 2014, 94 local authorities had not yet published or consulted on their strategy** and, according to my information, **Wiltshire has only very recently consulted on its plan.** Perhaps as a diligent constituency MP, my hon. Friend will join me in encouraging Wiltshire council to **finalise that plan as soon as possible**.

ORAL ANSWERS

Tuesday 18 November 2014

WRITTEN STATEMENTS

Tuesday 18 November 2014

PETITIONS

Tuesday 18 November 2014

MINISTERIAL CORRECTION

Tuesday 18 November 2014

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No proofs of the Daily Reports can be supplied. Corrections which Members suggest for the Bound Volume should be clearly marked in the Daily Report, but not telephoned, and *the copy containing the Corrections must be received at the Editor's Room, House of Commons,*

not later than
Tuesday 25 November 2014

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