

**Wednesday  
29 January 2025**

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**HOUSE OF COMMONS  
OFFICIAL REPORT**

**PARLIAMENTARY  
DEBATES  
(HANSARD)**

**Wednesday 29 January 2025**

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# House of Commons

*Wednesday 29 January 2025*

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

## PRAYERS

[MR SPEAKER *in the Chair*]

## Oral Answers to Questions

### WALES

*The Secretary of State was asked—*

#### Visitor Levy

1. **Charlie Dewhirst** (Bridlington and The Wolds) (Con): Whether she has had discussions with the Welsh Government on the potential impact of the proposed visitor levy on the economy in Wales. [902361]

10. **Blake Stephenson** (Mid Bedfordshire) (Con): Whether she has had discussions with the Welsh Government on the potential impact of the proposed visitor levy on the economy in Wales. [902370]

12. **Andrew Rosindell** (Romford) (Con): Whether she has had discussions with the Welsh Government on the potential impact of the proposed visitor levy on the economy in Wales. [902373]

**The Secretary of State for Wales (Jo Stevens):** Ahead of the opening game of this year's Six Nations in Paris on Friday evening, I know Members right across the House will want to join me in wishing the Wales team good luck in their campaign.

Wales has joined a long list of other countries that have introduced a visitor levy, including Germany, Spain and France. The Welsh Government's Bill will enable local authorities to decide whether to implement a small levy locally. The money raised will be used to invest in Wales's thriving tourist sector, and develop and maintain attractions for residents and visitors alike.

**Charlie Dewhirst:** Hospitality businesses in my constituency of Bridlington and The Wolds are rightly concerned about Labour's plans for a tourist tax in Wales, so will the Secretary of State confirm to the House today whether it is her Government's policy to roll out such a tax across the United Kingdom?

**Jo Stevens:** As the hon. Member may know, tourism is devolved, and we work closely with the devolved Governments. The Department for Culture, Media and Sport—my right hon. Friend the Secretary of State for that Department is here—will carefully monitor the proposal by the Welsh Government. There are currently no plans to introduce a similar tax in England.

**Blake Stephenson:** I welcome the Government's ambition to welcome 50 million visitors per year to the UK by 2030, but does the Secretary of State share my concern that a visitor levy, combined with ever more expensive electronic travel authorisations, will make it much more expensive for people to visit Wales, and indeed my constituency of Mid Bedfordshire, starving hard-working people of income at a time when they have to pay Labour's jobs tax?

**Jo Stevens:** As far as I am aware, Mid Bedfordshire is not in Wales. The hon. Member raises objections to the Welsh Government's policy, but he should perhaps check his own ranks first, because Conservative-run Great Yarmouth borough council has supported a form of tourist levy for years.

**Andrew Rosindell:** Like many of my constituents in Romford, I have always enjoyed visiting Wales. However, for many, this visitor levy will be a step too far; it is bound to deter tourism to the Principality. Does the Secretary of State agree with me that we should be encouraging and championing British domestic tourism, not inhibiting it?

**Jo Stevens:** There are a number of assumptions in the hon. Member's question. As I say, more than 40 countries and holiday destinations around the world have introduced a form of visitor levy, and many of us have paid levies when visiting other countries. As I say, one of the Conservatives' own councils is championing a tourist levy. They need to do their research better.

### Economic Growth

2. **John Grady** (Glasgow East) (Lab): What recent discussions she has had with Cabinet colleagues on increasing economic growth in Wales. [902362]

**The Secretary of State for Wales (Jo Stevens):** Economic growth is the No. 1 priority for this Government. Our new industrial strategy and national wealth fund will boost economic growth, create jobs and drive up living standards across Wales. Working alongside ministerial colleagues, I was pleased to confirm £320 million of funding for the two investment zones in Wales, and to give the green light for Welsh freeports. Together, these will unlock billions in private investment and create over 20,000 jobs in our ports and communities.

**John Grady:** I, too, wish Wales luck in the Six Nations, but I wish Scotland more luck. Scotland, like Wales, is set to benefit from significant tax incentives and investment, under the UK Government's freeports scheme. Does the Secretary of State agree that the scheme offers an excellent opportunity for economic growth?

**Jo Stevens:** I thank my hon. Friend for his question, and I wholeheartedly agree with him. The freeports programme will deliver economic growth and jobs across Wales. Anglesey freeport's tax sites have gone live, which is excellent news. The freeport aims to attract over £1 billion of investment into the green energy sector and to create nearly 5,000 jobs by 2030. The Celtic freeport is set to attract £8.4 billion of private and public investment, and to deliver 11,500 jobs.

**Alex Easton** (North Down) (Ind): Given the significance of trade relationships between Northern Ireland and Wales, particularly in agriculture and textiles, can we ensure that any economic prosperity for Wales is beneficial for Northern Ireland as well?

**Jo Stevens:** The hon. Gentleman may have heard the Chancellor's speech this morning. Our No. 1 priority is economic growth right across all four nations of the United Kingdom.

**Mr Speaker:** I call the Chair of the Welsh Affairs Committee.

**Ruth Jones** (Newport West and Islwyn) (Lab): I welcome the recent announcement on the creation of artificial intelligence growth zones across the UK, which will turbocharge growth and boost living standards. As part of that AI development, Vantage Data Centres has plans to invest over £12 billion across the UK, creating at least 11,000 jobs, including in my constituency. Will the Secretary of State speak to her colleagues around the Cabinet table and work with me and others to develop an AI growth zone for south Wales to secure the economic growth that we so desperately need?

**Jo Stevens:** I am glad that my hon. Friend raised that. She will know that the Government are fully committed to harnessing AI to improve productivity and efficiency, and to boost economic growth. I was pleased to hear the Chancellor talking about AI growth zones in her speech. Like my hon. Friend, I want to ensure that Wales maximises AI opportunities. I will be happy to discuss that further with her.

**Jim Shannon** (Strangford) (DUP): One of the advantages of this great United Kingdom of Great Britain and Northern Ireland is that every region benefits from the trading opportunities that arise. Will the Secretary of State reaffirm that there are advantages for Northern Ireland from its economic contact with Wales, as there are for Scotland and England?

**Jo Stevens:** As I said, the Government are determined to see growth right across the United Kingdom, in all four nations. The relationship between Wales and Northern Ireland is very strong, and long may that continue.

**Mr Speaker:** I call the Liberal Democrat spokesperson.

**David Chadwick** (Brecon, Radnor and Cwm Tawe) (LD): Wales is in dire need of economic growth, as we have some of the lowest wages in the United Kingdom and areas with the highest levels of poverty. Does the Secretary of State agree that banking hubs can be part of the solution? Will she support my campaign for a banking hub in Ystradgynlais, the largest town in my constituency? The banks closed and left town several years ago, so local residents and businesses face long trips to access cash.

**Jo Stevens:** I know Ystradgynlais well, and would be happy to meet the hon. Member to discuss a banking hub. He will know that we have seen the decimation of high-street banks over the last 14 years. Banking hubs are a crucial element in keeping a community together, and in ensuring its access to cash.

**Liz Saville Roberts** (Dwyfor Meirionnydd) (PC): We have heard this week that it is growth for Heathrow but decline for Welsh universities. Cardiff University in the Secretary of State's home city is axing 400 full-time jobs due to a funding crisis, with nursing, music and modern language degrees on the chopping block. This is an education disaster playing out in real time. Will the Government scrap their national insurance hikes to ease the strain on universities?

**Jo Stevens:** The potential job losses at Cardiff University are deeply concerning and will come as a significant blow to university staff and their families. I hope that there will be sufficient volunteers for a voluntary redundancy programme, so that we avoid compulsory redundancies, and that support will be provided to those impacted. The right hon. Lady will know that the last 14 years of Conservative policies have seen the university sector decimated across the United Kingdom.

**Liz Saville Roberts:** On Conservative policies, the Secretary of State will know that universities are also being hammered by Brexit. The number of EU students starting full-time undergraduate courses in the UK fell by 68% between 2020 and 2024 to the lowest level in 30 years. Surely she agrees that our rejoining the single market would help universities to attract more students, as well as boosting economic growth.

**Jo Stevens:** This Government have made economic growth their No. 1 mission. The Prime Minister is leading from the front in resetting the UK's relationship with the EU. However, the right hon. Lady's question highlights the stark risks associated with separatism. Those risks are why I will always be a strong and passionate advocate for a Wales that thrives as part of the United Kingdom.

### Crime Prevention

3. **Catherine Fookes** (Monmouthshire) (Lab): What steps she is taking with Cabinet colleagues to help support crime prevention in Wales. [902363]

**The Secretary of State for Wales (Jo Stevens):** Our plan for change will put an extra 13,000 police officers, police community support officers and special constables on our streets across the UK, including in Wales. In December, I opened a brand-new base for Gwent police in Abergavenny, so that officers can better serve the town and restore the visible, accessible policing that our communities deserve.

**Catherine Fookes:** In Monmouthshire, domestic abuse victims and survivors tell me that their voices still are not heard by the police. They stress the need for those on the ground to be better trained in early intervention, which can prevent escalation and reduce violent behaviour and domestic abuse overall. What steps can be taken with colleagues across Government, and Welsh Government colleagues, to better embed domestic abuse prevention?

**Jo Stevens:** My hon. Friend will know that the Prime Minister's plan for change reinforced our manifesto ambition to halve violence against women and girls in a decade. We will do everything in our power to achieve that. We will put specialist rape and sexual offences

teams in every police force in Wales, and early this year we will start the process of introducing domestic abuse experts into 999 control rooms, so that victims can talk directly to a specialist for the advice and support that they need and deserve.

**Robin Swann** (South Antrim) (UUP): Rural crime is a scourge across the entirety of the United Kingdom. What discussions has the Secretary of State had with her Cabinet colleagues on ensuring a consistent approach to tackling rural crime across the UK?

**Jo Stevens:** We were elected on a manifesto that included a mission for safer streets across every nation of the United Kingdom. We will put police back on the beat, ensure there is a named officer for every neighbourhood, and provide 13,000 additional officers, police community support officers and special constables in neighbourhood roles in England and Wales. The provisional police funding settlement has been increased this year by up to £1 billion.

**Mr Speaker:** I call the shadow Secretary of State.

**Mims Davies** (East Grinstead and Uckfield) (Con): An ITV Wales investigation last year discovered 28 prevention of future death reports over a 16-month period relating to the north Wales Betsi Cadwaladr University Health Board. The Welsh Secretary's predecessor called for an inquiry into these tragedies. Meanwhile, answers are rightly being sought, as there is clear evidence of grooming gangs sexually exploiting young children in Wales. Will the Secretary of State commit to building on her predecessor's actions, and push the Welsh Government to use the Inquiries Act 2005 to launch two vital Wales-wide inquiries, to give victims and their loved ones justice?

**Jo Stevens:** The hon. Lady will be aware that, unlike the previous Government, we are determined to give the victims of child sexual exploitation the long-overdue justice that they deserve by enacting the recommendations of the Jay review. On 16 January, the Home Secretary announced that victims will be given more power to have their cases re-examined. We have also unveiled a rapid national audit, to be led by Baroness Louise Casey, to uncover the scale and profile, including ethnicity, of group-based offending in the UK today.

**Mims Davies:** It is clear from the Secretary of State's weak response that the Labour party has a woman problem and a justice problem. In a Nation Cymru report, a survivor said that she believes the abuse is still happening, and that young victims are not getting the help they need. A refusal to create a process for listening to victims in Wales and holding inquiries means that justice will not prevail and communities remain at risk. This House will be as concerned as I am about the number of domestic abuse cases in south Wales increasing last year; there were almost 18,000 victims. What steps is she taking directly to support victims and survivors?

**Jo Stevens:** That is a bit rich coming from the hon. Lady. Previous Conservative Governments—her Governments—decimated the Ministry of Justice budget. Crown court delays, victims waiting years for Crown

court trials—that all happened under their watch. We are protecting women and girls in Wales, where the Tories failed to do so.

### NHS Reform

4. **Lincoln Jopp** (Spelthorne) (Con): What recent discussions she has had with the Welsh Government on NHS reform in Wales. [902364]

**The Secretary of State for Wales (Jo Stevens):** The Budget provided the Welsh Government with an additional £1.7 billion to invest in public services, such as the NHS. The Welsh Government announced £157 million of funding for the NHS in Wales this year, and more than £600 million extra in their draft budget to fund health and social care and drive down waiting lists.

**Lincoln Jopp:** The Labour party has been running the NHS for 25 years in Wales, where waiting lists are through the roof, compared with those in England. Does the Secretary of State agree with Mr Mark Drakeford that what Wales really needs is fewer hospitals?

**Jo Stevens:** The Welsh Government have no plans to close any hospitals. I will not be taking any lectures from the Conservatives, with their fictitious plan to build 40 new hospitals in England. The hospitals do not exist; the money did not exist—they are not happening.

**Claire Hughes** (Bangor Aberconwy) (Lab): Will the Secretary of State outline how she and her colleagues are working with the Welsh Government to improve health outcomes for people in Wales?

**Jo Stevens:** We are working in a spirit of genuine collaboration with the Welsh Government to do everything possible to cut waiting lists and build an NHS fit for the future in both England and Wales—a marked change from previous UK Governments, who were obstructive and hostile to the Welsh Government. We are sharing best practice, and the Welsh Government have established a ministerial advisory group to plan NHS reforms that will improve performance and reduce waiting lists. The group will draw on expertise from the NHS in both Wales and England.

**Mr Speaker:** I call the shadow Secretary of State.

**Mims Davies** (East Grinstead and Uckfield) (Con): Labour has been running the NHS badly in Wales since Tony Blair was Prime Minister, with waiting times constantly at record levels ever since. The Government cannot just devolve and forget—the people of Wales need to see and feel proactivity from the Wales Office.

Everybody knows somebody waiting in pain in Wales. Last week, on “Any Questions?”, the First Minister spoke without much detail of an injection of money that will bring down waiting lists. Can the Secretary of State explain if there is a plan, or if it is just another blank piece of paper?

**Jo Stevens:** The £600 million that the Welsh Government are to invest in the Welsh NHS can happen only if the hon. Lady's colleagues in the Senedd vote for the budget. If they do not vote for it, the money will not happen.



### Strengthening the Union

5. **Richard Baker** (Glenrothes and Mid Fife) (Lab): What steps she is taking to strengthen the Union. [902365]

**The Parliamentary Under-Secretary of State for Wales (Dame Nia Griffith):** Through our new Council of Nations and Regions and regular engagement between the Secretary of State and the First Minister, our two Governments are collaborating more closely than ever before. This means that we can deliver for Wales in new ways—on the NHS and on rail—as well as creating new job opportunities by delivering freeports, establishing investment zones and developing our industrial strategy to attract investment in critical areas such as offshore wind.

**Richard Baker:** Does the Minister agree that the close collaboration by the UK and Welsh Governments to deliver the industrial strategy is an essential element of this Government's plans to deliver strong economic growth throughout the UK, and will she explain how this joint working by both Governments will help Welsh industry? Does she further agree that the SNP Government in Scotland should take a similar approach to reap the full benefits of our great partnership of nations, which was so badly undermined by the reckless actions of the previous Government?

**Dame Nia Griffith:** I do indeed agree. The SNP could learn a thing or two from our collaborative approach to securing economic growth in Wales. Our new industrial strategy is central to our growth mission and our plan for change. The Secretary of State has established an innovative economic advisory group to enable the UK and Welsh Governments, business leaders, trade unions and experts to work together to pursue opportunities for growth and jobs, and to attract investment.

**Jamie Stone** (Caithness, Sutherland and Easter Ross) (LD): Further to that answer, I see from recent press coverage that the SNP Government are once again banging on about another independence referendum, despite the Supreme Court's ruling. Will the Government make it crystal clear to devolved Governments that they do not have the power to arbitrarily instigate independence referendums?

**Dame Nia Griffith:** I can confirm that the hon. Gentleman is absolutely right.

### Job Creation

6. **Steve Witherden** (Montgomeryshire and Glyndŵr) (Lab): What steps she is taking with Cabinet colleagues to help create new jobs in Wales. [902366]

11. **Andrew Ranger** (Wrexham) (Lab): What steps she is taking with Cabinet colleagues to help create new jobs in Wales. [902371]

**The Parliamentary Under-Secretary of State for Wales (Dame Nia Griffith):** Since July, we have driven over £1 billion of private investment from Eren Holding and Kellogg's into Wales, creating and sustaining over 400 well-paid jobs in manufacturing. Our Welsh freeports and investment zones will together unlock billions in private investment and aim to create at least 20,000 jobs across all four corners of Wales.

**Steve Witherden:** I welcome the news that the Secretary of State has signed a memorandum of understanding on four Welsh growth deals with Cabinet Secretary for Economy, Rebecca Evans. Will the Minister outline how this UK-Welsh Government partnership will deliver the well-paid jobs and economic growth needed in areas like Montgomeryshire and Glyndŵr?

**Dame Nia Griffith:** The memorandum of understanding signed recently between the UK and Welsh Governments further demonstrates our commitment to working together to deliver economic growth throughout Wales. The UK Government have invested £790 million in Wales's growth deals, including £110 million in the Mid Wales growth deal which aims to leverage up to £400 million of public and private sector investment in the region and create up to 1,400 additional jobs.

**Andrew Ranger:** In places across the UK, including in my constituency of Wrexham, for too long too many young people have fallen through the gaps, meaning that they can miss out on job opportunities, education and gaining the critical skills essential to getting on in life. What measures is the Minister taking to ensure that young people can seize the opportunities of our growth mission and are not left behind, and help them to maximise their potential?

**Dame Nia Griffith:** Today, my right hon. Friend the Chancellor confirmed that we are moving forward with the £160 million Wrexham and Flintshire investment zone, focusing on the area's strengths in advanced manufacturing, leveraging £1 billion of private investment over the next 10 years and creating up to 6,000 jobs. Growth is integral to creating the opportunities that young people need to get on in life.

### Greyhound Racing

7. **Will Stone** (Swindon North) (Lab): Whether she has had recent discussions with the Welsh Government on plans to ban greyhound racing in Wales. [902367]

**The Parliamentary Under-Secretary of State for Wales (Dame Nia Griffith):** Labour has long been committed to animal welfare. Indeed, it was my privilege under the previous Labour Government to serve on the Committee for the Bill that became the Animal Welfare Act 2006. In our 2024 manifesto, we committed to further improve animal welfare, including ending puppy smuggling. This particular issue is devolved to the Welsh Government.

**Will Stone:** I thank the Minister for her response. I am incredibly passionate about animal welfare—I have a dog and a cat—and for the most part we are an animal-loving country. That is why I find it so shocking that we still have practices such as greyhound racing that treat animals as disposable. If they do not run fast enough or if they get injured, they get binned off. Some of them are still spending 80% of their life in kennels. Will the Minister meet me to discuss this issue further?

**Dame Nia Griffith:** I would be happy to meet my hon. Friend.

### Net Zero

8. **Richard Foord** (Honiton and Sidmouth) (LD): What discussions she has had with the Secretary of State for Energy Security and Net Zero on meeting net zero targets in Wales. [902368]

**The Secretary of State for Wales (Jo Stevens):** I am working with the Secretary of State for Energy Security and Net Zero to ensure that Wales plays a leading role in reaching our net zero targets and clean power by 2030. By supporting floating offshore wind, onshore wind, hydrogen, nuclear, tidal and carbon capture, we are seizing the unique economic opportunity of net zero to boost growth and create jobs across Wales.

**Richard Foord:** On floating offshore wind in the Celtic sea, the Secretary of State said:

“Floating offshore wind represents a golden opportunity” not just for meeting net zero targets but “for lower energy bills, new jobs and the industries of the future”. Do the Government think that the opportunities from offshore wind can extend from the Celtic sea into Cornwall and Devon, too?

**Jo Stevens:** The economic opportunities of floating offshore wind are significant, and, obviously, the Celtic sea is a big area off parts of both England and Wales. We are working closely to seize those economic opportunities to deliver jobs and growth, and we want to see economic growth and jobs throughout the United Kingdom.

### PRIME MINISTER

*The Prime Minister was asked—*

#### Engagements

Q1. [902481] **Damien Egan** (Bristol North East) (Lab): If he will list his official engagements for Wednesday 29 January.

**The Prime Minister (Keir Starmer):** Communities across the United Kingdom have been hit hard by Storm Éowyn. I spoke to the leaders of the devolved Administrations in Scotland and Northern Ireland over the weekend to discuss working with them on the support that is required, and to pay tribute to all those responding on the frontline.

Kick-starting economic growth is the No. 1 mission of this Government. It will put more money in people's pockets and will deliver on our plan for change. Today the Chancellor announced our next steps to deliver that plan: a new Oxford-Cambridge corridor, redeveloping Old Trafford, and supporting a new runway at Heathrow. We are removing the barriers to investment, supporting innovation, and going further and faster to boost growth.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

**Damien Egan:** This April the state pension will increase by £470 a year, and over the course of this Parliament it will increase by up to £1,900, benefiting millions of

pensioners. Does the Prime Minister agree that means-testing the state pension would do severe harm, and will he confirm that this Government will always protect the state pension and the triple lock?

**The Prime Minister:** Let me be absolutely clear: there will be no means-testing of the state pension under this Labour Government. We are committed both to the triple lock and to the principle that people should receive pensions based on their contribution, regardless of their wealth. My hon. Friend is right: 12 million pensioners will receive a £470 increase in April. When people such as the Leader of the Opposition say that they want means-testing, that means a cut. The difference between us is that they would cut pensions and we are increasing them.

**Mr Speaker:** I call the Leader of the Opposition.

**Mrs Kemi Badenoch** (North West Essex) (Con): May I take this opportunity to solemnly commemorate the 80th anniversary of the liberation of Auschwitz? We remember the 6 million Jewish men, women and children who were murdered. The Holocaust stands as a unique evil in human history.

Yesterday the Prime Minister set his growth test. He said that if a policy is

“good for growth...the answer is ‘yes’, if it’s not then the answer is ‘no’.”

This morning the Chancellor embraced a series of Conservative policies. Although many are welcomed, they will take years to deliver. When the Conservatives left office, we had the fastest economic growth in the G7, but what are the Government doing for growth now? They are destroying it. Let us look at the employment Bill. The Government’s own figures say it will cost business £5 billion a year. It clearly fails the Prime Minister’s growth test. Will he drop it?

**The Prime Minister:** I think the proposition that the Conservatives left a golden inheritance was tested on 4 July, which is why they are standing over there.

The Leader of the Opposition asked what we are doing. The Office for National Statistics says that we have the highest investment for 19 years. PwC says that this is the second-best place to invest in the world. The International Monetary Fund has upgraded our growth, predicting that the UK will be the fastest-growing major economy in Europe. Wages are up and inflation is down. However, there is more to do. We are reforming planning and regulation, building the new homes that we need, and supporting a third runway at Heathrow. As the Leader of the Opposition admitted to the CBI in November,

“there is no point in me just complaining about Labour when it was obvious that we Conservatives lost the confidence of business.”

We are not taking lectures from them.

**Mrs Badenoch:** The Prime Minister does not want to talk about the employment Bill because he does not know about it. Last week he misled the House. He was not on top of his own Education Bill—

**Mr Speaker:** Order. We cannot accuse the Prime Minister of misleading the House. [Interruption.] We cannot do it. I am sure there are words that the Leader of the Opposition would prefer to use.

**Mrs Badenoch:** Last week, the Prime Minister claimed to have laid down an amendment that he had not made. He does not know what is going on in here or out there. Last week, I spoke to a woman running a business in Exeter. She is terrified of taking on new staff. She is struggling to keep her head above water, dreading what this Government will do next. She is not alone. The Federation of Small Businesses says 92% of small employers are concerned about the employment Bill. Clauses 1 to 6 make it harder for businesses to hire new employees—often young people looking for their first job. This is not an employment Bill; it is an unemployment Bill. Given these clauses, will he drop his Bill and show that he is not anti-growth?

**The Prime Minister:** We believe in giving people proper dignity and protection at work. That is why we are proud of our record on supporting workers. The Conservatives consistently vote against any protection for working people, and the Leader of the Opposition's consistent refrain is that there should be less, but we are driving growth on behalf of working people. Good work rights are consistent with growth—every good business knows that. On top of planning reform, the building of houses and supporting aviation, the Chancellor this morning spoke of the Oxford-Cambridge growth corridor, redeveloping Old Trafford, and manufacturing at East Midlands airport. We want to grow the economy; the only policy the Leader of the Opposition has got is to shrink pensions.

**Mrs Badenoch:** All the Prime Minister's ideas are the ones that we thought up. He needs to make sure that we deliver growth now, as well as in the future. To grow our economy, we must get more people off sickness and welfare, and into work. Clauses 8 and 9 of the unemployment Bill take us in the opposite direction by increasing entitlements. The Government themselves—his Government—estimate that these changes will increase business costs from £600 million to £1 billion a year in sick pay. That will mean higher prices, fewer jobs and less growth. Will he drop these measures from the Bill?

**The Prime Minister:** No. I think they are good for workers and good for growth. This is the same argument that the Conservatives made against the minimum wage and every protection for workers. The Leader of the Opposition says that they are their ideas. She says she supports a third runway at Heathrow. Her shadow Transport Secretary says that it would be “calamitous”. The shadow Business Secretary is busy writing letters opposing airport expansion in his own back yard. The shadow Chief Secretary to the Treasury says the Oxford-Cambridge idea is “flawed” and he is against it. We are the coalition of builders; they are the coalition of blockers.

**Mrs Badenoch:** The Prime Minister forgets that his own Chancellor blocked an airport in her constituency. They are hypocrites.

Let us talk about the employment Bill. Part 1 of the Bill means that a new employee could start a job in the morning and take their employer to a tribunal that afternoon. It is no wonder that this Bill has been called an “adventure playground for lawyers”. This Bill is terrible for business, but it is great employment for lawyers. I know the Prime Minister loves the legal profession, but he needs to stop being a lawyer and start

being a leader. This is another measure in the Bill that fails his growth test. Will he show some leadership and drop it?

**The Prime Minister:** I understand that the Leader of the Opposition likes straight talking: she is talking absolute nonsense. She knows, and anybody who understands anything about the Bill or any employment law will know, that you cannot start in the morning and go to a tribunal in the afternoon. We know she is not a lawyer, she is clearly not a leader, and if she keeps on like this, she is going to be the next lettuce.

**Mrs Badenoch:** The Prime Minister does not know what his Bill is doing. He should listen to business, which is terrified of this Bill. The only workers he cares about are lawyers, but it is not just lawyers benefiting from this Bill. Who else benefits? It is not taxpayers; they will be paying for even more welfare. It is not young workers; they will not get their first break. It is definitely not businesses; they are being hammered with yet more burdens. Who benefits? It is the trade unions. Part 4 of the unemployment Bill—[*Interruption.*] Labour Members have not read it. Part 4 of the unemployment Bill is the biggest expansion of trade union powers for a generation—[*Interruption.*] Exactly; thank you. The public will have heard them cheer. Rather than deregulating for business, which creates growth, he is deregulating for the unions. Clause 61 alone reduces the notice period for strikes to just one week. Given that strikes are catastrophic for growth, will he drop part 4 of the Bill?

**The Prime Minister:** It is good for working people, and it is good for the economy. The right hon. Lady should keep up: the CBI has welcomed our positive steps this morning. The Chancellor has given a brilliant speech on the economy, fixing the mess the Conservatives left and growing our economy, and the CBI has said it celebrates this

“positive leadership and a clear vision to kickstart the economy”.

That is the difference. We are growing the economy; the Conservatives left it in a complete mess.

**Mrs Badenoch:** The arrogance of the Prime Minister is that he thinks that it is his Government who create growth. He is wrong. It is business that creates growth. Our economy is built by entrepreneurs, risk-takers and the hard graft of working people. They know that you cannot tax your way to growth, you cannot borrow your way to growth, you cannot legislate your way to growth. Other countries are serious about freeing business from red tape. President Trump is doing it in America. Argentina is taking a chainsaw to regulations. Even the EU is not going as far as this left-wing Government. This Bill will put us at the bottom of the pack. Added to the jobs tax and the family business tax, it is no wonder that wealth creators are fleeing Britain in droves. The Chancellor is desperately trying to save her reputation. She knows Labour has damaged growth. This Bill manifestly fails the Prime Minister's own growth test. If he will not drop the unemployment Bill, what is the point of his growth test?

**The Prime Minister:** The right hon. Lady has got a nerve. The Conservatives broke the economy and completely destroyed it. They broke the health service and completely destroyed it. They ruined the prisons and everything



else you can mention. They failed on every front. They are in no position to give us lectures on anything. She says that she accepts they failed and they are changing, but they have learned absolutely nothing.

**Q2.** [902482] **Rachel Hopkins** (Luton South and South Bedfordshire) (Lab): I welcome the Government's action last week to tackle rogue traders who install faulty home insulation, affecting many of my constituents. Does the Prime Minister agree that Labour's warm homes plan will tackle fuel poverty and bring down bills for families as part of our plan for change?

**The Prime Minister:** The Conservatives have a lot to answer for in the failing system that they left behind. We have taken immediate action to ensure that consumers insulating their homes are not let down again. We are investing £3.4 billion in our warm homes plan to upgrade 5 million homes.

**Mr Speaker:** I call the leader of the Liberal Democrats.

**Ed Davey** (Kingston and Surbiton) (LD): I take this opportunity to thank the Holocaust Memorial Day Trust for all its work in commemorating the 80th anniversary of the liberation of Auschwitz, and to say what a privilege it was to meet Holocaust survivors at the Guildhall event.

When my hon. Friend the Member for North Devon (Ian Roome) and I recently visited a hospital in Barnstaple, a surgeon there told us that it was like a ticking time bomb. He explained that a hospital of that size needs 12 operating theatres to meet demand; it has just four. The last Conservative Government promised to rebuild it, but we all know that that was a hollow promise. Now the North Devon district hospital is one of nine across the country whose urgent rebuild programme has been postponed for over 10 years. Will the Prime Minister meet hon. Members whose constituents' lives being are harmed by this delay, to see if there is any way we can bring these urgent projects forward?

**The Prime Minister:** I join the right hon. Gentleman in his comments about the Holocaust survivors that we met earlier this week. It was incredibly moving, as it always is, and I was struck by the fact that there were so many in the gathering. We are unlikely to see so many in one place like that again. We must never, ever forget.

On the question of hospitals, I think people across the country are right to feel angry, betrayed and frustrated at the last Government's plan, or non-plan, for hospitals. It was unachievable. It was unfunded. It was empty promises. Under them, these hospitals would never have been built. Our funded plan, backed by the investment we have put in, will deliver them. We will take such steps as we can on hubs etc, to advance quickly on waiting lists and operations, and I am more than happy to make sure that all constituents and Members can meet the relevant Ministers.

**Ed Davey:** Last week, the Prime Minister told me that it would be three years before social care reforms can be implemented. Now he is saying that urgent hospital rebuilds will take more than a decade. My hon. Friends and I will keep coming back to this issue.

The Chancellor has now admitted that we need to go further and faster in the pursuit of economic growth, and we agree, but the Prime Minister knows that we believe that means setting aside his objections to a UK-EU customs union so that our country can go further and faster in rebuilding our trading relationships with our European neighbours, especially with the threat to world trade posed by Trump's tariffs and trade wars. If the Prime Minister will not change his mind today on a customs union, will he confirm to the House that when he goes to Brussels on Monday he will open negotiations for the UK to join the pan-Euro-Mediterranean convention so that we can start removing the growth-damaging trade barriers set up by the Conservatives?

**The Prime Minister:** Our No. 1 mission is growth, which is why have we set out all the initiatives over the past seven months, particularly the ones this morning. The right hon. Gentleman knows that in relation to the reset with the EU, which we are determined to achieve, we have clear red lines when it comes to the single market and the customs union. He knows where we stand on that.

**Q3.** [902483] **Debbie Abrahams** (Oldham East and Saddleworth) (Lab): Today's Joseph Rowntree Foundation report on UK poverty highlights not only who is most likely to be poor but the scale and increase in deep and enduring poverty. I was encouraged by the Prime Minister's response to me at the Liaison Committee before Christmas, when he explained and acknowledged that disabled people experience poverty because of their extra costs and that, while more than 2 million disabled people can and want to work, many others cannot and should receive adequate support. Many vulnerable claimants are worried following speculation that the £3 billion of savings to be found from the social security budget may impact on their disability benefits. Does my right hon. and learned Friend agree that language matters and that their concerns must be heard?

**The Prime Minister:** I thank my hon. Friend for raising this. I know she is deeply concerned about this issue and campaigns on it. The rise in poverty caused by the mismanagement of the economy by the Conservative party is unacceptable. Our approach to social security will ensure that work is accessible to as many people as possible, as a route out of poverty. That includes the new Connect to Work programme, which is expected to help 100,000 disabled people find and stay in work.

**Gavin Robinson** (Belfast East) (DUP): I thank the Prime Minister and the Chancellor of the Duchy of Lancaster for their sterling support for Northern Ireland over the past few days in the aftermath of Storm Éowyn, which is greatly appreciated and demonstrates how well the Union works.

On 15 August 1998, the fragile peace in Northern Ireland was shattered when the Real IRA detonated a bomb in Omagh town. Twenty-nine people died, and two unborn twins never saw this world. Through the dignity and the stoic campaigning of Michael Gallagher, whose son Aiden died, a public inquiry was secured through the courts, which recommended in 2021 that the Irish Government should similarly hold an inquiry

to understand what could have been prevented, given the cross-border nature of the atrocity—the bomb was prepared in and transported from the Irish Republic. Will the Prime Minister use his good offices to ensure that truth is delivered and justice arrives for the families of those who so needlessly lost their lives to Irish republican terrorism?

**The Prime Minister:** First, I assure the right hon. Gentleman that we will continue to work with the leaders in Northern Ireland to ensure that we deal with the storm, which has been devastating for very many people who are still without power and who have all the associated problems.

I thank the right hon. Gentleman for raising the Omagh bombing inquiry. It was a heinous and cowardly terrorist attack, and it shocked the world. Our thoughts are with the family members who are taking part in commemorative hearings this week. I welcome the Irish Government's commitment to co-operating with the inquiry. The Secretary of State for Northern Ireland has raised with the Irish Government the importance of working together on addressing these and all legacy issues, and I am grateful to the right hon. Gentleman for raising this very serious and important issue.

**Q4. [902484] Jack Abbott (Ipswich) (Lab/Co-op):** The Ipswich northern bypass is a project of local, regional and national importance, and on which the future of our town and county hinges. However, this critical project has been gathering dust for years, repeatedly blocked by people who refuse to act in our long-term interests. The Prime Minister has set out how our Government will back the builders over the blockers, so will he now back the builders in my town and make this a project of national significance through our plan for change?

**The Prime Minister:** My hon. Friend has been relentless in seeking to boost growth and investment in Ipswich and Suffolk. The gridlock his constituents face underlines the failure of the Conservatives to deal with that when they had the chance to do so. We will fast track decisions on at least 150 major economic infrastructure projects to kick-start growth, and I will ensure that my hon. Friend gets a meeting with the relevant Minister to discuss the issues of concern to him.

**Q5. [902485] Ian Roome (North Devon) (LD):** As my right hon. Friend the Member for Kingston and Surbiton (Ed Davey) said earlier, last week North Devon district hospital got the devastating news that investment would be delayed for 10 years, beyond 2035. In the five years since the last Government's empty promises, our hospital's maintenance backlog has grown to over £40 million. Given that £200 million has reportedly been spent just on consultancy fees for the new hospital programme, what funding for extra maintenance will be available for those hospitals that now face another decade of waiting?

**The Prime Minister:** I thank the hon. Gentleman for raising the issue. His constituents will be angry and frustrated at the empty, unfunded promises left by the Conservatives. Let us be clear, under their non-plan, North Devon district hospital would simply not have been delivered—it was not just delayed; it was never going to be delivered. Conservative Members know

that, the hon. Gentleman knows that and his constituents know that. We have put in place a funded, deliverable plan that will see the hospital built, and we will work closely with the trust to accelerate work. The Conservative party owes his constituents an apology.

**Q6. [902486] Deirdre Costigan (Ealing Southall) (Lab):** Children in Ealing Southall will be sleeping on sofas and living room floors tonight because of 14 years of failure by the Conservatives. Ealing council has joined over 100 councils that are trying to remove the barriers and give those kids a decent home to live in—something Conservative Members do not seem to care about. As part of the Government's plan for change, will the Prime Minister look at the five solutions put forward by those councils, so that we can secure the future of council housing for those children sleeping on the floor tonight?

**The Prime Minister:** My hon. Friend is right to raise that very serious issue. We are committed to working with every council to deliver the biggest increase in social and affordable housing in a generation. We are immediately taking action to reform the right to buy and to enable councils to borrow more cheaply, and investing in the affordable homes programme.

**Q8. [902488] Mr Paul Kohler (Wimbledon) (LD):** I entered active politics after an attack in my home was misused by others to promote an anti-European Union and anti-immigrant agenda. My life was saved by two brave police officers from Wimbledon police station. As a family, our lives were transformed by a restorative justice session organised by the charity Why Me?, where we met one of my four attackers in prison. Will the Prime Minister meet me to discuss how his Government can give restorative justice greater emphasis, put victims at the centre of the criminal justice system, reduce recidivism, and cut crime and costs?

**The Prime Minister:** I extend my sympathy for what the hon. Member experienced—it must have had a profound impact on him and his family. I, too, have seen the power of restorative justice, which enables victims to receive answers and perpetrators to face the human costs of their crimes. Under the victims' code, all adult victims must be told about restorative justice and how to access it. We can always do more and I will ensure that he gets the meeting that he wants with the relevant Minister.

**Q7. [902487] Mr Luke Charters (York Outer) (Lab):** I am pleased to announce that this summer I will be going on paternity leave again for baby No. 2. May I congratulate the Secretary of State for Scotland on his new arrival? The Chancellor spoke brilliantly this morning about growth, and I am pleased to reveal that new research from the Joseph Rowntree Foundation shows that by increasing paternity leave, we could increase economic growth by £2.6 billion a year. Will the Prime Minister review statutory paternity leave? From one father to another, will he meet me and The Dad Shift to discuss how we can support new parents?

**The Prime Minister:** I wish my hon. Friend and his wife well with their new arrival. We are conducting a review into parental leave, because we cannot grow the

economy if parents have to choose between work and their children. Thanks to the Employment Rights Bill, which the Conservatives oppose, 30,000 more fathers will get paternity leave. That is the difference: the Leader of the Opposition wants to roll back parental rights; we are extending them.

**Q10. [902490] Rosie Duffield (Canterbury) (Ind):** Since 2012, the Drax power station has been given £7 billion of green subsidies by the Government for burning 27 million trees per year. That is enough money for five years of pensioners' winter fuel payments. While Ofgem has been asleep at the wheel, a recent KPMG report has concluded that Drax claimed those subsidies illegally. Will the Prime Minister demand to see that KPMG report before giving another pound of taxpayers' money to Drax?

**The Prime Minister:** I thank the hon. Lady for raising this important issue. Of course we will look at the report, but I do not join in her description—we will look at the report.

**Q9. [902489] Andy MacNae (Rossendale and Darwen) (Lab):** As you well know, Mr Speaker, Lancashire is a wonderful county, full of great businesses and hard-working people, yet for too long we have been held back by an outdated two-tier council system. The Government's English devolution Bill is a massive opportunity for us to get back in the fast lane and catch up with the likes of Manchester and Liverpool. Will the Prime Minister join me in calling on all Lancashire leaders to work together in the interests of our residents, putting aside political differences and self-interests, and move forward in good faith to unleash Lancashire's huge potential?

**The Prime Minister:** My hon. Friend has given decades of service to his community. I am a firm believer in moving power out of Westminster and into the hands of those with skin in the game. That is how we boost growth, create opportunities and drive reform. I am pleased that we are establishing a combined county authority in Lancashire. Our ambition is for mayors across all areas of England who can take advantage of the powers set out in the devolution White Paper, including in Lancashire.

**Q11. [902491] Clive Jones (Wokingham) (LD):** I declare an interest as a governor of the Royal Berkshire hospital, and a family member has shares in a medical company. In the Public Gallery today are patients who use the Royal Berkshire hospital. Parts of its estate are crumbling as we speak and it urgently needs a rebuild, but we will have to wait until at least 2037. Can the Prime Minister please explain to those visitors and to the House why he thinks it is acceptable that staff and patients will have to dodge buckets collecting rainwater from leaking roofs for another 18 years? Will he meet them and explain that to them face to face?

**The Prime Minister:** I am grateful to the hon. Gentleman for raising this matter on behalf of his constituents, so I will speak and his constituents will hear the answer. There was not a plan for the building. It was a pretend plan; it was a fiction. It was unfunded and undeliverable. It only existed in the head of Boris Johnson. There is the frustration for his constituents and I really understand

it. They thought—because they were promised—that they were going to get something, which the Conservative party knew was never going to be delivered. That is absolutely unforgiveable. We will pick that up. We have put in place a funded scheme to build as quickly as we can, but it has to be funded and it has to be deliverable. That is the difference between the approach that we are taking and the approach that they took. Of course I will ensure that a relevant Minister meets the hon. Gentleman and his constituents to explain that more fully to them.

**Q12. [902492] Gordon McKee (Glasgow South) (Lab):** In China, DeepSeek has developed an artificial intelligence model almost as good as the most advanced technology from OpenAI. In the US, they are investing up to \$500 billion in building out data centres. To build data centres, we need two things: lots of energy and, ideally, cold weather. Fortunately, Scotland has both of those in abundance. Will the Prime Minister back Glasgow being an AI growth zone, to help bring investment and solidify the UK's place as the third largest AI market on earth?

**The Prime Minister:** What a contrast to the SNP: a strong Labour voice championing economic growth in Scotland. The AI developments this week show why we are right to put artificial intelligence at the heart of our plan for change. We have already secured £39 billion of AI investment, which will create 13,000 jobs across the UK. I agree with my hon. Friend that Scotland has real potential for AI growth zones. I will make sure that he can meet the relevant Minister to discuss that.

**Q13. [902493] John Milne (Horsham) (LD):** In my constituency of Horsham, my local council faces a tax bill of half a million pounds from the rise in national insurance, and my local hospice, St Catherine's, has had to mothball a brand-new ward. What message does the Prime Minister have for all the public services that are outright losers at the hands of the very tax that is supposed to save them?

**The Prime Minister:** I am grateful to the hon. Member for raising this matter. As he knows, local councils received an increase in their settlement this year, so they have more money to deal with the problems that they face. They were underfunded and broken by the previous Government. We have now put that support funding in place. That is the right thing to do.

**Q14. [902494] Emily Thornberry (Islington South and Finsbury) (Lab):** It was such great news when the Government decided that it was right to pay compensation to the LGBT veterans who had unfairly lost their jobs. Unfortunately, those veterans are not alone. There are others who have been prepared to lay down their lives on behalf of the country who have also been treated disgracefully. I include in that list my constituent who was sacked from MI6 simply for being gay. Will my right hon. and learned Friend please commit to righting that wrong and to meeting my constituent?

**The Prime Minister:** I am grateful to my right hon. Friend for raising this really important issue. All those who serve our country deserve our fullest respect and gratitude. That is why we are righting the historic wrongs inflicted on LGBT veterans, already significantly increasing



the compensation available and enabling them to get their ranks restored. I know that this is a real issue for the Foreign Secretary. He is looking at it, and I will make sure that she gets to talk to him about it. We do need to deal with this historic injustice; she is right about that.

**Q15. [902495] Jim Allister** (North Antrim) (TUV): Given the strategic commitment to Irish unity in the programme for government of the new Government in Dublin, may I ask the Prime Minister whether he and his Government have a strategic and economic interest in retaining Northern Ireland within the United Kingdom? If they do, why then is he continuing with the system whereby, in over 300 areas of law in the economic sphere, Northern Ireland is subject not to UK law, but to the same laws that apply in the Irish Republic—laws that we do not make and cannot change?

**The Prime Minister:** We are proud of, and totally committed to, the Good Friday agreement. Northern Ireland matters to this Government, and it matters to me. The hon. and learned Gentleman will know that I worked there for five years with the Police Service of Northern Ireland. I want to see Northern Ireland secure and safe for all communities and thriving in the future. I believe that it can be, and we will do everything to make sure that it is.

**Mr Calvin Bailey** (Leyton and Wanstead) (Lab): Tomorrow marks the 20th anniversary of the loss of RAF aircraft XV179 and the 10 UK service personnel who were killed onboard. Those service personnel were known to their friends as Steady, Smudge, Gary Nic, Pards, Gibbo, Ritchie, Bob, Dave, Jonesy and Paddy. They were killed on a routine flight between Baghdad and Balad as the result of a poorly protected aircraft. This was the largest single loss of life in the Iraq war. Will the Prime Minister join me in thanking and recognising our service personnel for their service and their sacrifice, and their families for their stoicism, as we gather to commemorate such a tragic moment?

**The Prime Minister:** I thank my hon. Friend for reminding the House of this case. I know that the condolences of the whole House remain with the families of these brave soldiers. We will never forget the vital role they played in supporting the coalition operation in Iraq. I also thank my hon. Friend and pay tribute to his service. We are immensely proud of our armed forces and their courage and dedication as they keep our country safe.

**Sir Jeremy Wright** (Kenilworth and Southam) (Con): The Prime Minister may know that, this time last week, representatives of those who have been injured seriously

by covid vaccines were giving evidence to the covid inquiry, including my constituent, Kate Scott. I hope he also knows that the compensation available to those people is not adequate and is not adequately accessible. I am grateful to the Health and Social Care Secretary for the thought that I know he is giving to how that position may be remedied, but may I ask the Prime Minister to give his personal support to that objective, not just because it is the right thing to do for the people affected, but because it will support the objective that we should all share, which is to maintain public confidence in vaccination?

**The Prime Minister:** I thank the right hon. and learned Gentleman for raising that. As he says, the Health Secretary is looking at it. I assure him that I will also look at it with the Health Secretary, and we will get back to him as we do so.

**Rachel Taylor** (North Warwickshire and Bedworth) (Lab): This week, I heard a story from an elderly resident in Bedworth. Kolin Basra phoned the GP surgery to make an appointment for his elderly wife and was told that no appointments would be available for three months. Does the Prime Minister agree that that is utterly shocking and horrifying, and a direct result of 14 years of neglect by the Conservative party?

**The Prime Minister:** I thank my hon. Friend for raising that. She is absolutely right: the damage that the Conservatives did to the NHS was absolutely unforgivable. We are taking steps to ensure that more GP appointments will be available, we are getting the waiting lists down, and we are putting investment into the NHS. As with everything else, we are clearing up the mess that they left behind.

**Andrew Rosindell** (Romford) (Con): The Prime Minister should know that my Romford constituents are shocked, angry and dismayed by the suggestion by the Office for National Statistics that the population of this country will rise to 72.5 million by 2032—that is 500,000 people a year, which is unsustainable. Who voted for that, and will the Government do something to ensure that the population of this country is sustainable going forward? There is no mandate for such a colossal increase in immigration to this country.

**The Prime Minister:** I think the hon. Gentleman should talk to his party leader. Net migration went through the roof under the previous Government—by nearly 1 million; it quadrupled—and who was cheering it on? The Leader of the Opposition. The hon. Gentleman's constituents are right to be concerned about the loss of control by the previous Government. We are taking control; we will bring those numbers down. But the record is absolutely clear, and it sits right there on the Opposition Benches.



## Growing the UK Economy

12.37 pm

### **The Chief Secretary to the Treasury (Darren Jones):**

With your permission, Mr Speaker, I would like to update the House on the Government's work to unlock investment and secure economic growth. That is the No. 1 mission of this Government. Without growth, we cannot deliver on the priorities of the British people, cut NHS waiting lists, rebuild our schools or put more police on our streets. That is why the pursuit of growth is our first mission, putting our country on a new path towards a brighter future after 14 years of failure from the Conservatives. By helping businesses to invest and create wealth, we ensure they can provide jobs and opportunities that change lives, putting more pounds in people's pockets and rejuvenating communities across the country.

We have seen progress on that already, with huge private sector investments into our country since this Government came into service, but now we must go faster and further. We must help businesses and places to achieve their potential. We do that by being an active and strategic state—one that works in true partnership with businesses, investors and local leaders to deliver for the British people in every corner of the country. That principle was at the heart of the Chancellor's speech earlier today in Oxfordshire, where she announced the latest steps that the Government are taking to drive growth across the country. I am pleased to update the House on those announcements now.

The economic growth we are pursuing must reach into every town, city and community across the United Kingdom—inclusive growth for everyone, not just those at the top—because there is untapped talent and unrealised opportunity throughout the country and we cannot let that go to waste any longer. If we can raise the productivity of major cities like Manchester, Birmingham and Leeds just to the national average, we will deliver an extra £33 billion in economic output. So I can confirm that our plans for regional growth will be hardwired into the spending review, the infrastructure strategy, the industrial strategy and our approach to trade and investment.

We are already providing £200 million of funding to support the development of a new mass transit system in West Yorkshire, and at the autumn Budget we secured improved connections between towns and cities from Manchester through to York. We are also developing our plans to further improve connectivity in the north and across the country through our 10-year infrastructure strategy, which will set out our long-term vision for social and economic infrastructure across the country.

Today we are progressing with the Wrexham and Flintshire investment zone, focusing on the area's incredible strength in advanced manufacturing to leverage in £1 billion of private investment and create up to 6,000 new jobs. As the Chancellor announced at Davos last week, the Office for Investment will work hand in hand with local areas to develop opportunities for international inward investment, starting with the Liverpool city region and the North East combined authority, while the national wealth fund will build on its strength and combined authority engagement to build a pipeline of investable propositions with mayors, starting with strategic partnerships in the Glasgow city region, West Yorkshire,

the west midlands and Greater Manchester. Sticking with Manchester, we are giving our support to the Mayor of Greater Manchester's plan for the redevelopment of Old Trafford, creating new housing, new commercial developments and a new stadium—but, I am advised to inform the House, not necessarily Government-wide support for the team that play there.

I am pleased to update the House on our new approach to the Oxford-Cambridge growth corridor, a hugely exciting opportunity for the UK and the British economy. For centuries these two cities have been synonymous with inspiration, invention and innovation. Economic analysis suggests that with the right support the region could bring a GDP boost of £78 billion by 2035, yet time and again Governments have failed to capitalise on this remarkable area, most recently in 2021 when the last Government dropped their commitment to what they called the Ox-Cam arc project.

Through under-investment, poor transport connections and a lack of affordable housing, the incredible growth potential of the area has been squandered as people and businesses have been forced to move and invest elsewhere. No longer: Lord Vallance will act as our champion for the growth corridor, utilising his impressive experience in life sciences, academia and Government to unlock growth opportunities across the region and promote its potential to investors across the world. We will establish a new growth commission for Oxford, to recognise and capitalise on the growth potential of this historic city.

We already know, of course, that transportation is a huge factor in the success of the country. Heathrow is the UK's only hub airport and our largest air freight hub by volume, connecting us to emerging markets around the world, opening up new opportunities for trade and investment. But its growth has been constrained for decades. Today we are announcing that the Government support and are inviting proposals for a third runway at Heathrow airport, to be brought forward by the summer. This is an important infrastructure project expected to have positive growth impacts across the United Kingdom, and it has the backing of businesses and business groups including the CBI, the Federation of Small Businesses and British Chambers of Commerce as well as trade unions such as the GMB and Unite.

According to a recent study from Frontier Economics, a third runway could increase GDP by 0.43% over the next 25 years, with over half—60%—of that boost going to areas outside London and the south-east. It could create over 100,000 jobs in the local area and maintain Heathrow's status both as a global passenger hub and as the UK's largest air freight hub by volume.

Reforms this Government have introduced to speed up the planning system will ensure the delivery of the project and set it up for success. Once proposals have been received the Government will take forward a full assessment through the airport national policy statement to ensure that any scheme is delivered in line with our legal, environmental and climate obligations. We want the scheme to be value for money, and our clear expectation is that any surface transport costs associated with the project will be financed by private capital and should be sustainable and low-carbon. The Secretary of State for Transport will also set out planning decisions for further airport expansion at Gatwick and Luton shortly.

[Darren Jones]

Crucially, I am pleased to announce that we are taking further steps in our transition to greener, cleaner aviation. At the start of the month, the sustainable aviation fuel mandate became law. Sustainable aviation fuel reduces carbon dioxide emissions compared with fossil jet fuel by around 70%. Today we are announcing an additional £63 million for the advanced fuels fund over the next year, and we have set out the details of how we will deliver a revenue certainty mechanism. Those measures will support investment and high-skill green jobs in plants across the United Kingdom, delivering sustainable aviation fuel here in the UK for UK consumption.

Transportation is equally important on a local level, and that is as true for the Oxford-Cambridge growth corridor as it is for anywhere else. This Government have confirmed that they will provide crucial funding for transport links, including upgrades to the A428 to reduce journey times between Milton Keynes, Bedford and Cambridge, as well as for East West Rail with new services between Oxford and Milton Keynes starting this year. We have already received submissions to the new towns taskforce to build new developments along the new railway. At Tempsford, we will accelerate delivery of a mainline station on the east coast main line so that travellers can get to London in under an hour and to Cambridge in under 30 minutes once East West Rail has been delivered.

We will ensure that the pioneering work that has long been a hallmark of the area will continue. We are today committing to a new AI growth zone in Culham. We welcome the University of Cambridge's plan for a new flagship innovation hub in the centre of Cambridge, and a new Cambridge cancer research hospital will be delivered as part of wave one of the new hospital programme. Just yesterday, Moderna completed the build for its new vaccine production and research and development site in Harwell, while committing to invest £1 billion in the United Kingdom—proof that when we create the conditions for success, businesses can lead the way.

I am pleased to confirm for the House that the Environment Agency is lifting its objections to specific developments in Cambridge, so we will press on with plans to develop 4,500 additional homes, new schools and office, retail and lab spaces in and around Cambridge. In a further boost to the area, we have now agreed water resource management plans with water companies, unlocking £7.9 billion of investment in water resources over the next five years, including the new Fens reservoir serving Cambridge and the south-east strategic reservoir near Oxford.

This Government have come in with a purpose: to bring growth, and with it opportunity, to the country. In just six months, we have taken the tough decisions to make that possible. We are taking on the responsibility of a Government who deliver real change for people—no longer the hollow promises of the Conservative party, but change delivered under this Labour Government, working with business and local leaders to drive the growth that will lift up this country. Now we must go further and faster so that the next generation and the generation after will have the opportunities they deserve, to ensure that Britain is strong and successful once

again in a fast-changing world and so that everybody in this country can have the chance to succeed. Today's announcements will help make that a reality and show how our plan for change will build a better Britain. I commend the statement to the House.

**Mr Speaker:** I call the shadow Chancellor of the Exchequer.

12.47 pm

**Mel Stride** (Central Devon) (Con): The Chief Secretary told us that growth is the No. 1 mission of this Government and added, “Now we must go faster”, which I have to tell him suggests a certain lack of ambition. What we do not need is some hasty mañana moment of unquantified, vague promises of a better tomorrow; we need action now to reverse the grievous damage that this Chancellor has wrought in just her first six months in office. Why did the Government deliver a Budget that the independent Office for Budget Responsibility said would lead to lower growth, higher inflation and higher interest rates and would cost jobs? I have to tell the right hon. Gentleman that “going for growth” in the 2030s means nothing to the businesses that have already stopped hiring, shed workers and put up prices thanks to Labour's ruinous policies.

It is hard to escape the conclusion that these announcements have been hastily cobbled together by a Government who are under increasing pressure to change course but are seemingly incapable of doing so. Why have these announcements come only now? The Labour party had years in opposition and months in government leading up to its first Budget. If the Government really wanted to unleash investment, innovation and the private sector, they should not have decided in the autumn to increase substantially the tax burden and the size of the state. By doing so, far from encouraging private investment, they are actively squeezing it out. Will the Chief Secretary to the Treasury reassure businesses right now that there will be no further growth-destroying fiscal measures in the spring statement, including tax rises?

Is the truth not that the damage is already being done? Even before Labour's tax rises bite in April, the economy is flatlining right now, so will any of the announcements have an impact within this Parliament, and what—if any—impact are they likely to have on the OBR's forecasts in March?

Incredibly, the Chancellor said in her speech that businesses are what drive growth and that the Government should support them, yet this is a Government who have driven business confidence off a cliff. They have taxed businesses to the hilt and, through their upcoming employment legislation, will be hitting them still further with ever more job-destroying red tape. Can the Chief Secretary to the Treasury set out what the overall impact of Government policy decisions since July has been on regulatory costs for businesses? Does he agree with the Business Secretary's extraordinary utterance on the media this morning that the Government have not hammered businesses?

The Chancellor claimed this morning that she has seen no alternative suggestions from the Opposition, so let me give her one now. Last year, the Conservative manifesto included £12 billion in welfare savings. At the time, the Labour party said that the money simply was not there. Now we are told that the Government will shortly be coming forward with plans for welfare reform—

another damascene conversion. If they had grasped this issue when they came into office, they could have tackled the rising welfare bill, rather than taxing jobs and killing growth. The Government's failure to act means that businesses and millions of people are paying the price, so can the Chief Secretary to the Treasury commit today to matching that £12 billion, or can he at least tell us the scale of savings that we can expect from his promised reforms?

Some of the announcements made today are of course welcome. The role of the Opposition is not to oppose for opposition's sake, not least because many of the measures announced are reheated from the previous Conservative Government. The plans on pension investment, for example, seem oddly familiar to us, probably because they are simply to continue the reforms that I was bringing in when I was Secretary of State for Work and Pensions. Even in this area, though, we must wait and see before passing judgment, because this Government have shown that we simply cannot trust their word. They promised not to raise taxes, but they did. They promised not to cut winter fuel payments, but they did. They promised not to borrow more, but they did. We need to see action, not just words.

The Chancellor talks about removing barriers to growth—oh yes, she talks about it—but that talk comes from the same person whose Budget killed the economy and growth stone-dead. If we are looking to remove the greatest barriers to growth in this country, perhaps we should start with the Prime Minister and the Chancellor of the Exchequer.

**Darren Jones:** The House is indebted to the shadow Chancellor—Mr Melmentum himself—for his lecture on the need for speed from this Government. Let me tell him that we have done more in the last six or seven months than that lot did in the last 14 years.

The shadow Chancellor asked me about our plans to work with business. The comments today from business leaders and investors speak for themselves: our plans are welcomed by businesses, and we will be working in partnership with them to deliver for this country. He also asked me about work. Those of us in the Labour party make no secret of the fact that we like to support people into work—strong, secure work with workplace rights and secure incomes to help make people's family finances add up. That is why our party was created in the first place. The real truth from the data is that under the last Government, too many people were waiting at home sick, unable to get NHS appointments or access to mental health services so that they could be helped back into work. Too many people were waiting at home, waiting for training and unable to seize the opportunities advertised in front of them. This Labour Government will not treat those things as a luxury, but will work at speed to give people the work they deserve.

At the heart of the shadow Chancellor's statement was a truth for the country to consider. Under the last Administration, it was promises cancelled; under this Administration, it is promises being delivered.

**Mr Speaker:** I call the Chair of the Treasury Committee.

**Dame Meg Hillier** (Hackney South and Shoreditch) (Lab/Co-op): I welcome this Government's commitment to infrastructure investment and to telling the world that Britain is open for business, but to achieve all of this, we will need a really skilled workforce to deliver on

those major construction projects. May I ask my right hon. Friend to set out how the Government will ensure that we have the skills to deliver what he has promised?

**Darren Jones:** I thank the Chair of the Treasury Committee for her question. This is an important test of turning policy into real-world delivery. Through our infrastructure and industrial strategies, we are engaging right now with businesses and investors across the country so that as we bring forward our plans, we have a skills and training system that creates opportunities for people to take up the jobs that we need them to do in order to help get Britain building. That will be a crucial part of our approach to infrastructure, so that every person across the country can seize the benefits of this Government's plans.

**Mr Speaker:** I call the Liberal Democrat spokesperson.

**Daisy Cooper** (St Albans) (LD): The Government are absolutely right to focus on economic growth, but their blinkered approach on Europe is holding back British businesses and stifling the very growth that we need to fund our public services. By ruling out negotiations with the EU on a bespoke customs union and a youth mobility scheme, the Chancellor's dash for growth will be more like a slow crawl in a car with the handbrake on. In order to turbocharge economic growth, will the Government start negotiating those initiatives now?

To unleash growth through our small businesses, the Chancellor should scrap her national insurance contributions rise, and instead seek to raise the same amount of money through the measures that we Liberal Democrats have suggested: reversing the tax cuts on the big banks, increasing taxes on the big tech and gaming companies, and reforming capital gains tax in a way that would be fairer and raise more money. Will the Government look again at those alternative revenue raisers and lift the burden that the Government have placed on small business?

On airports, the Chancellor has voiced her support for Heathrow expansion and has suggested that expansion will be forthcoming for other airports. We Liberal Democrats oppose this, because it will deliver minimal growth at a huge cost to the climate. Can the Government confirm whether they intend to abide by the advice of their own climate change advisers that no airport expansion should proceed until a UK-wide capacity management framework is in place? In the midst of a climate emergency, can the Government give a cast-iron guarantee that the so-called refreshed carbon budget that the Chancellor referred to will not water down climate targets, and what do they have to say to those experts who say that sustainable aviation fuel is not realistic or scalable?

Turning to the Oxford-Cambridge growth corridor, we really welcome plans that further boost the UK's position as a European and global science leader. Can the Government confirm that there will be enough money for the whole of the route to be constructed on the East West Rail route, and that they will work hand in glove with local authorities to minimise the environmental impacts, introduce infrastructure before or alongside housing, and maximise local community benefits?

**Darren Jones:** As the hon. Lady knows, this Government committed in their manifesto to not rejoin the single market or the customs union. We will honour that promise, but the trade deal that the previous Government



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put together was clearly not good enough. There is room for us to improve our trading, energy and security relationships with our friends in the European Union, and my ministerial colleagues are in active discussions with their counterparts to take that work forward.

The hon. Lady invited me to speculate on any future Budgets. That is above my pay grade, but I am sure the Chancellor heard her suggestions. On airports, as I said in my statement, all our plans will be in line with our legal obligations. Of course, we recognise the need for more sustainable fuel and sustainable transport as part of those expansion plans.

Lastly, the hon. Lady asked me about something that I cannot read—

**Daisy Cooper:** East West Rail.

**Darren Jones:** Thank you. I thought it was “EU” again—I could not read my own handwriting.

The whole premise of the growth corridor is that we will have a transport spine through that corridor that allows for all the developments—housing, lab space or communities—around it. That is a crucial part of our plans, and we will make sure that it is delivered.

**Chi Onwurah** (Newcastle upon Tyne Central and West) (Lab): I congratulate the Chief Secretary to the Treasury and the Chancellor of the Exchequer on a plan for growth that is both concrete—shovels in the ground now—and forward-looking, building on our scientific and skills base to drive long-term jobs and higher living standards. Heathrow expansion will help businesses in the north-east, but for the sake of those of us who are not Manchester United fans, will the Chief Secretary to the Treasury make it clear that much of the investment in the Man U development will be private sector-based? Will he also set out how that will help the rest of the north, particularly Newcastle United fans such as myself?

**Darren Jones:** I thank the Chair of the Science, Innovation and Technology Committee for her question. She and her Committee know the huge advantage we have in the UK with our brilliant universities and research and development ecosystem, which is why we are supporting them and putting rocket boosters underneath their activity to develop world-leading and frontier research and innovation, and stimulate economic growth across the country.

My hon. Friend is right that the development in Manchester is a broad set of privately financed housing and commercial opportunities, as well as the work that Manchester United wants to do with its football stadium. I should inform the House that I cannot give a running commentary on the stadium applications for all football clubs across the country, and she will have to forgive me for not knowing the latest plans for Newcastle.

**Sir Oliver Dowden** (Hertsmere) (Con): I welcome the Government’s conversion on a third runway at Heathrow. The sort of connectivity that that enables, particularly with fast-growing economies in Asia and the Gulf, is essential to growth. However, what assurance can the Chief Secretary to the Treasury give the House that this

project will not subsequently be stymied by an absolutist approach driven by ideology towards carbon emissions, which will drive it into the ground? We have been down this path before.

**Darren Jones:** The right hon. Member has been down this path before because it was his Government who went down it and blocked all these developments over the past 14 years. This Government are working on reforms to the planning system, looking at national policy statements, thinking about skills and infrastructure supply chains, and unlocking private capital because we are a Government who want to get Britain building again, and not block the projects that were stalled for years under the previous Administration.

**Madam Deputy Speaker (Ms Nusrat Ghani):** I call Dr Jeevun Sandher, a member of the Select Committee.

**Dr Jeevun Sandher** (Loughborough) (Lab): Investment is what makes us more prosperous; it produces more work, it gets wages rising and it creates good jobs. I am an East Midlands MP, and we have some of the lowest investment rates in the country, the least transport infrastructure and some of the lowest private investment. That is why I welcome the announcement today of £1 billion going to the manufacturing and logistics hub at East Midlands airport. I especially welcome the 2,000 extra jobs that will benefit my constituents in Loughborough, Shepshed and Hathern. Will the Chief Secretary assure me that this is just the beginning of the investment we can expect in the region and for my constituents?

**Darren Jones:** I thank my hon. Friend, who is a strong advocate for the economy in the East Midlands and for his constituency. He will know that I visited the region last week and met businesses and investors with our Mayor, Claire Ward. The region is doing a brilliant job of securing inward investment, and there is huge untapped potential in the East Midlands. I am pleased that the Chancellor was able to make those announcements today, and we very much look forward to hearing about more business cases and more potential so that we can unlock growth in the East Midlands.

**Madam Deputy Speaker:** I call Select Committee member Dame Harriett Baldwin.

**Dame Harriett Baldwin** (West Worcestershire) (Con): I am sure the Chief Secretary knows and admires the plan for growth of Conservative-led Worcestershire county council. It has been working through the plan, and it has built a new train station on the North Cotswold line, which connects Worcestershire to Oxford, but a lot of that line is still single track. Will he urge the Oxford growth commission to look at the extensive work done by Oxfordshire county council and Worcestershire county council to find a way to double the frequency of the train services on that stretch of track?

**Darren Jones:** I thank the hon. Lady. The growth commission will be looking at all potential options for stimulating growth. We want to find strategic enabling investments across the country to unlock, for example, house building and inward investment, and I am sure it will look at those proposals with interest.



**Madam Deputy Speaker:** I call Select Committee member Rachel Blake.

**Rachel Blake** (Cities of London and Westminster) (Lab/Co-op): I thank the Chief Secretary for his statement about investment and growth. Does he agree with me about the role that new towns will play in tackling our country's housing crisis and how important it is that, alongside the homes in the new towns, we see the delivery of new social infrastructure? Can he outline how those plans will work?

**Darren Jones:** I thank my hon. Friend. As I informed the House recently, our infrastructure strategy, which will be published in June, will for the first time align social infrastructure plans for schools, GP surgeries and other public service facilities with those for housing and economic infrastructure. For the first time, we will be making strategic decisions about the places where people live.

On the house building target—I met tenants who will be moving into new social homes in Erewash last week—we talk about 1.5 million homes and about economic growth, but in every one of those buildings is someone's life, their opportunities and the dreams they want to fulfil. This Government are delivering on economic growth, and we are doing so because the people at the heart of all these decisions are the people we need to get the economy moving and Britain doing well in the future.

**Madam Deputy Speaker:** I call Select Committee member John Glen.

**John Glen** (Salisbury) (Con): Among the fundamental enablers of growth in the economy are financial services and opening up markets to invest. I think there was consensus across this House in the last Parliament on the Financial Services and Markets Act 2023, which provided the framework to do that. What concrete proposals have come forward from the Financial Conduct Authority and the Prudential Regulation Authority consideration of changing some of the restrictions that stop the right levels of investment? This week, the Government enabled about £100 billion of surplus funds from defined-benefit pension schemes to be made available. What proportion of that money will be invested and in what timeframe? The concern around these announcements is the delay to tangible, calculable economic impact.

**Darren Jones:** I point the right hon. Member to the Chancellor's Mansion House speech, which set out in detail this Government's approach to financial services. They are an important enabler for the UK and a particular strength globally, as I know he knows very well. On his particular question, I will need to write to him with the answer, but he can see that this Government are taking action to unlock investment in the UK economy. As has been reported, the Prime Minister and the Chancellor have been meeting regulators to make sure that they are geared for growth as well as for protecting consumers.

**Ruth Cadbury** (Brentford and Isleworth) (Lab): I also welcome the Chief Secretary's statement and the Chancellor's announcement about the many excellent transport schemes that this country so badly needs. The Transport Committee will look at these proposals, starting with the new proposal for runway 3 at Heathrow. He

links that proposal to UK-wide growth, but did the Treasury consider the Department for Transport's 2020 figures predicting that between 2010 and 2050 there would be a 24% cut in flights between regional airports in the UK and Heathrow because of the way the market for slots at Heathrow operates, regardless of what regional airports might want?

**Darren Jones:** I thank my hon. Friend the Chair of the Transport Committee for her question. I think it alludes to the fact that this is the announcement not just of a runway, but of a project which we must make sure is optimised for delivering growth for the whole of the United Kingdom, as I made clear in my statement. That means that we need to work with regional airports and look at how the slots are allocated at Heathrow, to make sure that Heathrow's business model optimises opportunities for regional airports and the whole of the United Kingdom. That is a commitment that the Government have made very clear today.

**Madam Deputy Speaker (Ms Nusrat Ghani):** I call Select Committee member Bobby Dean.

**Bobby Dean** (Carshalton and Wallington) (LD): The whole House supports a focus on growth, which is good for our prosperity and key to funding our public services. However, growth has not only a rate but a direction, and how we seek to achieve growth is about choices. If we choose to back measures that undermine our net zero targets, we may be going for growth today with severe consequences for tomorrow. How do the Government justify their choice to back Heathrow expansion over more sustainable rail transport projects across the country?

**Darren Jones:** I am sure the hon. Member shares my view that we can achieve growth through our net zero plans. These things are not an either/or. For example, the announcement of this Government supporting investment in Heathrow and in the sustainable aviation fuel sector will stimulate investment in net zero technologies and industry in the UK. This can be a win-win for the economy and the environment.

**Connor Naismith** (Crewe and Nantwich) (Lab): I welcome my right hon. Friend's statement, which I think demonstrates a real commitment by this Government to take the shackles off our economy. I particularly welcome his commitment to a 10-year transport infrastructure plan. As well as the measures already announced to boost connectivity across the Pennines and elsewhere, will he commit to continuing to see what can be done to address connectivity and capacity challenges north of Birmingham arising from the cancellation of HS2?

**Darren Jones:** Those are exactly the issues that Departments are now considering as they submit bids to the Treasury in the spending review. As we move into those negotiations in March, we will have to look at the best growth potential and what we can get delivered on what timeframe. We will be able to confirm those plans in the coming months.

**Mr Richard Holden** (Basildon and Billericay) (Con): There is nothing in the statement about the lower Thames crossing, which has already been delayed twice by this Government. The crossing is one of the biggest infrastructure projects and will have a huge impact on

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the entire country. For my constituents, the biggest issues around growth have been about the taxes on business—particularly on family companies—and the jobs tax. Why are the Government not addressing those real issues, which were not addressed in the statement?

**Darren Jones:** The Chancellor will be disappointed that the right hon. Member did not listen to her speech. She announced today—[*Interruption.*] We are in negotiations with the project leaders at the lower Thames crossing. We are committed to bringing that forward and will have further announcements to make in due course.

**Andy Slaughter** (Hammersmith and Chiswick) (Lab): May I congratulate the Chief Secretary on his statement but add a word of caution about his plans for Heathrow? Will he ensure that there is a full cost-benefit analysis of any plans for a third runway which looks at the cost to the climate, to public health and to the already saturated transport infrastructure? Almost 40 years of dealing with Heathrow has taught me that what is good for Heathrow's shareholders is usually bad for its neighbours and for the climate, leaving Government at all levels picking up the costs and cleaning up the mess.

**Darren Jones:** I know that my hon. Friend has been working on this issue for many years. As I have said, we want the Heathrow project to be a success for the whole country, and that means in relation to sustainable low-carbon transport and connectivity as well as for local jobs and the local economy. As I said in the statement, as proposals are put forward by Heathrow, the Government will consider them in the normal way, in line with all our legal obligations.

**Sarah Olney** (Richmond Park) (LD): In November 2020, when giving evidence to the Treasury Committee, the head of the Office for Budget Responsibility, Richard Hughes, stated that further investment in infrastructure such as extending airport capacity would not deliver high economic returns as the UK is already highly connected. Without a proposal on the table for Heathrow, how can the Chancellor be so sure that a third runway will drive high national economic growth?

**Darren Jones:** We hear from businesses, investors, businesspeople, travellers and people who want to be able to come through London or the UK that we are losing trade and investment in comparison with other hub airports on mainland Europe. We have every opportunity to secure that here in the UK, and that will, by its very nature, secure investment, jobs and economic growth.

**Rachel Hopkins** (Luton South and South Bedfordshire) (Lab): The Chancellor highlighted the redevelopment of Old Trafford in her speech, but similar investment is happening in Luton, where Power Court is set to be the new home of Luton Town football club. That mixed-use housing and commercial development will bring new opportunities and support the regeneration of our town. May I invite the Minister to join me on a visit to see how that will be a key driver of economic growth across Bedfordshire and the eastern region?

**Darren Jones:** My hon. Friend knows that I am not let out of the Treasury often, but when I am I will be delighted to visit. These are classic examples of how, by working together with private investors and local businesses to co-ordinate investment on road junctions, rail, housing developments or even football stadiums, we can get to a point where we can unlock economic growth for people and improve their communities. We are absolutely interested in looking at all those opportunities.

**Sir Gavin Williamson** (Stone, Great Wyrley and Penkridge) (Con): What assessment has the Treasury made of whether the increase in employers' national insurance contributions will increase or decrease business investment?

**Darren Jones:** The right hon. Member is inviting me to speculate on the OBR forecast, which will be presented to the House on 26 March.

**John McDonnell** (Hayes and Harlington) (Ind): There is so much to be welcomed in the statement, but sadly it has been tainted by the decision on the third runway at Heathrow. When such a decision is made by the Government, it is important that there is full openness and transparency so that we can explain the Government's thinking to our constituents. Will the Minister ensure that the papers that led to this damascene conversion among some members of the Cabinet are published openly, particularly those on how increased carbon emissions will be tackled; how we will meet our carbon capacity statements; how agriculture in this country will be converted to meet the sustainable aviation fuel requirements; how the noise contours will impact on so many more people—2 million people; how current emissions will be tackled, as air pollution is already above the legal limits; and how the 8,000 to 10,000 of my constituents will be rehoused when 4,000 properties are demolished as a result of this decision?

**Darren Jones:** As I have confirmed to the House, we are inviting applications from Heathrow, which will be considered in the normal way. When those applications have been received and due diligence has been undertaken, we will be able to report the details that will answer the right hon. Member's questions.

**Dave Doogan** (Angus and Perthshire Glens) (SNP): It says on the cover that this is about growing the UK economy, but the statement's substance is much more about growing the English economy. It has a passing reference to Wrexham and a nebulous acknowledgement that the Government will "build a pipeline of investable propositions...starting with strategic partnerships in the Glasgow city region". Will the Chief Secretary perhaps flesh out what that means and, at the same time, explain why he did not allocate any funding to reimbursing Edinburgh University for the supercomputer, invest in SAF in Grangemouth, or invest in the Acorn project in the north-east?

**Darren Jones:** Scotland is an important part of our United Kingdom economy. We will continue to invest in the country, as we did at the recent Budget, with the largest real-terms increase in spending since devolution. I am always ears-open to opportunities for growth, but the hon. Member might want to speak to his SNP colleagues in the Scottish Government and try to stimulate some investment there as well.

**Paul Waugh** (Rochdale) (Lab/Co-op): I warmly welcome the plan for growth, which stands in stark contrast to the low-growth, low-wage and low-investment economy of the last 14 years, but as welcome as the Old Trafford development is, the House will know that I am a Dale fan. May I therefore urge the Treasury and Chief Secretary to warmly support the Atom Valley mayoral development zone, which is being pushed by Andy Burnham to help advanced manufacturing in Rochdale?

**Darren Jones:** That sounds like an excellent initiative that will benefit from the huge untapped potential in the Greater Manchester and regional economy, which we are trying to stimulate with our announcements today. I would be delighted to meet my hon. Friend in due course to understand more of the detail.

**Martin Vickers** (Brigg and Immingham) (Con): The Chief Secretary said that he wanted economic growth to spread to every town, city and community—something we can all agree with. I have been campaigning for many years to restore the direct train service between Cleethorpes, Grimsby and King's Cross. That would boost the local economy and is supported by the Hull and Humber chamber of commerce, businesses up and down my constituency and, on the Government Benches, by my MP, the hon. Member for Great Grimsby and Cleethorpes (Melanie Onn). All that is needed to provide the service at the next timetable change is the go-ahead from the Transport Secretary. Will the Chief Secretary urge her to do just that?

**Darren Jones:** I am sure that the Transport Secretary has heard the hon. Member's request. As he will know from our announcements today and at the Budget, the investment that we seek to unlock in his region is a crucial part of our industrial plans, not least the investment in sustainable aviation fuel that I set out. If the transport project that he mentions will unlock investment, housing and opportunities in the region, I am sure that we will look at it closely.

**Mohammad Yasin** (Bedford) (Lab): I have consistently called for new investment in the eastern region, and nothing is more exciting than the proposal to build a Universal Studios theme park—the first of its kind in Europe—in Bedford. The project has huge potential to transform the region. Will the Chief Secretary provide an update and reassure me that progress is being made on turning that plan into reality?

**Madam Deputy Speaker (Ms Nusrat Ghani):** Hopefully the Minister can meet that enthusiasm.

**Darren Jones:** I thank my hon. Friend, who has campaigned tirelessly for this investment in the region since he has been in the House. As he will know, the Government are in negotiations with partners for the development. Unfortunately, I cannot update the House at this stage, but I look forward to doing so in due course.

**Layla Moran** (Oxford West and Abingdon) (LD): As the MP for the dreaming spires, may I thank the Government for their vote of confidence in my constituents' ability to deliver the growth that this country, and arguably the world, needs? I take umbrage with one thing. The Chief Secretary talks about the Oxford plan.

Given that the Chancellor gave her speech not in Oxford city or its environs but in Eynsham, will he name the growth commission not the Oxford commission but the Oxfordshire commission? Will he meet me and my many Liberal Democrat colleagues, so that we can work with him to maximise the potential of the plan?

**Darren Jones:** I thank the hon. Lady for her suggestion. It is not for me to get in the middle of boundary disputes, but I will take that back to the Treasury and see what we can do.

**Rebecca Long Bailey** (Salford) (Ind): As a United fan, I hugely welcome the economic and social benefits that the Old Trafford redevelopment could bring to the city of Salford. How will the Chief Secretary require those who are awarded contracts to do all they can to employ, train and retain local people, and to ensure that that ethos is mirrored across supply chains?

**Darren Jones:** My hon. Friend makes an excellent point. These projects have to benefit local communities, local workers and local businesses, as well as others. There can be no greater advocate of that approach than the Mayor of Greater Manchester. Between his work and good offices and the Government's approach to social value and procurement, I am sure that will be able to deliver that outcome.

**Greg Smith** (Mid Buckinghamshire) (Con): Given that construction of the Oxford to Milton Keynes section of East West Rail was completed when Hugh Merriman, the last Conservative rail Minister, pulled the last rail clip into place, it is a bit rich of the Chief Secretary to try to claim credit for it. In one breath he said that he wanted to work in partnership with local leaders, and in the next he reheated the idea of a top-down, Government-knows-best Ox-Cam arc, rebranding it the Oxford to Cambridge growth commission. Local leaders in Buckinghamshire have consistently said no to that top-down spatial strategy, choosing instead to grow jobs locally, including at Westcott space cluster. Does he really want to work with local leaders in Buckinghamshire, or does he just want to tell them what to do?

**Darren Jones:** The hon. Member is what we call a blocker. That is not in the nature of this Government. We will get on and deliver.

**Yasmin Qureshi** (Bolton South and Walkden) (Lab): I welcome the Minister's statement on growth. Does he agree that alongside upgrading transport infrastructure, we should create more homes and infrastructure around existing commuter lines, such as the Bolton-to-Manchester line in my constituency?

**Darren Jones:** My hon. Friend is absolutely right. In working on the plan for change's priority of 1.5 million new homes, the Deputy Prime Minister has already identified that as a great opportunity for the Government. Working with partners in Network Rail and elsewhere, we can unlock the land adjacent to existing infrastructure for new developments. Some of that was referenced in the part of the Chancellor's speech about the Oxford-Cambridge growth corridor, but we are actively looking at opportunities across the country as well.



**Dr Andrew Murrison** (South West Wiltshire) (Con): The Chief Secretary to the Treasury did a good job of name-checking places across the country that might benefit from growth, except not once did he mention anywhere in the south-west. He is the Member for Bristol North West, so why is that? Does he have no confidence in the potential of the south-west? Will he redeem himself by visiting Trowbridge, the county town of Wiltshire, and specifically the Tech Trowbridge initiative, which is trying to create the conditions for growth? The Government might like to be involved in that.

**Darren Jones:** The right hon. Member is confused. I am enormously proud of my region of Bristol and the south-west, not least because of our heritage and the potential that we have to offer the country. The aerospace industry in north Bristol will benefit enormously from our announcements, which is great for workers and businesses in our region. He may be interested in an announcement from the national wealth fund today of investment in the Cornish economy to get us mining again, so that we get the rare earth materials that we need to fuel development in the UK and create the jobs and investment in the south-west that he asks for.

**Matthew Patrick** (Wirral West) (Lab): Barriers to growth were in place in this country for so long that I thought they would be permanent, but we have a Government so committed to growth that they are tearing them down daily, and I welcome that. I also welcome the pilot announced by the Office for Investment, which will benefit the Liverpool city region. It brings Government and industry together to unlock private investment. How will that benefit my constituents in Wirral West?

**Darren Jones:** Today we have announced that the Office for Investment, which partners with foreign direct investment into the UK, will be given a line of sight to opportunities across the country, and not just to the large project that the Government are interested in on a particular day. Working with mayors in our combined authorities will be a great way to bring together a prospectus of investable propositions for investors across the country. Let me reassure my hon. Friend that the blockers to delivery are not permanent, because we voted them out at the last election.

**Christine Jardine** (Edinburgh West) (LD): I am sure that the Chief Secretary will correct me if I am wrong, but the only three words about Scotland in his statement are “Glasgow city region”. They are welcome, but does he appreciate that while the Scottish Government may have received its biggest settlement, every UK Government statement that has come out of this place since the general election has undermined support in Scotland for this Government? In my city of Edinburgh, we are concerned that every statement on investment in AI and research leaves us out. Down the line, expansion at Heathrow will mean more air traffic over our city, and there is no emissions management plan in place. Will the Chief Secretary reassure my constituents that there is something in this for Edinburgh?

**Darren Jones:** I am not sure I agree with the premise of the question. We do not seek to undermine Scotland, but to enable it, as an important part of the United

Kingdom. That is why we have put significant money into the Scottish Government, why GB Energy will be based in Scotland, and why exciting plans on energy infrastructure have already been announced. I am sure there will be more to come, not least for Edinburgh, given its expertise in the technology space, which we are very aware of. I encourage the hon. Lady not to be so gloomy. We are here to support Scotland as much as England, Wales and Northern Ireland.

**John Slinger** (Rugby) (Lab): After a decade and a half of dithering by the Conservatives, who claim to be the best yet constrain the vital forces of positive economic change, it falls to a Labour Government to unleash our country's potential, which requires Government action in partnership with others. Does my right hon. Friend agree that in order to deliver the growth that our people need, we must block the blockers and vanquish vested interests, and that it is time, to coin a phrase, to build, baby, build?

**Darren Jones:** I am pleased to announce to the House today the Government's commitment to build, baby, build. We will deliver that for this country. My hon. Friend is right to point out the difference that a change in Government can make. This Labour Government are getting on with the job of dealing with planning regulations and blockers, bringing forward investment and delivering for the country, whereas the Conservative party promised the earth and delivered nothing.

**Madam Deputy Speaker (Ms Nusrat Ghani):** I call Dr Kieran Mullan—I assume you have a lot to say.

**Dr Kieran Mullan** (Bexhill and Battle) (Con): Away from Labour's rhetoric, I suspect that Members on both sides of this House are hearing the reality from our constituents. On Friday, I visited Saxonwood care home in my constituency, and St Michael's hospice just across the border, which looks after my constituents. I have also heard from Bexhill chamber of commerce, and they are all clear that Labour's planned national insurance rise will do enormous damage to their attempts to grow, and to employ people. Does the Chief Secretary agree with the OBR's forecast that the jobs tax will harm growth, not help it?

**Darren Jones:** As has been rehearsed repeatedly on the Floor of the House, the Chancellor had to make difficult decisions to get a grip on the public finances, given the state in which the hon. Member's party left this country. Today's announcement makes it very clear that businesses small and large and this Government share the ambition of delivering growth for the economy. That is why we are going further, faster in pursuit of that.

**Nadia Whittome** (Nottingham East) (Lab): Making our economy work for people across this country is vital after 14 years of Conservative mismanagement, but the New Economics Foundation has found that expanding the UK's airports would not deliver serious economic growth. Meanwhile, analysis by Carbon Brief shows that offsetting expansion at Heathrow, Gatwick and Luton would require a forest twice the size of London. Our climate goals would be in jeopardy. Is it



realistic to expand Heathrow and other airports and still meet our climate obligations? Is the risk to our future really worth it?

**Darren Jones:** My hon. Friend knows that I have long been an advocate and campaigner for climate justice and our net zero plans, but I am clear that by working with partners and investors to unlock investment in the UK, we will also unlock investment in the net zero transition, and get the industry, the jobs and the capabilities that we need to deliver a net zero future. That will allow people across the country to do other things that they want to do, such as go on holiday.

**Sammy Wilson** (East Antrim) (DUP): As I listened to the Chief Secretary declare that this is all about putting our country on a new path towards a brighter future, I was reminded of a wee song that we used to sing when we were children: “There is a happy land, but it’s far, far away.” Unfortunately, many of these projects are long term. They will not be delivered even in the lifetime of this Parliament, and they will not offset the anti-growth policies that the Government have already announced, which are devastating industry.

The Chief Secretary said that he wants to deliver for people in every part of the country, but there was not one mention of a project in Northern Ireland, or any indication of what the Government will do with the anti-growth impacts of the protocol and the Windsor framework. What is there in the statement for the people of Northern Ireland and for growth prospects in Northern Ireland?

**Darren Jones:** We always get a bit grumpy as we get older, don’t we, Madam Deputy Speaker? But I agree with the right hon. Gentleman: we should go back to our childhoods and sing the song of that bright future that is ahead for all of us. It will cheer our spirits and lift the House as we look forward to the future with positivity.

Look, we have made announcements today that will benefit the Northern Ireland economy, not least in the aerospace, life sciences and pharmaceutical sectors. On a recent visit to Northern Ireland, I heard about the businesses innovating and investing in these spaces, and they will benefit from the announcements today. As he knows, the Government are in negotiations with our counterparts in Europe to improve trade barriers, which I am sure, in time, will benefit the Northern Ireland economy as well.

**Jonathan Davies** (Mid Derbyshire) (Lab): It has been a joy to have apprentices from Rolls-Royce Submarines, in my constituency, in Parliament this week, especially in the wake of the £9 billion investment the Government made in Rolls-Royce last week. Does the Chief Secretary agree that it is only by working with manufacturing companies like Rolls-Royce that we will deliver the economic growth we badly need?

**Darren Jones:** My hon. Friend is exactly right. We need businesses to invest, train and employ, and to sell their goods and services. The Government’s partnership working with Rolls-Royce is a great example of how we have been able to unlock billions in investment not just for the region, but for its exports around the world.

**Robbie Moore** (Keighley and Ilkley) (Con): Whether it be the drastic reduction in business property relief and agricultural property relief, which will decimate many family businesses, or the increase in employer national insurance, which will negatively impact all businesses, including the GP surgeries in Keighley that have told me they are now deciding to freeze recruitment, or the increase in the minimum wage or in business rates, or, perhaps, the Employment Rights Bill, which will cost businesses £45 billion a year, will the Chief Secretary to the Treasury say, in his statement on growing the economy, which of these measures he thinks will grow the economy most?

**Darren Jones:** From the nature of his question, I am not sure the hon. Gentleman enjoyed the statement today. Look, there are lots of examples today, both in this statement and in the Chancellor’s commitment, that have stimulated investment and, as a consequence, will stimulate growth in the economy. The key question here is: are businesses seeing the UK as a place to invest, are they investing in the country, and are they building in Britain? The answer is: yes, yes, and yes.

**Luke Myer** (Middlesbrough South and East Cleveland) (Lab): We have today heard a full-throated commitment from the Treasury to the Teesside’s sustainable aviation fuel industry. I thank the Treasury for listening to Teesside MPs on the revenue certainty mechanism, which will unlock millions of pounds of investment in the industry from companies such as Alfanar and Iogen. Will the Chief Secretary deliver a message from the Dispatch Box to SAF investors the world over that Teesside is open for business?

**Darren Jones:** I thank my hon. Friend and all my hon. Friends from the Teesside region, who have campaigned hard for investment in their area. I visited the plant in question when I was Chair of the Business Committee in the former Parliament, and I remember clearly the company saying how frustrating it was that the previous Government would not allow them to invest and grow the development of sustainable aviation fuel, but were instead allowing it to be imported at cost from other countries. This Government are taking a different approach, which is unlocking investment and jobs in Teesside, and across the country, in the interests of working people.

**Olly Glover** (Didcot and Wantage) (LD): I welcome the Chief Secretary’s commitment to investing in my Oxfordshire constituency, and particularly in our science centres of Milton Park, Culham and Harwell campus. However, the commitment to the south east strategic reservoir option—SESRO—will be met with far more questions, given Thames Water’s track record. On 15 January 2025, in *New Civil Engineer*, a water engineer suggested that the reservoir’s £2.2 billion cost could be much better spent tackling leaks and reducing water demand and waste. Will the Chief Secretary meet me to discuss these unanswered questions about the reservoir?

**Darren Jones:** The Environment Secretary, working with the regulator Ofwat, has agreed the largest investment in the water industry on record, with more than £100 billion over the years ahead to tackle issues with sewage and leaks in the Victorian infrastructure, and, crucially, for the first time in decades, to actually build a reservoir,

[Darren Jones]

which this country needs. That is why it is important that we have announced those two plans today. They will, of course, go through the normal processes, and I am sure he will be paying attention to that as they come forward.

**Mark Sewards** (Leeds South West and Morley) (Lab): I enthusiastically welcome the Government's commitment to growth and commend them for taking the difficult decisions required to generate it. It is important that all parts of our country benefit from the proceeds of growth. In my capacity as a Leeds MP and chair of the all-party parliamentary group for Yorkshire and northern Lincolnshire, I ask the Chief Secretary how the national wealth fund and the strategic partnership in West Yorkshire will benefit my region through growth agreements and, crucially, sharing the proceeds of growth.

**Darren Jones:** These partnerships with the national wealth fund are crucial to ensure that local entrepreneurs, businesses and investors have access to the services provided by the Government. Too often, it is only people who know how the system works or who know the people involved who can get deals done, which means that people, especially in the regions, have historically lower levels of investment than companies, in particular in London. That is why we want to ensure the door is open to entrepreneurs and investors in areas of high growth potential, including in Leeds, so they can get their businesses growing and delivering for the UK economy.

**Dr Neil Hudson** (Epping Forest) (Con): It has been interesting listening to the statement on growing the UK economy, when everything the Labour Government have done so far is having the exact reverse effect. In Epping Forest, businesses and vital services are talking about job losses and a freeze in recruitment due to the jobs tax, while across the country, family farms and businesses are worried about their futures, with the Government's heartless inheritance tax policies, children are having to move school and some independent schools are having to close due to the punitive school fees policy. When will this Government admit they have got things wrong and, for the sake of opportunity and growth, reverse their ill-judged policies?

**Darren Jones:** Just to reassure the hon. Gentleman, I will point to three things he may wish to look at: in its long-term forecast, the OBR forecasted growth increasing in this country, unlike what he has said; the International Monetary Fund has just upgraded the growth projections for the UK; and PwC just released a report showing that for the first time ever, the UK is the second most investable country in the world. I hope the hon. Gentleman welcomes those things.

**Laurence Turner** (Birmingham Northfield) (Lab): Almost a decade ago, I had the interesting experience of working for the Labour party on aviation policy and, on Heathrow, the fundamentals have not changed. The exhaustion of that sovereign hub capacity is offshoring our emissions and is a stopper on growth in every part of the country. Does the Chief Secretary agree that this decision is long overdue? In respect of comments from those on the

Opposition Front Bench, will the Chief Secretary also confirm that in the two months since the Budget, redundancies as notified by employers are down by 20% compared with the same period under the previous Conservative Government?

**Darren Jones:** Well, I thank my hon. Friend for coming to the House today to inform us of those interesting statistics—I am sure Opposition Members are listening closely. He is right: behind the support for the plans for Heathrow coming forward is not only that we think that we are losing investment and jobs to other countries, but that we are offshoring the emissions of goods being brought in from around the world via other places before they come the UK by other means. That is why we think this plan is good for the country but can also be in line with our net zero commitments. As I say, those details will be set out further in due course.

**Ben Lake** (Ceredigion Preseli) (PC): It was heartening to hear the Chief Secretary talk about the importance of inclusive growth in every nation and region of the United Kingdom, and that regional growth will be hardwired into the comprehensive spending review and the Government's infrastructure plans. However, he will be aware that such promises have previously been made to areas such as Ceredigion Preseli, but remain unfulfilled. Will the Chief Secretary therefore explain what investment the people of mid and west Wales can expect to see under his Government's plans?

**Darren Jones:** I thank the hon. Gentleman for his question and his campaigning on behalf of his constituents. As I am sure he will have seen, the Government recently announced hundreds of millions of pounds of inward investment for skills in the green economy in his side of Wales, in Pembrokeshire, where there is enormous potential both for onshore and offshore wind development, and training people to be able to build those bits of infrastructure. That was the first of what I am sure will be many announcements to benefit his constituents.

**Several hon. Members rose—**

**Madam Deputy Speaker (Ms Nusrat Ghani):** Order. If Members' questions are short and if the answers are to the point, I will do my best to get everybody in. To show us how it is done, I invite Kanishka Narayan.

**Kanishka Narayan** (Vale of Glamorgan) (Lab): Harold Wilson said:

"The only human institution which rejects progress is the cemetery."

Today, we can add to that the Tory party. Will the Chief Secretary ditch that Tory past, seize the spirit of Wilson and bring the white heat of technology back to Britain's shores, including an AI growth zone in the Vale of Glamorgan?

**Darren Jones:** Pithy, Madam Deputy Speaker! Yes, I completely endorse my hon. Friend's question. He knows very well that in the technology space there are huge opportunities for investment in the UK. Our AI investment zone announcement will be the first of many such announcements in the years ahead.

**Blake Stephenson** (Mid Bedfordshire) (Con): I thank my constituency neighbour, the hon. Member for Bedford (Mohammad Yasin), for campaigning so tirelessly to

bring Universal Studios to my constituency. Constituents in Mid Bedfordshire and across the country will be surprised not to hear the Government back Universal Studios. Will the Minister confirm when he intends to conclude negotiations with Universal Studios and come back to the House with an update?

**Darren Jones:** I am afraid I cannot give the hon. Gentleman a date, because negotiations are, as he will know, ongoing. They are ongoing, but I am hopeful that we will be able to come back shortly with updates to show that we are able to deliver deals much faster than his party, when it was last in government.

**Jim Dickson** (Dartford) (Lab): I thank Ministers, on behalf of Dartford residents, for the announcement from the Chancellor this morning that the lower Thames crossing is getting the green light from the Government. That will unlock growth across the UK economy, the Thames estuary and Kent itself, as well as relieving the misery Dartford residents currently experience at the Dartford crossing. Is the Chief Secretary to the Treasury able to update residents on what work the Treasury is doing to pull the private finance package together to make it a reality?

**Darren Jones:** I support my hon. Friend's encouraging words on the Chancellor's announcement on the lower Thames crossing. The Treasury is working with the Department for Transport and the project leaders for the lower Thames crossing, and I suspect we will have more to say in the coming months.

**Mr Adnan Hussain** (Blackburn) (Ind): The Chief Secretary to the Treasury articulates a vision whereby the Government are committed to facilitating business investment, generating jobs and opportunities. However, I would welcome his comments on what the Government are doing to support small businesses which form the backbone of our economy, especially in my constituency where we have over 600 small businesses.

**Darren Jones:** As the hon. Member will know, at the Budget, in our design of the national insurance contribution scheme for employers, we protected small businesses to ensure that over 50% of businesses will pay either the same as they did before or less than they did before in employer national insurance contributions. That is in addition to a permanent discount on business rates for retail businesses on the high street, many of whom will be small businesses of the nature he refers to in his question.

**Alan Gemmell** (Central Ayrshire) (Lab): Does my right hon. Friend agree that today's announcement on Heathrow sends a serious signal to international investors, trading partners and Scottish exporters—for example, many tens of thousands of tonnes of Scottish salmon go through Heathrow every year—that the Government will choose growth? Does he agree that, unlike the Conservative party and the gloom and doom from the SNP, we will bring growth to the Scottish economy?

**Darren Jones:** I absolutely agree with my hon. Friend. This is a Government who are willing to act in the interests of the UK economy. Investors around the world are taking note, as the Chancellor heard at Davos. They know that Britain is back, Britain wants to build and we are here to do business.

**Jim Shannon** (Strangford) (DUP): I thank the Chief Secretary to the Treasury for his truly encouraging statement. I would be churlish to say anything other than well done. However, as he will know, we have an issue in Northern Ireland. Economic output increased in Northern Ireland by 8.1% above 2019 pre-pandemic levels, but we are not yet close to our potential. An important factor in business growth is confidence. However, there is an obstacle. Will he outline how businesses in Northern Ireland can be confident, when we are still entangled in the protocol-supplied red tape that prevents good deals and hampers small and medium-sized businesses throughout the Province?

**Darren Jones:** We share the hon. Member's ambition for the Northern Ireland economy and the people of Northern Ireland. We continue to work with them to unleash that potential. In respect of our trading relationship with the EU, Ministers are in active discussions right now.

**Mr Bayo Alaba** (Southend East and Rochford) (Lab): I had the pleasure of welcoming the Minister to my constituency at the weekend. Will he outline how the national wealth fund will establish partnerships in regions such as Essex, including in my constituency?

**Darren Jones:** I thank my hon. Friend. As he has seen from announcements today, but also from our ambition for the country more generally, we are on the hunt for growth opportunities, wherever they may be. We worked in partnership with business investors to unleash their potential to generate great jobs, businesses and innovations for UK plc in every region of the nation. I look forward to working with him and his friends in the region to ensure that that comes to his constituency too.

**Josh Simons** (Makerfield) (Lab): I was proud to set up the Labour growth group, now ably chaired by colleagues, to demonstrate that we on the Labour Benches are the party of builders, not blockers. I was struck to hear the Leader of the Opposition say it herself today: she said, almost mockingly, that the Conservatives could have taken all the decisions the Chancellor made today, but they did not. Does the Chief Secretary to the Treasury agree that that about sums it up? In the end, they always put their party management before the national interest.

**Darren Jones:** I thank my hon. Friend for his leadership of the Labour growth group, which shows that from the Back Benches all the way through to the Front Bench, this Labour party in government is committed to stimulating growth in the economy in the interests of working people, unlike the Conservative party which just argued with itself for years and failed the people.

**Chris McDonald** (Stockton North) (Lab): Yesterday evening, I had the privilege of meeting some leaders of our ceramics industry, a vital sector that was grossly neglected by the previous Conservative Government. Does my right hon. Friend agree that our heavy industries, such as metals and chemicals, are where the UK has a competitive advantage, can attract international investment, and can deliver the growth in jobs that people voted for in places from Stoke to Stockton?



**Darren Jones:** Those sectors are important not just for UK plc, but for communities such as my hon. Friend's. It is right that we support those businesses and the workers in those industries to develop opportunities to grow and invest, as well as to work through the transition required to ensure that they are sustainable for the future. That is exactly what the Government will be doing.

**Joe Morris (Hexham) (Lab):** For 14 years the Conservatives ignored the economic needs of communities across the Hexham constituency, including the Tyne valley. Businesses and young people in my constituency are desperate to grow, invest and remain there. Will my right hon. Friend agree to come to my constituency and meet businesses to see the growth opportunities in the Tyne valley?

**Darren Jones:** I have a growing list of invitations, Madam Deputy Speaker. I look forward, if my diary manager allows me, to going to my hon. Friend's constituency. He will know that the transport connectivity and the house building targets in our plan for growth are crucial to ensuring that people are able to seize opportunities where they are from, without necessarily having to leave where they are from and find opportunities elsewhere in the country. That is what inclusive growth looks like.

**Dr Lauren Sullivan (Gravesham) (Lab):** Will the Chief Secretary to the Treasury please confirm that the development consent order has not yet been granted for the lower Thames crossing, and that it will not necessarily go ahead without mitigations and protections for the residents in Gravesham, such as on local air quality issues, skills and training hubs in Gravesham, free and discounted travel for Gravesham residents, and the impact on the local roads? Will those issues absolutely be considered going forward, and will he meet me to discuss them?

**Darren Jones:** I would be delighted to meet my hon. Friend, who is doing a brilliant job, as the local MP, to ensure that these projects are done properly. I can confirm that, of course, all appropriate processes, including on the development consent order, will be undertaken in due course.

**Sarah Coombes (West Bromwich) (Lab):** The Minister and the Chancellor are absolutely right that more growth means more pounds in people's pockets, which is exactly what we were elected to deliver and what the Conservatives failed to do for years and years. The west midlands is a car manufacturing heartland and I was delighted about the big investment today in electric vehicle infrastructure. Will the Minister say more about how it will be great for EVs, great for the green transition and brilliant for the people of the west midlands?

**Darren Jones:** I thank my hon. Friend for her excellent question and for highlighting the important role the west midlands plays in our important automotive sector. As the House knows, we want to transition over time to electric vehicles. That means investing in jobs, skills, industrial capacity and, crucially, bringing down the cost of EVs, including the charging infrastructure that people rely on. That is what our announcement today will help to do.

**Sam Carling (North West Cambridgeshire) (Lab):** I welcome the Government's announcements today, in particular on the Oxford-Cambridge growth corridor. Cambridgeshire and Peterborough are an economic powerhouse for our country. What we often find is that spin-out businesses from Cambridge look to move to Peterborough as they grow, because of our expertise in advanced manufacturing and logistics. Does the Chief Secretary agree that, with the benefits the growth corridor will bring, it is also vital that we bring in the expertise from Peterborough and utilise the increased transport connectivity to do that?

**Darren Jones:** I thank my hon. Friend, who is absolutely right. The growth corridor is an important enabler not just for developments along the railway, but for the whole region, as we see from other countries that get such projects right—for example, the Chancellor referred to silicon valley—where the opportunities for the broader region are made available. I am sure they will be available to the people of Peterborough, too.

**Emma Foody (Cramlington and Killingworth) (Lab/Co-op):** Newcastle International airport, located both in my constituency and in that of my hon. Friend the Member for Hexham (Joe Morris), is crucial for connecting businesses and people in the north-east to the rest of the world, often by flying via other hub airports. Does the Minister agree that increased capacity at Heathrow will provide vital opportunities for the north-east, boosting economic growth for the entire country? And while he is visiting the Tyne valley, if he wants to pop over and see what was recently awarded the title of the world's best airport, we would give him a great welcome.

**Darren Jones:** I congratulate my hon. Friend on her airport and look forward to seeing it in due course. The premise of her question is entirely right: if businesses are to export, they need to be able to send their goods, and if they cannot get slots at Heathrow to enable those goods to be distributed around the world, they will just not be able to do business. This Government will unlock that opportunity for them, and I look forward to the potential that it will bring to her constituency and the region.

**Tristan Osborne (Chatham and Aylesford) (Lab):** Is it not the case that this Government have, to coin a phrase, a "build, baby, build" approach—as, indeed, has been confirmed by my right hon. Friend—unlike the blockers on the opposite Benches? Can my right hon. Friend also confirm that there is an active private sector interest in the lower Thames crossing, and will he give us a timetable for its progress as soon as possible for the benefit of those living in Kent and Essex?

**Darren Jones:** I have to confess that "build, baby, build" was not included in the "lines to take" this morning, but perhaps it is now.

My hon. Friend asked about private capital. We know that there is an enormous amount of interest in investing in the UK, so long as we can show that we can deliver and get things done, and we are working actively with partners to do just that. More details will be confirmed in the spending review and the infrastructure strategy early in June.



**Ms Polly Billington** (East Thanet) (Lab): I welcome the statement and congratulate my right hon. Friend on it, but may I ask him for some reassurance? When we are looking at strategies for logistics, will we consider the importance of our ports, adopt a proper national strategy for making the most of them, and ensure that our coastal communities can be part of that growth strategy and that our economy is rebalanced towards those communities?

**Darren Jones:** My hon. Friend is absolutely right; our ports play a really important role in the UK economy—I declare an interest in respect of my own constituency. She will, I am sure, have welcomed initial Government investment in our ports, not just for trade and logistics but for our ability to deliver infrastructure—for example, in floating offshore wind. I know that the Government have more plans in this area, and more announcements will be made soon.

**Laura Kyrke-Smith** (Aylesbury) (Lab): I was very pleased to hear about the ambitions for the Oxford-Cambridge growth corridor, which will create great opportunities for my constituents. I was particularly pleased to note the emphasis on infrastructure, including the East-West Rail link, and I would love to see a rail link from Aylesbury to Milton Keynes and on to East West Rail in due course. Does the Chief Secretary agree that good transport infrastructure of this kind is critical to growing our economy?

**Darren Jones:** My hon. Friend is absolutely right; both mass transit within city regions and intercity connectivity link people with jobs and opportunities, which is why it is a crucial part of our growth mission. We will give further details later this year of how we will unlock investment in the sector and provide jobs for people throughout the country.

**Gregor Poynton** (Livingston) (Lab): For too long we have been held back by the Conservatives' dither, delay and indecision over Heathrow expansion. A third runway will strengthen Heathrow's hub status and make it easier for Scots to connect to the world and bring tourists to our shores. Increased connectivity will also make it easier for Scottish exporters of world-class products such as Aberdeen Angus beef, Orkney seafood and Glenmorangie and Ardbeg whisky—bottled in my constituency—to grow their businesses. Does the Chief Secretary agree that what has been announced today will be significant for my Livingston constituents, as well as growing our economy right across the United Kingdom?

**Darren Jones:** My hon. Friend makes an excellent case for the positive impacts that this will have on the Scottish economy and the important role that it plays in our United Kingdom economy in respect of growth across every nation and region. It is a nice contrast,

might I say, with voices opposite that were talking down the potential for Scotland—unlike this Government, who are delivering the potential for Scotland.

**Alison Hume** (Scarborough and Whitby) (Lab): The manufacturer Alexander Dennis proudly builds innovative British electric buses in Scarborough—I think this might be a case of a “build, baby, build British buses.” Does the Chief Secretary agree that British manufacturing and buying British goods are key to our economic growth?

**Darren Jones:** My hon. Friend is right, and she is a great advocate for businesses in her constituency. She will know that Mayors in the UK, for example, have committed themselves to buying electric buses from British manufacturers, and we will be working with mayoral authorities in the years ahead to ensure that we can do more of that, not less.

**Mark Ferguson** (Gateshead Central and Whickham) (Lab): It is good to hear the Chief Secretary and the Chancellor talk about removing barriers to growth, but in Gateshead we have a literal barrier to growth: 400 tonnes of concrete in the Gateshead flyover, which is currently closed because it is unsafe. As yet the money to replace this has not been forthcoming, even though it would unlock housing and the redevelopment of Gateshead's town centre. Can the Chief Secretary assure me that projects of this kind, in Gateshead and across the country, will be prioritised as a way of unlocking further growth in the economy?

**Darren Jones:** I thank my hon. Friend for raising that case. Let me encourage him to write to the Transport Secretary and copy me into his correspondence, so that we can look at the details and consider it further.

**Mr Luke Charters** (York Outer) (Lab): Officials told the Public Accounts Committee on Monday that nutrient neutrality rules were blocking the creation of new prison spaces, and the same rules are blocking the building of 150,000 homes. Will the Chief Secretary commit to speeding up the Government's review of those rules?

**Darren Jones:** I thank my hon. Friend for his question and congratulate him on his upcoming paternity leave. He knows that the Government are committed to protecting the environment but also to cutting red tape. We have shown that that can be done in a win-win way, through the nature fund announced by the Environment Secretary recently. We will be doing further work on this issue in the coming months to ensure that we can deliver for Britain and for the natural economy.

**Madam Deputy Speaker (Ms Nusrat Ghani):** The Chief Secretary has been on his feet for nearly an hour and a half. He has a long visit list, and obviously he will want to visit Sussex Weald first and foremost.

## Point of Order

1.55 pm

**Mr Richard Holden** (Basildon and Billericay) (Con): On a point of order, Madam Deputy Speaker. Yesterday, during Justice questions, the Prime Minister's Parliamentary Private Secretary, the hon. Member for Blaydon and Consett (Liz Twist), raised the subject of the Government's response to the horrific attacks in Southport. The Government's response was led by the Prime Minister at the time. May I seek your guidance on the question of PPSs of Prime Ministers and other Ministers raising issues that correspond directly with their Ministers' areas of competence, and on what I can do to ensure that the Speaker's Office provides further clarity for PPSs so that they do not inadvertently speak in the House about issues that they should not be raising? In this case in particular, given that the Prime Minister had faced particular criticism, some Members may have felt that his own PPS was trying to talk up his record in response to the situation.

**Madam Deputy Speaker (Ms Nusrat Ghani)**: I thank the right hon. Member for giving advance notice to the hon. Member for Blaydon and Consett and to the Chair that he wished to raise this matter about the ministerial code. He should note, however, that this is not a matter for the Chair.

## Pavement Parking

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

1.56 pm

**Marsha De Cordova** (Battersea) (Lab): I beg to move,

That leave be given to bring in a Bill to amend the law relating to parking on verges and footways in England outside of Greater London and in Wales.

The Bill would give local authorities power to enforce against anti-social and hazardous pavement parking, and associated powers to enforce against obstructive parking of rental micromobility devices, including e-scooters and e-bikes.

Across much of the country, cars blocking pavements are one of the most common problems faced by pedestrians. Pavement parking can be especially dangerous for wheelchair users and those using other mobility devices, people with pushchairs and young children, and people with sight loss, like me, who can be forced into the road with traffic that they cannot see. Helen, a guide dog owner, described the impact of pavement parking when she came to Parliament to speak on the issue at the end of last year:

"My life hinges on my ability to trust in the safety of my surroundings, but when pavement parking obstructs the path, it robs me of my independence, confidence, and my trust in the world around me. Each time my trusted path is blocked, I lose a little more of my autonomy."

Helen is not alone. According to research conducted by the charity Guide Dogs, four out of five blind or partially sighted people said that pavement parking made it difficult to walk on the pavement at least once a week, and nearly 95% of people living with sight loss have been forced to walk in the road owing to vehicles parked on pavements. That number rose to 99% for wheelchair or mobility scooter users.

As well as causing an obstruction, cars parked on pavements damage the surface, creating trip hazards, and one in five people with sight loss said they had been injured as a result. However, it does not have to be this way. In London, a law prohibiting pavement parking has been in place since 1974. Progress has also been made in Scotland, where the Transport (Scotland) Act 2019 enabled local councils to enforce against pavement parking. So while progress has been made in some parts of the country, in many others pavement parking continues.

My constituent Kimberley spoke of the contrast when travelling outside London:

"I don't encounter much pavement parking in London... But when I visit family elsewhere it is a different story. People park everywhere, and don't leave enough space for me, my guide dog and my young son to pass. It means we have to step out into busy roads...I have to concentrate to make sure none of us gets run over."

While we should commend the progress made on pavement parking in London, increasingly we are seeing abandoned rental e-scooters and e-bikes obstructing pavements. That remains a problem in my constituency. This Bill would increase the power of local authorities to introduce penalties for operators and riders of e-bikes and e-scooters left on pavements. It would replicate the existing offence of parking heavy goods vehicles on pavements or kerbs, and extend it to all motor vehicles. Civil enforcement officers could actually enforce that.

Although it has long been a specific offence to drive on pavements outside London and Scotland, it is not a specific offence to park on pavements in most circumstances. That is reflected in highway code rule 244, which states:

“You MUST NOT park partially or wholly on the pavement in London, and should not do so elsewhere unless signs permit it.”

Civil traffic enforcement is possible in some limited cases, such as for parking over dropped kerbs or adjacent to double yellow lines, but in most cases local traffic wardens do not actually have powers to act. Councils can use traffic regulation orders or install physical barriers to prevent pavement parking, but TROs are not designed to be used to cover wide areas and require considerable signage and street markings, making their widespread use expensive.

In some cases, cars blocking pavements can be considered an obstruction under the Highways Act 1980. However, as this is a criminal offence, it can be enforced only by police. Given the lack of a clear definition of what constitutes an obstruction, and the lack of police resources, relying on police enforcement has not proven effective. There is a clear need for a law that brings the rest of England in line with London and Scotland. Councils need to be empowered to take action, as they know their areas best. This Bill would give them the flexibility to create limited exemptions in response to consultation with their local communities.

A change in the law has widespread support, including from over 65% of the public and 74% of councillors in England. Sustrans, Guide Dogs, Living Streets, Transport for All, the Royal National Institute of Blind People and the Thomas Pocklington Trust all support a new law. This morning, I was delighted to join a group of campaigners in supporting an open letter, signed by almost 20,000 people, that urges party leaders to support a change in the law.

This is not a new debate; indeed, the measures introduced in London in 1974 were originally intended to apply to the rest of the country. In 2020, the then Conservative

Government consulted on tackling pavement parking. That consultation considered a range of options, but today marks 1,530 days since it closed. Indeed, on 8 February last year, I called on the then Government to get on and publish their response.

I welcome the Roads Minister's commitment that this Government are looking at all options and will come forward with a response to the consultation in due course, and I look forward to working with her on that. I understand that she is due to meet some of the charities and groups campaigning on this issue, and I know that they hope to speak to her before any final decisions are made. I also welcome the references to pavement parking in the White Paper on the English devolution Bill, and the consideration of licensing for micro-mobility devices. However, there needs to be an explicit commitment, and a clear timetable, to address these problems.

The Government are rightly committed to delivering record investment in infrastructure and transport projects, but it is important that we get the fundamentals right and make sure that our streets are safe for everyone. Pavement parking prevents many people from living their lives, working, socialising, taking their children to school or getting to a vital appointment, and that has to change. We have clear evidence that laws like this can and do work, and I urge the House to support this Bill.

*Question put and agreed to.*

*Ordered,*

That Marsha De Cordova, Kate Osamor, Steve Darling, Jim Shannon, Daniel Francis, Shockat Adam, Martin Vickers, Dr Scott Arthur, Jen Craft, Florence Eshalomi, Rosie Duffield and Dr Rosena Allin-Khan present the Bill.

Marsha De Cordova accordingly presented the Bill.

*Bill read the First time; to be read a Second time on Friday 16 May, and to be printed (Bill 170).*



## Arbitration Bill [Lords]

### Second Reading

2.6 pm

**The Parliamentary Under-Secretary of State for Justice (Sir Nicholas Dakin):** I beg to move, That the Bill be now read a Second time.

I am pleased to be opening this Second Reading debate on the Government's Arbitration Bill. This legislation is a direct response to recommendations made by the Law Commission of England and Wales in its report on arbitral reform, published in September 2023. If enacted, the Bill will make targeted reforms to the Arbitration Act 1996, which governs arbitration in England, Wales and Northern Ireland. Scotland has its own devolved arbitral framework under the Arbitration (Scotland) Act 2010, which this Bill will not affect.

Arbitration is a major area of business activity. For example, the Chartered Institute of Arbitrators, headquartered in London, has more than 17,000 members across 149 countries. As the House will know, arbitration is greatly valued by individuals and businesses alike as an alternative to going to court, giving parties the ability to appoint a private tribunal to resolve disputes by issuing a binding and enforceable award. For example, when parties enter into a commercial contract, it is common to find a clause that provides that any disputes will be resolved through arbitration in this great capital city of London, rather than through litigation in court. That is often true even where a contract has no other connection to the UK, such is the prestige of arbitration here. Furthermore, thanks to an international convention commonly called the New York convention, which dates from 1958, arbitration awards made in the UK can be enforced anywhere in the world. Studies suggest that such enforcement is often faster and more reliable than seeking to enforce court judgments.

The New York convention may date from 1958, but arbitration has been a feature of our justice system for centuries. Arbitration was a common way of settling disputes back in Anglo-Saxon times. It was largely a public affair, with enforcement through community pressure. By Norman times, parties could choose their arbitrator, someone known to both sides and well placed to facilitate a reconciliation. In the 14th century—[*Interruption.*] The Opposition spokesman, the hon. Member for Bexhill and Battle (Dr Mullan), is enjoying my little canter through the historical background, which I am sure the massed attendance this afternoon is also enjoying. In the 14th century, the mayor and aldermen of London set up, in effect, an arbitration centre here in this great city. This also provided services to foreign traders whose disputes had no other connection to England. Arbitration then grew in Elizabethan times, and by the mid-18th century arbitration clauses were very common, as were professional arbitrators.

It is said that our first arbitration Act, the Arbitration Act 1698, was single-handedly drafted by the famous political philosopher John Locke after he had been tasked by the then Board of Trade to devise a scheme that would help merchants to reach a satisfactory settlement of their disputes. John Locke's arbitral framework fitted on one or two sides of paper, which is a real achievement, is it not? If only we could emulate that today, but things have got more complicated and therefore more precise.

Arbitration has come a long way since then, though we salute John Locke and his efforts in setting us on this journey.

Today, arbitration happens in a very wide range of settings, from rent reviews through commodity trades and shipping to international commercial contracts and investor claims against states. In each instance, it enables parties to resolve the dispute at hand and move on from it. The parties can choose a neutral venue to resolve their dispute. They can choose trusted arbitrators or arbitral institutions to preside over the proceedings. I add with emphasis that some of the world's leading trade and arbitral institutions are headquartered here in London. I may have mentioned that before, but we need to be proud of it. They range from the aforementioned Chartered Institute of Arbitrators and the London Court of International Arbitration to important specialist organisations concerned with matters such as shipping and trade in grains, oils and sugars.

Parties can tailor the arbitration process to their own needs, which results in an award that is internationally enforceable. At the same time, the process is respected for its integrity—at least, that is the position here in the UK, thanks in large measure to the regulation of arbitration through the Arbitration Act 1996. The Act ensures that arbitration is conducted in a way that is impartial, fair and without unnecessary cost and delay. The English courts, which command much respect worldwide, retain a supervisory jurisdiction.

Building on its extensive history of arbitration, and thanks to its legislative framework, London has become the world's leading destination for international arbitration. It is highly respected as a neutral venue for resolving disputes across the world, something in which we all rightly take immense pride. In fact, the Law Commission estimates that at least 5,000 arbitrations take place in England and Wales each year, directly contributing at least £2.5 billion a year to our economy in fees alone. So arbitration and the Bill are part of our growth agenda for our great country. However, as arbitration is a largely private affair, we may speculate that its direct value is likely to be even greater than that £2.5 billion.

Arbitration is also an important offering in our country's international business package, one that includes legal services, banking, insurance and trade. It is a great advantage of our jurisdiction that business can be done here in the knowledge that when legal disputes arise, they can be resolved swiftly and fairly. We enjoy a worldwide reputation for the quality, independence and ethics of our legal professions. It is therefore no surprise that arbitration here in London is a showcase for that, or that it is very much in demand.

Given that the Arbitration Act 1996 is approaching 30 years of age, the previous Government rightly asked the Law Commission to undertake a thorough review of the legislation back in 2021. It was tasked with determining whether the 1996 Act required amendment to reflect modern practices and maintain its effectiveness in a growing global market when competing jurisdictions had already updated their own arbitral frameworks. The Law Commission was painstaking in its review, carrying out the commission given to it by the previous Government, and I pay tribute to the members of the Law Commission for their painstaking work on this matter, from which we all benefit.

An initial consultation paper was published in September 2022. It laid out the Law Commission's analysis of the law as it stood and proposed a small number of areas for reform. That consultation received responses from abroad and from an expert base of consultees including individual practitioners, academics, specialist bodies and international firms and institutions, as well as from our judiciary. Taking this feedback on board, the Law Commission refined its proposals and published a second consultation paper in March 2023. After yet another round of engagement, final proposals and a draft Bill were published in September 2023.

As I said, this process has been painstaking and thorough, and we need to credit everybody involved, including the Conservatives for their leadership of the process during that time. It is a testament to the longevity and flexibility of our arbitral framework that only targeted updates were recommended, with the Law Commission concluding that while some modernisation of the 1996 Act was needed and desirable, root and branch reform was not. And it is testament to the Law Commission's thorough consultation that the Bill commands such support in the arbitral and legal sectors.

I cannot resist adding that the work has been watched carefully by our competitor jurisdictions abroad. The Law Commission's report was cited by the Singapore court of its own initiative, and in the last few months, seeing the positive developments here, France has announced a need to review its own arbitration laws. We lead the way, and this Bill will ensure that we stay ahead.

As hon. and right hon. Members will be aware, the previous Government introduced an Arbitration Bill in 2023 that also sought to implement the Law Commission's recommendations. That Bill had made its way through Committee in the other place when Parliament was dissolved for the general election. The legal sector was emphatic in expressing the view that the proposed reforms are vital for updating the arbitral framework and making sure that our jurisdiction remains competitive.

We are first in global class on arbitration, and this Bill will ensure that we stay first in global class. The Government agree wholeheartedly with the legal sector's view, not least because of our commitment to fostering economic growth in our country. As such, this Bill was introduced in the other place at the very earliest opportunity in July 2024, as one of the first acts of this Government after the general election. I am pleased to see the Bill finally arrive in this House, as I am sure you are, Madam Deputy Speaker.

It is worth saying that the 1996 Act boasts some key strengths. It provides flexible procedures that allow parties to shape proceedings to best suit them. Parties can, for example, arbitrate their dispute with one of our jurisdiction's many world-leading arbitral institutions, which have developed procedures that parties trust will deliver a fair and timely outcome.

Our current framework also permits effective recourse to our courts, where needed. Parties can request that our courts determine a preliminary matter in the arbitration, such as jurisdiction, or later challenge an award produced by arbitration. Arbitrators can similarly apply to the courts to assist their proceedings, such as by enforcing their orders. At the same time, the regime of court support is carefully balanced to prevent parties from dragging their feet and re-litigating cases. This gives parties huge confidence that arbitrations taking place in our jurisdiction are both efficient and fair.

Many of this Bill's reforms are designed to build on the strengths of the 1996 Act. I will now go through the key clauses, because I can tell that Members are deeply interested in checking through the detail so that, should we move to a vote, we know exactly what we are voting on.

**Dr Kieran Mullan** (Bexhill and Battle) (Con): Quite right.

**Sir Nicholas Dakin:** I am pleased to see the Opposition spokesman give me a willing eye of encouragement, for which I am duly grateful.

I start at the beginning. Clause 1 will make it much simpler to determine what law applies to an arbitration agreement. Currently, the rules for identifying the governing law are found in the common law and a recent Supreme Court decision. That decision shows both immense learning and the complexity of the current approach. The Supreme Court was split in its judgment, and its approach was different from that of the Court of Appeal, which used an approach different from that at first instance.

Instead, to make the law clearer and more predictable, clause 1 provides that the governing law will align with the legal location—that is, the seat—of the arbitration by default. This will ensure that arbitrations, where seated in England and Wales and Northern Ireland, will be fully supported by our law, which is among the most supportive of arbitration globally.

Clause 2 codifies a duty for arbitrators to disclose circumstances that may cause doubts as to their impartiality. This will codify the common law and align domestic law with international best practice, such as the United Nations Commission on International Trade Law model law, which our expert lawyers had a major hand in drafting. The model law's influence can be found in other jurisdictions as far apart as Scotland and Switzerland. It will promote trust in arbitration by promoting trust in the integrity and impartiality of arbitrators.

Clause 3 and, in the interest of briskness, clause 4 will support arbitrators in making impartial and proper decisions by extending their immunity against liability when they resign for good reason or are removed for no fault of their own. This will support arbitrators to make robust and impartial decisions without fear.

Clause 5 clarifies the two pathways for a party that wants to challenge the jurisdiction of the arbitrators—that wants to question whether the dispute should be arbitrated at all. The party can either apply to the court for an early ruling, or it can wait until the award is issued and then go to court. Clause 5 clarifies that it cannot do both. It is either/or.

Clause 6 ensures that, where arbitrators agree that they should not be hearing a dispute after all, they can still award the costs incurred up to that point against the party that generated those costs.

Clause 7 will allow arbitrators to adopt expedited procedures to dispense with issues that have no real prospect of success. This aligns with summary judgments available in court proceedings and will make arbitrations more efficient.

We move seamlessly to clause 8, which will help emergency arbitrators. Emergency arbitrators are appointed on a temporary basis while a full tribunal is being

[Sir Nicholas Dakin]

established—that process can sometimes take weeks. They are, therefore, very important to arbitrations. They are often tasked with vital preliminary matters, such as preserving evidence or assets, and are important to ensuring that arbitrations can proceed smoothly. As the practice of emergency arbitrators post-dates the 1996 Act, our framework did not make explicit provision for them, so looking again gives us an opportunity to examine their role.

Clause 8 empowers emergency arbitrators to handle urgent matters better and ensure compliance with their directions by equipping them with final orders and court enforcement. That will give emergency arbitrators the same pathways to enforce their orders as other arbitrators, and will enhance their effectiveness.

Clause 9 provides that court orders made in support of arbitral proceedings can be made against third parties, which aligns with the position in court proceedings. For example, it would enable a party to arbitration to get an order freezing assets held by a third party, such as a bank.

Clause 10 ensures that when a party challenges an arbitral award at court, the court has the full range of remedies available, regardless of the pathway. This clause irons out discrepancies that courts and practitioners have otherwise sought to work around.

Clause 11 provides more efficient court challenges to the tribunals jurisdiction through rules of court that would prohibit repeating evidence and arguments already debated in front of the tribunal. That will avoid such challenges becoming full re-hearings, reducing costs and delays.

I can deal with clause 12 pretty quickly, you will be pleased to know, Madam Deputy Speaker. Clause 12 ensures that the time limit for challenging awards is consistent across the Act.

Clause 13 corrects a rare example of a drafting error. What the Act meant to say was that court orders could be appealed, but in some cases there would be restrictions. What it actually said was that court orders could be appealed only where there were restrictions. To its credit, the Judicial Committee of the House of Lords spotted this error and interpreted the statute as it was meant to be read. We have taken this opportunity to correct the drafting to reflect the judicial ruling, as a useful bit of tidying up.

Clause 14 streamlines the requirements for applying to court to obtain preliminary rulings from the court on questions of law, or on whether the arbitrators have jurisdiction to hear the dispute. Early rulings, such as those from expert judges, can save time and cost.

I am getting towards the end of going through the clauses. In fact, I have come to the last and final clause that I wish to comment upon, clause 15, as you had probably worked out, Madam Deputy Speaker, because that usually comes after clause 14. [Laughter.] There is no clause 16, so clause 15 is the final clause.<sup>1</sup> Clause 15 repeals provisions that were never brought into force, simply to tidy up the Act. Those provisions would have meant slight differences in approach between domestic arbitrations and international arbitrations. In the event, they were never used or needed, never brought into force and there remains no demand for them. Our

arbitration law is first class and applies equally to domestic and international arbitrations, so removing the provisions is a helpful way to tidy things up.

In sum, the Bill will greatly approve the arbitral process in our jurisdiction and further cement our position as a top global business destination, where legal disputes can be resolved fairly and quickly. The Bill has already gone through the other place, where it received considerable examination and support from noble and learned Members, including many experienced arbitrators. There are, apparently, a lot of experienced arbitrators in the other place, and they brought their knowledge, experience and expertise to the debate, for which we are very grateful.

Indeed, I emphasise that the Bill has been reviewed by Members of the other place not once, but twice. The first time, scrutiny was provided by a Committee, led by the noble and learned Lord Thomas of Cwmgiedd, that took further evidence from expert stakeholders. The several technical improvements made to the previous Bill because of that work are retained in this Bill. This time, the Bill was reviewed on the Floor of the other place, where the Government amended clause 13 to fix a long-standing error in our framework on arbitral appeals.

I have been quite thorough in covering the ground. I hope all Members feel they have got a good understanding of the issues behind the Bill and why we need to take the steps that I am urging the whole House to take.

To conclude, I second the remarks made by Lord Thomas on Third Reading:

“We must find a means of doing this very rapidly, as we must keep English law—I say English law deliberately—attractive and at the forefront of use internationally, for the benefit of our whole economy.”

—[Official Report, House of Lords, 6 November 2024; Vol. 840, c. 1499.]

I hope the House agrees, and will give the Bill a Second Reading.

**Madam Deputy Speaker (Ms Nusrat Ghani):** A tour de force. I call the shadow Minister.

2.36 pm

**Dr Kieran Mullan** (Bexhill and Battle) (Con): I rise on behalf of the Opposition to support the Second Reading of the Arbitration Bill. As the Minister has laid out, arbitration is a cornerstone of the UK's legal and economic landscape, contributing significantly to our reputation as a global hub for dispute resolution. The Bill seeks to amend the Arbitration Act 1996 to ensure our framework remains world leading and fit for purpose in a rapidly evolving global business environment.

Arbitration plays a vital role across both the domestic and international spheres. It is employed in areas ranging from family law and rent reviews to commodity trading, shipping and investor claims against states. With over 5,000 arbitrations conducted annually in England and Wales, the process directly contributes more than £2.5 billion to our economy in arbitrator and legal fees, while also supporting wider sectors, such as banking, insurance and trade. The Minister used the opportunity of this debate to cover quite extensively the long and distinguished history of arbitration in our judicial system.

1.[Official Report, 4 February 2025; Vol. 761, c. 5WC.](Correction)



We all agree that London stands proudly as one of the world's most preferred seats for international arbitration, alongside Singapore. Maintaining this position is no accident. It reflects the strength of our legal system, the confidence of global businesses in our expertise and the robustness of the original 1996 Act. However, as other jurisdictions modernise their arbitration laws, we must ensure that ours remain cutting edge to safeguard our competitive lead.

The previous Conservative Government rightly recognised that need, and in March 2021 tasked the Law Commission to review the Act. I thank all those involved at the Law Commission for their hard and excellent work. After extensive consultation and input from stakeholders, the Law Commission published its final report and a draft Bill in September 2023, identifying targeted reforms to enhance our arbitration framework. A Bill to deliver those reforms was introduced by the Conservative Government in November 2023; I thank the Minister for his acknowledgment of the previous Government's work.

The Bill's progress was interrupted by the general election. The Opposition commend the Government for reintroducing the Bill swiftly in light of the broad support. Observers may have noticed that we have a quiet Chamber today, but in this the world's first debating chamber, the lack of attendance is a reflection of the deep and considered consensus and lack of debate around the need for this important Bill and what it is seeking to achieve.

I thank Lord Bellamy in particular for his contributions as the sponsoring Minister of the original Bill and for his continued and important contributions in the development and improvement of this Bill. I also thank Lord Hacking for his contribution to the debates in the other place, particularly on the issue of corruption. We appreciate such valuable input and agree that that matter warrants further consideration. Even if, ultimately, the need to get the Bill on to the statute book for all the benefits that it brings means that it would not be appropriate to do that through the current legislation, we should continue to monitor and revisit that issue.

The Arbitration Bill introduces a range of reforms designed to improve clarity, efficiency and fairness in arbitration proceedings. Those reforms address practical changes while reinforcing the UK's position as a global leader. I will highlight a few key provisions, as the Minister has explained in detail, which make the Bill significant.

First, the Bill addresses long-standing uncertainties in the legal framework, particularly regarding arbitration agreements where no jurisdiction is specified. By defaulting to the law of the seat of arbitration, the Bill aligns with international norms, thereby enhancing predictability and clarity for parties involved. Secondly, it strengthens the integrity of arbitrators by codifying the duty of impartiality and disclosure. As clarified in the landmark *Halliburton v. Chubb* case, the Bill ensures greater transparency and fosters trust in the arbitration process. Finally, the Bill promotes procedural efficiency. Provisions such as allowing summary awards, recognising emergency arbitrators and streamlining jurisdictional challenges represent vital steps towards making arbitration more accessible and efficient for all stakeholders.

Those are just some of the many commendable provisions in the Bill that aim to modernise the 1996 Act and ensure that arbitration remains an attractive and effective

method of dispute resolution. The Opposition developed the original Bill and support this one to ensure the UK's ongoing leadership in arbitration. However, we remain committed to scrutinising its provisions in Committee to ensure they achieve their intended goals without unintended consequences. I commend the Bill to the House and I look forward to hearing the contribution of the Liberal Democrat spokesperson to the debate.

**Madam Deputy Speaker:** I call the Liberal Democrat spokesperson.

2.41 pm

**Olly Glover** (Didcot and Wantage) (LD): I thank the Minister for his comprehensive history of arbitration in the United Kingdom. It has been a long time since I have considered John Locke, having studied him as part of a history of political thought paper, which feels almost as long ago as the starting point of the Minister's survey.

The Liberal Democrats welcome the reintroduction of the Bill and its wide support across the House. As the Minister said, the Arbitration Act 1996, which governs arbitration in England, Wales and Northern Ireland, is more than 25 years old. As he also said, the Law Commission estimates that there are at least 5,000 arbitrations annually in England and Wales, worth at least £2.5 billion to the economy in arbitrator and legal fees alone. Arbitration is also important in supporting a whole range of business activities, as has been outlined.

An effective legal and dispute resolution process is one of the underpinnings of a successful democratic and trading nation, and something of which the United Kingdom has historically been proud. The Bill will help to maintain that status, based on recommendations from the Law Commission and, as the Minister has said, particularly that of London as one of the great centres of international arbitration. The Bill implements recommendations made in a 2022-23 Law Commission review of arbitration law to support more efficient dispute resolution. The legal sector has widely supported the targeted reforms in the Bill, with positive feedback from public consultations held by the Law Commission.

Two key issues were raised in Committee in the other place, which we are happy to see resolved. The first was on the subject of corruption risk. The Liberal Democrats pressed the Government to provide more information to ensure that confidential arbitration is not abused to hide corruption from public scrutiny. We thank the Minister for detailing the actions being taken by arbitral institutions to militate against the risk of arbitration being misused and we were satisfied with the reassurance given. The second concerns the right of appeal. The Liberal Democrats were glad to support the two amendments tabled by the Government to correct the drafting of clause 13, following concerns that the original clause provided a more limited access to the Court of Appeal than was established in case law.

In conclusion, the Liberal Democrats are pleased to support the Bill. Given some of the other discussions in this House today, we welcome an uncontroversial contribution to the economic growth that this country needs.

**Madam Deputy Speaker:** We now come to the wind-ups. I believe the shadow Minister has a few comments he wishes to make.

2.44 pm

**Dr Mullan:** With the leave of the House, I will speak briefly. I focused my remarks earlier on the Bill, as hon. Members might expect, but I want to take this opportunity, as important matters such as arbitration are before the House and as I have the Minister's attention, to reiterate our thanks to everybody involved both in this Bill and in the previous one, in both Houses. Particularly, we thank Lord Hacking for his work in highlighting other issues.

I encourage the Minister to recognise that, although the Bill is welcomed and will be positive, the Government will need to continue work on some issues: as I mentioned earlier, the interplay between arbitration and corruption; the need for expedited hearings; the role of third party funding; and the authority to mandate mediation between parties. The Minister may not have an immediate response, but I would welcome future work from the Government in those areas.

**Madam Deputy Speaker:** I call the Minister.

2.45 pm

**Sir Nicholas Dakin:** I thank all Members for their contributions. I thank the Conservative spokesperson for recognising, as we do, the work of Lord Bellamy, Lord Hacking and other peers in the other place, as well as everybody who has contributed to where we are today. I also very much welcome what the Liberal Democrats spokesman said on the tackling of issues through the process—that is, giving greater confidence about tackling corruption risk and the issues around the right of appeal. I am grateful for the constructive way in which this debate has been pursued.

The Bill mirrors that of the last Government's, save for two changes, which I will note here for completeness. The first, as I mentioned in my opening speech, was the amendment to clause 13 to better reflect the case law on appeals. The drafting error it fixed was in section 18 of the Senior Courts Act 1981 and in section 35 of its Northern Ireland equivalent, the Judicature (Northern Ireland) Act 1978. That suggested that appeals to the court of appeal under part 1 of the Arbitration Act 1996 would only be permitted if expressly permitted in the 1996 Act. However, case law established that the intended regime for appeals under the 1996 Act was to permit appeals to the Court of Appeal, unless there is provision in the 1996 Act that adds an explicit restriction on those appeals. I hope that deals with that issue.

Clause 13 therefore corrects the drafting error identified in the House of Lords' judgment in *Inco Europe v. First Choice Distribution* and makes it clear that appeals from High Court decisions under part 1 of the Arbitration Act 1996 may, subject to provision in that part, be made to the Court of Appeal. A slight amendment to the long title was also required to reflect that change.

The second change was to clause 1, which we made prior to the Bill's introduction to Parliament. That was to address concerns about the effect on arbitrations between investors and states, in particular those that follow from an open invitation to arbitrate made in a trade agreement or in domestic legislation. The current position is that those arbitrations are governed by international law and foreign domestic law. Sector feedback made clear that that is what should continue. Our change therefore provides that new section 6A(1) of the

Arbitration Act 1996 does not apply to arbitration agreements derived from standing offers to arbitrate contained in treaties or non-UK legislation. [*Interruption.*] Does the hon. Member for North Bedfordshire (Richard Fuller) wish to interject?

**Richard Fuller** (North Bedfordshire) (Con) *indicated dissent.*

**Sir Nicholas Dakin:** I just a pause for a little reflection while I gather my thoughts on the other issues to do with arbitral corruption. I am sure the hon. Member for North Bedfordshire, for whom I have the highest regard, would not want me to skimp on dealing with arbitral corruption, which has been raised by both the speakers in the debate so far.

**Richard Fuller** *indicated assent.*

**Sir Nicholas Dakin:** I am encouraged by his nodding.

We take corruption very seriously. However, we have concluded that arbitral corruption is not caused by any issue with our domestic arbitral framework. The Arbitration Act 1996 and common law already provide remedies to deal with corrupt conduct. The courts are empowered to set aside arbitral awards where there are serious irregularities, as they have done recently in the well-known case of *Nigeria v. P&ID*. Furthermore, arbitrators are under a statutory duty to be impartial and to reach a fair resolution of the dispute. They can issue an award that prevents the corrupt party from benefiting. Although arbitration procedures are often private, corruption can be exposed. Common law allows an exception to confidentiality when disclosure is in the public interest.

However, there is a need for arbitral practitioners and institutions across the world to ensure that their practices are continually developing to weed out attempts to exploit them. We shall support and keep track of initiatives that are under way, such as that of the International Chamber of Commerce's anti-corruption taskforce. We will engage with the sector to adopt the very best practices as they are developed. I hope that that assures the shadow Minister and the hon. Member for Didcot and Wantage (Olly Glover).

I give my sincere thanks to right hon. and hon. Members who have contributed to the debate. It has been a measured and helpful debate, which underscores the broad support for this legislative programme. I am happy to have heard so much support for this Bill, particularly those contributions that emphasise its importance to economic growth. Our legal services are a vital element of our economy both for creating favourable domestic business conditions and for attracting investment in the UK. And this Government will continue to support them.

I re-emphasise that these reforms are very much appreciated. Many businesses will be deciding whether to designate London as their seat of arbitration versus competitors such as Singapore, Hong Kong, Sweden or Dubai, which have updated their arbitral frameworks in recent times. This decision is not just to settle disputes via arbitration now. Arbitration agreements are often pre-emptive, so these businesses will be making a decision as to where and how disputes may be settled many years in the future.

For the past quarter of a century, our Arbitration Act and our law have been a key draw, making our shores the natural choice for arbitration. In 1996, we created a truly world-leading legislative framework, which contributed to London becoming the preferred forum for arbitration proceedings across the globe. We must maintain our leading position and continue to attract businesses to ensure economic growth. It was therefore important that these measures sought only to improve the arbitral process and promote trust in arbitration. It would have been no good had these reforms created red tape—we would not want to see that.

Arbitration must remain a quicker and a more flexible means by which to resolve a legal dispute versus going to court. But also it is key to promote trust in arbitration to ensure that proceedings on our shores remain robust and respected internationally. The Law Commission needs to be commended for doing such a brilliant job—a superb job—reviewing our framework line by line and seeing where improvements can be made. This Bill contains, as I have said, the expertise and wisdom of myriad practitioners, experts, firms, judges and others.

I will, if I may, indulge in sharing some of the supportive quotes from the sector about the Law Commission's work.

**Dr Mullan:** No!

**Sir Nicholas Dakin:** I have only a few. [*Laughter.*] The House would be the poorer for not hearing these quotes—[HON. MEMBERS: “Hear, hear.”] I feel that it is important to share them. More are available, but I will restrict myself to just a few. The Bar Council said:

“We welcome the Law Commission's characteristically careful and balanced review of the Arbitration Act, and we support the proposals for reform which it makes. It is extremely important that the government finds parliamentary time,”—

we are doing that—

“for the short bill which the Law Commission proposes. London has a well-deserved reputation as the foremost centre”—

the foremost centre—

“for international arbitration. It is important to legislate to make the modest changes to the arbitration regime which the Law Commission has recommended in order to maintain and enhance that reputation.”

The Chartered Institute of Arbitrators said that it welcomes

“the proposed changes, the majority of which are in line with our recommendations, which were informed by input from our membership... It is a sign of the Arbitration Act 1996's strength and value that only specific changes to ensure that Act remains current have been recommended as opposed to an overhaul. As well as underpinning the attractiveness and competitiveness of London as an arbitration seat, the Act forms the basis of legislation in many other jurisdictions, lending global significance to this development.”

The Chartered Institute of Arbitrators

“worked closely with the UK Law Commission to inform the review. We support regular review of such legislation to ensure arbitration remains effective, fit for purpose, and a viable means of justice in a modern world.”

White & Case LLP said that

“we expect that the amendments proposed by the Law Commission will promote the efficiency and finality of arbitration proceedings, whilst not unnecessarily introducing drastic reform to existing legislation. The Report therefore is to be welcomed as a positive, incremental step in maintaining London's position as a major centre for international arbitration and dispute resolution more generally.”

The last quote is one of many positive comments that have been received on what we are doing today and on the Law Commission's work. Herbert Smith Freehills LLP said:

“There can be no suggestion that any changes are being made for change's sake. The Law Commission has respected the importance of this legislation and sought only to make changes that are necessary... If enacted into law, they will continue to ensure that the arbitration legislation of England and Wales maintains its market-leading status.”

That is what we all want, Madam Deputy Speaker. We want this Arbitration Bill, which began under the previous Government and was completed under this Government, to maintain our market-leading status. We are determined to do that by working together across this House.

Those are, I assure the House, only a small sample of those who engage with, and support, the Law Commission's review. However, I will also highlight that these comments were made almost a year and a half ago now on the publication of the Law Commission's final report. Although it is indeed the case that law reform can take some time, this Government are committed to ensuring that these reforms find their way on to our statute book as quickly as possible.

We must ensure that the Bill faces no further delay. These measures must now proceed at pace through the House. Dispute resolution matters. Disputes that go unresolved are bad for the parties and have knock-on consequences for everyone else. At best, disputes distract from firms getting on with their business and individuals getting on with their lives. At worst, the slow and stressful impact of legal disputes can have much greater impacts elsewhere. Businesses may have money tied up in litigation that could and should go towards investment. Individuals may find that a protracted court battle, with its costs and delays, may lead to sickness, which of course will have its own knock-on effect on economic productivity.

Resolving disputes allows everyone to move forward—all the more so if disputes can be resolved by a process that is trusted and respected and that can be tailored flexibly to the needs of those involved. It is no wonder that arbitration has proved such a popular method for resolving disputes in the UK and why UK arbitration has proved such a popular method for resolving disputes worldwide.

I will also take a moment to compliment the other excellent forms of dispute resolution on our shores. In the construction sector, many disputes will by default go to an expedited adjudication with experts, allowing for a quick determination that enables the project to proceed without further delay. We also boast an excellent network of ombudsmen, which deal with all manner of disputes, including consumer matters. We also have a growing mediation sector, which, in both commercial and family matters, is expert at facilitating negotiation between parties to come to a truly consensual resolution to disputes.

The Bill will enact long-awaited reforms to our arbitration law framework, which will enable more efficient dispute resolution for domestic and international parties alike. It will attract international legal business and promote UK economic growth—not just directly because arbitrations happen here, but because it promotes the UK as a one-stop shop for business. Our arbitrations are respected, and so too are our lawyers engaged in arbitrations—lawyers who are then engaged for transactional businesses; business



[Sir Nicholas Dakin]

that is funded by our banks, underwritten by our insurers and mediated through our trading houses; and trading houses that also offer arbitral services in a mutually reinforcing offering.

The Bill ensures that our arbitration law is cutting edge. As I have said, it has attracted attention the world over, serving as a reminder of why the UK remains a premier destination internationally for businesses everywhere. The Bill is therefore of great importance to the legal services sector and to the Government. I commend it to the House.

*Question put and agreed to.*

*Bill accordingly read a Second time.*

## ARBITRATION BILL [LORDS] (PROGRAMME)

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

That the following provisions shall apply to the Arbitration Bill [Lords]:

### *Committal*

(1) The Bill shall be committed to a Committee of the whole House.

*Proceedings in Committee, on Consideration and on Third Reading*

(2) Proceedings in Committee shall (so far as not previously concluded) be brought to a conclusion two hours after their commencement.

(3) Any proceedings on Consideration and proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion three hours after the commencement of proceedings in Committee of the whole House.

(4) Standing Order No. 83B (Programming committees) shall not apply to proceedings in Committee of the whole House, to any proceedings on Consideration or to proceedings on Third Reading.

### *Other proceedings*

(5) Any other proceedings on the Bill may be programmed.—*(Keir Mather.)*

*Question agreed to.*

## BUSINESS OF THE HOUSE

*Ordered,*

That, at this day's sitting, the Speaker shall put the Questions necessary to dispose of proceedings on

(1) the Motion in the name of the Chancellor of the Exchequer, relating to the Charter for Budget Responsibility, not later than 90 minutes after the commencement of proceedings on the motion for this Order; and

(2) the Motions (i) in the name of Secretary Liz Kendall, relating to the Welfare Cap and (ii) in the name of the Chancellor of the Exchequer, relating to the Welfare Cap, not later than 90 minutes after the commencement of proceedings on the first of those Motions;

such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved; the business may be proceeded with, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—*(Lucy Powell.)*

## Charter for Budget Responsibility

3.2 pm

**The Chief Secretary to the Treasury (Darren Jones):**  
I beg to move,

That the Charter for Budget Responsibility: Autumn 2024, which was laid before this House on 22 January, be approved.

It feels like I was in the House only a few moments ago, but I am delighted to be back at the Dispatch Box for this important debate. Sustained economic growth, supported by sound investment, is the only route to improving the prosperity of our country, and, in so doing, the living standards of working people. Growth is the primary mission of this Government.

This debate is timely, as the House knows, given that the Chancellor gave her growth speech only this morning. In her speech, she reiterated that without a stable economy, we cannot hope to attract investment into the UK; that we cannot grow our economy with a black hole in our public finances; and, importantly, that fixing the foundations of the economy starts with the new fiscal rules, which we are voting on here today.

The Chancellor announced in her speech that we are taking difficult decisions in the long-term interests of the country, including, for example, on a third runway at Heathrow airport. As she set out, the Government support and are inviting proposals for a third runway at Heathrow to be brought forward by the summer. Once proposals have been received, we will take forward a full assessment through the airport national policy statement, to ensure that any scheme is delivered in line with our legal, environmental and climate obligations. According to a recent study from Frontier Economics, a third runway could increase GDP by 4.3% over the next 25 years. It is estimated that over half—around 60%—of that boost would go to areas outside London and the south-east, underlining the fact that Heathrow as a hub airport brings prosperity not just to London but to every region and nation of the country.

The Government have also set out further plans to reform our planning system, to provide confidence to investors and builders, and to show that Britain can get building again and that we can deliver on our promises. Confidence starts with stability. Stability is the precondition to a healthy, growing economy, because it gives UK businesses and households the essential confidence that they need to spend and invest, encouraging innovation and boosting our economy. In outlining our new, robust and transparent fiscal framework, the charter for Budget responsibility that we are voting on today provides a vital and stable foundation from which our economy can grow.

What the instability of the last 14 years has given us is clear: low productivity, rising debt levels and declining public services performance. Public sector net debt is 97.2% of GDP, and net financial debt remains close to its highest recorded level as a share of GDP, which was reached in the pandemic. Per capita GDP remains 0.8% below pre-pandemic levels. In contrast, had the UK economy grown at the average rate of OECD economies over the past 14 years, it would be over £150 billion larger than it is today. Public investment in the UK has historically been low and inconsistent. Our public capital stock, as a share of GDP, is the joint lowest in the G7, and more than 10 percentage points below the G7 median.

Underneath all those challenges was a £22 billion black hole of in-year spending pressures that were not disclosed by the previous Government to Parliament, the public or the Office for Budget Responsibility—*[Interruption.]* My colleague the shadow Chief Secretary to the Treasury, the hon. Member for North Bedfordshire (Richard Fuller), seems to have comments on the £22 billion black hole. I will happily take an intervention from him. *[Interruption.]* I am told that I cannot take an intervention, Madam Deputy Speaker. That is very sad. But in that context, I look forward to the shadow Chief Secretary outlining in his speech how that £22 billion black hole came into being.

**Madam Deputy Speaker (Ms Nusrat Ghani):** For the record, the Minister can take an intervention if he wishes to. This reminds me of the many years all three of us spent on the Business and Trade Committee, when we could not agree on anything either.

**Darren Jones:** I was always enamoured of your arguments, Madam Deputy Speaker, as I continue to be today. I look forward to the prospect of many interventions from Members across the House as part of this important debate, and I encourage the shadow Chief Secretary to intervene.

**Richard Fuller (North Bedfordshire) (Con):** I am grateful for the opportunity to intervene. Can the Chief Secretary to the Treasury confirm whether the OBR validated his £22 billion claim?

**Darren Jones:** The OBR was very clear, as Members will see in its publications in the House of Commons Library, that the spending plans announced by the previous Government were—to quote the chair of the OBR in his evidence to the Treasury Committee—a “fiction.” The OBR forecast provided to the Government made it clear that had the in-year spending pressure been reported transparently, the last forecast under the previous Administration would have been “materially different”. That shows that the lack of transparency on in-year spending was a secret held by only a few Ministers in the last Government, and neither the public, Parliament, we in opposition nor the OBR knew about that problem. That is why this Government have already legislated to bring forward additional strengthened powers for independent checks and balances and transparency, and we have committed to sharing in-year spending pressures with the Office for Budget Responsibility so that we never end up in a situation like the one we inherited.

The Chancellor’s autumn Budget put the public finances back on track, and we will keep them there. Our commitment to sound public finances is non-negotiable. Our new charter for Budget responsibility, underpinned by the new fiscal rules, ensures a more transparent fiscal framework and provides a stable foundation for growth. Today I will outline the changes that we have made to the charter for Budget responsibility, as published in draft at the autumn Budget 2024 and laid before this House last week.

Fiscal rules are a key part of the UK fiscal framework. At the autumn Budget in 2024, the Chancellor confirmed the Government’s fiscal rules as set out in our manifesto, which will play a vital role in unlocking investment.

These rules will put the public finances on a sustainable path and prioritise investment to support long-term growth. They consist of two rules: the stability rule and the investment rule.

The stability rule aims to move the current Budget into balance so that day-to-day spending is met by revenues, meaning that the Government will borrow only for investment. We will meet this rule in 2029-30, until that becomes the third year of the forecast. From that point on, we will balance the current Budget in the third year of every Budget, held annually each autumn. This will provide a tougher constraint on day-to-day spending so that difficult decisions cannot be constantly delayed or deferred, as they were under the last Government.

I am sure the House would recommend that the Government should live within their means. That means that public services have to be able to live within their budgets, and it means that tax revenues have to pay for day-to-day spending. Never again will we end up in the position the country ended up in under the last Government, when every week and every month the country borrowed more and more in order to pay the day-to-day bills. That is why when hon. Members on the Opposition Benches complain about the debt burden this country is having to deal with, they should look in the mirror, because they built up that debt burden. The people responsible for filling up the country’s credit card just to pay the bills every month, even in advance of the pandemic, were Conservative Ministers. That will never happen under a Labour Government because of our clear fiscal rules. It is why for the first time in 17 years we are doing a zero-based review of all public spending, not once done under the last Administration but done in the first spending review of this Labour Government.

Secondly, our investment rule requires the Government to reduce net financial debt, defined as public sector net financial liabilities, as a share of the economy. Public sector net financial liabilities is an accredited official statistic, produced by the Office for National Statistics since 2016; based on international statistical guidance, it has been forecast by the OBR since that time. The Institute for Fiscal Studies has noted that the metric offers a

“more complete picture of the Government’s financial position, while removing some of the perverse incentives associated with a narrow focus on PSND”—

public sector net debt.

This rule keeps debt on a sustainable path while allowing the step change needed in investment by targeting a measure of debt that captures not just the debt that Government owe, but financial assets that are expected to generate future returns. By targeting net financial debt for the investment rule, the Government are prioritising investment to drive long-term growth while getting debt falling as a share of the economy.

The move to net financial debt will be supported by a comprehensive set of guardrails to give confidence that there are rules around the investments the country can make. Like our stability rule, our investment rule will apply in 2029-30 until that year becomes the third year of the forecast, and from that point onwards net financial debt will fall in the third year of every forecast.

The move to net financial debt means that at the autumn Budget the Government were in a position to confirm public investment that will be £100 billion

[Darren Jones]

higher over the forecast period compared to the previous Government's plans. I am pleased to say that in its autumn forecast the OBR confirmed that the Government are on track to meet both fiscal rules two years early, in 2027-28, displaying the Government's commitment to sound finances.

The Chancellor has asked the OBR to produce a forecast on 26 March, which will assess us against these rules once again. Our commitment to these fiscal rules is iron-clad. The UK has changed its fiscal rules in the past more than any other country, but this Government know that stability matters. That is why the new charter sets out clearer circumstances under which the fiscal rules can temporarily be suspended through a new strengthened escape clause. The new escape clause requires a decision on suspension be supported by the OBR's analysis so that the rules can be suspended only with sufficient justification.

As well as new fiscal rules, the updated charter for budget responsibility includes a set of wider reforms that ensure a more stable and transparent fiscal framework. Because fiscal responsibility is so central to this Government's mission, the first piece of legislation passed in this Parliament was the Budget Responsibility act 2024. It delivered our manifesto commitment to introduce a fiscal lock. I do not think Members on either side of the House need reminding of what happens when huge unfunded fiscal commitments are made without proper scrutiny and key economic institutions such as the OBR are sidelined. We will not let that happen again. The fiscal lock therefore guarantees in law that from now on every fiscally significant change to tax and spending will be subject to scrutiny by the independent OBR.

The charter sets out the details of how the fiscal lock will operate. As well as the new guiding fiscal principles to move towards only borrowing for investment and to keep debt on a sustainable path, the OBR will monitor progress against a dashboard of key debt sustainability metrics to ensure the Government are taking a broad view of fiscal sustainability. A broader view will allow the Government to form a full assessment of the sustainability of the public finances and support us in seeking to improve sustainability over time.

We are also enhancing fiscal and economic stability by confirming in the charter today that the Government's intention to move to one major fiscal event per year will be honoured, giving families and businesses certainty on tax and spending plans, as will the requirement on the Treasury to conduct regular spending reviews every two years and setting spending for at least three years, ensuring public services have certainty on their funding and that spending decisions cannot again be repeatedly delayed. In addition, it guarantees a three-year rolling budget for the OBR, to support its independence. We are further strengthening fiscal transparency and accountability by accepting all the recommendations of the OBR review of the March 2024 forecast for departmental expenditure limits, including to improve the spending information the Treasury shares with the OBR.

The OBR is widely recognised as providing independent, credible and high-quality analysis. It is a guarantor of economic stability. Going forward, the Treasury will provide the OBR with information on the in-year position, allowing it to forecast underspending and overspending

against departmental expenditure limits where appropriate. This will ensure the unfunded pressures identified at the public spending audit never happen again. We are a Government who will consider the impact of our current spending decisions on future generations, and to show how the long-term health of the public balance sheet is bolstered by sound investments, the charter requires the OBR to report on the long-term impact of capital investment and other policies at fiscal events.

Finally, I turn to the welfare cap, which we are also debating today. The Government are retaining the welfare cap within our fiscal framework to support our ambitions to keep welfare spending sustainable in the medium term. The OBR will assess whether the new cap has been met at the first fiscal event of the next Parliament. The latest OBR forecast judged the previous welfare cap to be breached by £8.6 billion, following a trend of forecast breaches by the previous Government. This is clearly an unsustainable path for welfare spending. This breach underlines the inheritance left by the previous Government: a failure to control welfare spending and to bring forward radical reform, and, crucially, a failure by the last Government to support people to get the treatment or skills they need to return to work.

**Jeremy Corbyn** (Islington North) (Ind): In his assessment, what estimate has the Minister made of the increase in poverty and child poverty in our society and the effects of largely uncontrolled rents in the private rented sector, often well above the local housing allowance, which leads people into poverty?

**Darren Jones:** The right hon. Member knows that the Labour party takes child poverty seriously. That is why we launched the child poverty taskforce at the start of this Government, co-chaired by the Work and Pensions Secretary and the Education Secretary, to do a root and branch review of the long-term structural causes of child poverty and the interventions the Government could take to reverse those growing trends that none of us across the House wants to see. The taskforce will report in the coming months, but he is right to point out that housing costs and insecure housing have become ever more important drivers of child poverty in recent years. That is why, through the Renters' Rights Bill introduced to the House by the Deputy Prime Minister, we are taking action in the private rented sector to provide additional protections and support for families in rental accommodation—for example, banning no-fault evictions and giving more security of tenure for people who are renting.

Like me, the right hon. Member will have had lots of casework where hard-working families, who are just trying to make ends meet and to provide security of income and a roof over their head for them and their families, are failed by a market in which house prices to buy and rent are out of reach and the rate at which we build affordable and social housing is not meeting the demand of the people who need it. That is why we increased funding at the Budget by half a billion pounds to build more affordable and social housing, which we know can be delivered quickly.

On a visit last week to Erewash, I visited social housing developments supported by Homes England and learned from the company building those homes for emh Homes, the east midlands housing association,



that it takes only 14 to 16 weeks from laying the foundations through to giving the key to the person moving in. That reminds us why our reform agenda is so important, because the time involved in building—planning, consenting, infrastructure and financing deals—has been significantly holding back the rate of development of social and affordable housing across the country. Those are exactly the sorts of issues where Government have the ability to make a difference, which is why we are committed to accelerating our plans to build 1.5 million homes a year, but, crucially, to tilting that towards more affordable and social housing to support people across the country.

The Government are resetting the welfare cap, given that the previous one was repeatedly breached, and we are doing so based on the latest Office for Budget Responsibility forecast. That will set a new target for 2029-30, alongside our action to control welfare spending and to help people who deserve the assistance. The Government have demonstrated that they will not shy away from doing what is needed to put welfare spending on a more sustainable path—for example, with different decisions such as targeting winter fuel payments to those who need them the most and reclaiming £4.3 billion of public money lost to fraud and error in the welfare system in 2029-30, and £9.2 billion over five years.

We have also announced steps to tackle inactivity through the “Get Britain Working” White Paper and will set out further proposals in the health and disability Green Paper later in spring. Progress against the cap will be monitored by the Treasury and the Department for Work and Pensions. That will include a strengthened accountability framework and the DWP publishing an annual report on welfare spending. By strengthening the accountability of the welfare cap, getting more people into work and reforming the welfare system for long-term sustainability, we are taking the necessary steps to keep spending under control. But crucially, we are also serving the people of this country by ensuring that people who for too long have been at home unable to be seen in the NHS or to get access to mental health services, who have been unable to get the training or support they need to take advantage of the jobs available in our country, and who have been unable to find jobs near where they are, see hope in their futures and know they have a Government on their side who will support them to get back into work. That outcome is better for them, their family finances and their futures, but it also supports us in ensuring fiscal stability.

The reforms to the fiscal framework outlined in the new charter for Budget responsibility will ensure a more stable approach to tax and spend, as well as better transparency and accountability for our Government and future Governments. That stability is inseparable from our plans for growth. Alongside that growth, restoring stability means the Government can pay for increased funding to repair, reform and modernise our public services and to invest in the infrastructure needed to rebuild Britain. For those reasons, I commend the motion to the House.

**Madam Deputy Speaker (Ms Nusrat Ghani):** To clear up any confusion, this is the debate and motion on the charter for Budget responsibility. The next motion and debate will be on the welfare cap. I call the shadow Minister.

3.25 pm

**Richard Fuller** (North Bedfordshire) (Con): As the Chancellor scours the nation turning over every stone in her desperate effort to mitigate the damage from her choices in last year’s Budget of broken promises, it falls to the Chief Secretary to the Treasury to keep his face straight as he lectures the House on the importance of fiscal responsibility. He has shown the performative skills of one of the greats of the west end, but his mouthing of the words of economic stewardship, even as his audience of wealth creators get up out of their seats and leave the show, leaves few of us impressed. They know what the British public know: that this is a Treasury team and a Government who, day after day, create more problems and, day after day, demonstrate that they are clearly out of their depth.

**Darren Jones:** As the shadow Minister and, I hope, the House knows, I am a humble man and am always ears-open to advice, wisdom and feedback on how we can do things better. Given his opening remarks on fiscal stability, I wonder whether he has any reflections to offer the House from the time of his party being in government and, indeed, from his time in the Treasury under former Prime Minister Liz Truss about what went wrong and what we might do differently.

**Richard Fuller:** The Chief Secretary to the Treasury, like so many on the Labour Benches, loves to talk—almost fondly—about the former Prime Minister Liz Truss. Well, at least she knew her time was up after 50 days; we are stuck with the Chancellor for five years.

When it was noted a few months back that the entire Labour Cabinet could barely scrape together a year’s worth of business experience between them, it was thought to be just a curiosity. Little did we know it was an early warning sign of their lack of suitability for the task of managing the British economy: business confidence down, job losses up, consumer confidence in the gutter and Government debt spiralling further upwards—and they are just getting started.

There are, of course, potential benefits from the investments that are being announced today. We share a desire for a more competitive, less regulated economy based on a passion for free enterprise, but while Labour celebrates the exodus of millionaires from our country, we recognise that it represents a loss of skills, lower job creation, and the evaporation of potential future taxation to support public services. While Labour sees the attack on family farms and family businesses as a vital part of its warped class-war ideology, we recognise that putting family at the heart of enterprise is a critical piece of our nation’s proud heritage of freedom.

**Daisy Cooper** (St Albans) (LD): The shadow Minister talks fondly about the importance of family farms. Where were his comments on that topic when his party was negotiating trade deals with Australia and New Zealand that have sorely impacted farms around the country?

**Richard Fuller:** My friend, the Liberal Democrat spokesman on economics, makes a fair point about the impact of trade agreements on family finances. However, as she knows, that is very different from the pain that farmers are feeling right now about Labour’s attack on

[Richard Fuller]

the ability of families to pass on their farm to their children—it is different in scale and in type. It is a damaging policy by the Labour party that we know, or at least hope, that Labour will change in due course.

I am sure that today, the Chief Secretary to the Treasury is also engaged in a series of phone conversations with his departmental colleagues as, ahead of the March update on the OBR's financial forecast, they review what it will mean for their departmental expenditures. As he has those difficult phone conversations, I say to the Chief Secretary that we stand ready to support effective steps on prudent financial responsibility.

**Darren Jones:** On the point of prudent financial responsibility—[*Interruption.*] I think the House is interested in a long and detailed debate this evening, so it is important that we dive into the details. On this issue of prudent fiscal responsibility, the hon. Gentleman presumably welcomes our fiscal rule that day-to-day costs will be met by revenues, as opposed to having to borrow money all the time to pay those day-to-day costs. That is something that consistently happened under the last Conservative Administration, which was a mistake in the context of fiscal responsibility, was it not?

**Richard Fuller:** I am aware that the Chief Secretary to the Treasury is interested in a prolonged debate today—I am not sure whether that is because of the content of the debate, or for other reasons. I would say gently to him that writing rules is different from following rules, so he will be judged by this House on how he meets the rules that he has set. My purpose today is to cover some of those rules, and I will have some comments on them, but first, although we will be having a separate debate on the welfare cap, the Chief Secretary to the Treasury made some points about it. My hon. Friend the Member for Faversham and Mid Kent (Helen Whately) will respond formally on that issue, so these are just my thoughts, really.

The welfare cap, of course, was introduced in 2014 by Conservative Chancellor George Osborne, who recognised the particular difficulties with forecasting and managing certain welfare budgets. At the 2014 Budget, he explained his rationale:

“Britain should always be proud of having a welfare system that helps those most in need, but never again should we allow its costs to spiral out of control and its incentives to become so distorted that it pays not to work. In future, any Government who want to spend more on benefits will have to be honest with the public about the costs, will need the approval of Parliament, and will be held to account by this permanent cap on welfare.”—[*Official Report*, 19 March 2014; Vol. 577, c. 785.]

George Osborne's initiative has shown its value over the past decade, and it is right that the new Government are following its intent in principle and, one hopes, also in practice. Our task today is to listen to the explanations for the breaching of the welfare cap for fiscal year 2024-25 and the rationale for the particular limits that the Chief Secretary's Government will set on the welfare cap for future fiscal years through 2029-30.

As the Chief Secretary said, in October, as part of the first Budget of the Parliament, the OBR provided its assessment of the status of welfare spending compared with the cap that was set in 2024. That assessment was

an excess of £8.6 billion, which indicated a breach. With the country now spending over £156 billion on welfare every year and with the obvious pressures on public expenditure, there should be a determination to find savings in the welfare budget. Indeed, that was the intention of the Conservative party at the last election, with a commitment to reduce expenditure by £12 billion through better targeting of disability benefits, amending the levels of payments for those whose disabilities would not routinely be expected to lead to additional life expenses, overhauling the fit note process, and introducing tougher sanctions on those who shirk the opportunity to work and contribute to society.

But the Labour Government today appear to be set on a different course, with a pathway for the welfare cap that is up, not down, growing from this year's cap of £137 billion to reach £195 billion by 2029-30. That is a 42% increase in the welfare cap. It is important to note that at the same point in the last Parliament, when the Conservative party set the rules on the welfare cap, that increase was limited to 15%.

**Darren Jones** rose—

**Richard Fuller:** That difference between 15% and 42% is important, is it not?

**Darren Jones:** It is important. I think we should reflect on what some of the drivers are behind the increased spend in the welfare budget, because the evidence is very clear. For people who can be—and indeed wish to be—economically active but are in receipt of universal credit support and other forms of payment, the main reasons are being unable to get access to the treatment they need in the health and mental health services space or being unable to access training opportunities for the jobs that are available in the market. Without diving too much into the weeds, that is the issue about the difference between the approach to austerity in day-to-day resource spending—where we cut spending to frontline public services—and annually managed expenditure.

**Richard Fuller:** That is all very well, but the Chief Secretary is talking about the wrong budget. He is talking about increases to the health budget or changes to aspects of the DWP budget; he is not talking about why this Government are allowing an increase of up to 42% in welfare payments in this country. That is a different issue. It shows laxity on the part of the Government. Serious questions need to be asked, and I am sure will be asked, in the next debate.

Let me return to the charter for budget responsibility, which was established by former Chancellor George Osborne as part of the Budget Responsibility and National Audit Act 2011. On Second Reading, the Economic Secretary to the Treasury explained why the measure was necessary:

“We inherited the largest budget deficit in our peacetime history, we inherited a budget deficit forecast to be the largest in the G20, and we inherited the largest structural deficit in the whole of Europe.”—[*Official Report*, 14 February 2011; Vol. 523, c. 746.]

She did not have to make up numbers, as this Government have done, about some fanciful black hole; these were facts, and my former colleague, Justine Greening, was telling the truth to the nation.

Indeed, truth is the foundation upon which any charter for budget responsibility is based. Let me be clear: when the Chancellor said on 13 November 2023 that she was “not going to fiddle the figures or make something to get different results”,

the fiscal rules included in this charter demonstrate that she was not telling the truth. In this charter, the Chancellor has changed the rules on the measurement of debt from public sector net debt, or PSND, excluding the Bank of England, to public sector net financial liabilities, or PSNFL. This fiddling of the figures opened the taps for the Chancellor to borrow more, even while our debt to GDP ratio stands at historically high levels following the pandemic and the Ukraine war.

*The Guardian* newspaper, which I am sure the Chief Secretary reads avidly, reported on 24 October 2024 that if my right hon. Friend the Member for Godalming and Ash (Jeremy Hunt), the former Conservative Chancellor, had acted similarly to the current Chancellor, his fiscal headroom would have ballooned from £9 billion to £49 billion, but he knew better than the current Chancellor.

The Chancellor has even had to create her own name for things, just so that she can claim she is getting debt falling. She said in her Budget statement that she will call PSNFL

“net financial debt, for short.”—[*Official Report*, 30 October 2024; Vol. 755, c. 823.]

The reality is that the proper measure of Government debt, as per the previous fiscal rules, is rising in every single year of the forecast. The OBR has confirmed that on the previous definition, which she had said she would keep to, the fiscal rules are being broken. At the last election, Labour said it would get debt falling, and the Government continue to claim that they are delivering that. They are doing nothing of the sort. Let us be very clear: debt is rising, and it is forecast to continue to rise. We will be spending nearly £50 billion more on debt interest over the next five years as a result of their first Budget alone.

There are also concerns about the rolling three-year targets for the rule that the current Budget should be in surplus and the rule that debt—the Government’s dubious definition of debt—should be falling as a share of the economy. Like the water and fruit for Tantalus, the rules permit these reasonable targets to remain just out of reach every time—they are always there but never met. To extend my similes, the charter rules are to the Chancellor and the Chief Secretary as St Augustine regarded self-control: “Grant me chastity and self-control, but not yet.”

The charter begins on shakier ground with a weaker Treasury team, but it remains an important part of our country’s fiscal framework. Under the rules of the House, the motion is not amendable, so we shall not oppose the measure. We do need fiscal rules, but we condemn the Government’s approach of fiddling the figures to add more borrowing. They promised that they would not, but, as so many times before, they have broken their promises once again.

3.40 pm

**Matt Rodda** (Reading Central) (Lab): It is a great pleasure to speak in the debate and something of a privilege to be the only Back-Bench speaker. I shall make a series of points, including welcoming the

Chancellor’s commitment to growth and the announcements that she made today before moving on to a number of other areas.

I commend what the Chancellor said this morning in Oxfordshire and, in particular, what she said about the importance of investment in infrastructure for the long term, whether in transport, new powers to streamline the planning process or indeed attracting more tech investment to the UK. My Reading Central constituency and the whole of Berkshire benefits enormously from such investment, so I wholeheartedly welcome her announcements and commend her for her work on that.

If I may, I will somewhat cheekily ask the Chief Secretary to take a few points back to the Chancellor. In our area, we are looking for further investment to drive economic growth. I will highlight a couple of points of local importance. In particular, the western rail link to Heathrow scheme is supported by all Berkshire MPs and colleagues from across a much wider area. Heathrow airport is unusual in being a hub airport from western Europe without a rail link in both directions. A number of local authorities, parliamentary colleagues and the rail industry have pushed for this measure, which, compared with some points discussed in the Chancellor’s speech and more widely in the House this afternoon, would require only modest investment. A short stretch of railway line from Langley, just outside Slough, into the airport, where space for a station already exists, would significantly cut journey times for workers at the airport, commuters and many others, and attract business to Berkshire. The scheme is supported by local business groups.

To give an idea of the importance to Reading, at the moment it takes around 50 minutes from Reading station to travel to Heathrow by bus, but it would be just 15 minutes with a rail link. Many of the firms relocating to the Reading area from across the country would be encouraged further by that and have far greater connectivity to international markets through swift access to Heathrow. Equally, it would appeal to inward investors coming to our part of England. There would be an additional benefit—the Chief Secretary may know well know about this—for travellers from the west of England and south Wales in vastly speeding up their journeys to Heathrow airport. I want to flag that up to him.

May I ask the Chief Secretary to relay to the Chancellor my wholehearted support for the Oxford-Cambridge corridor? The area that I represent sits at the south-western edge of that corridor. Given the excellent rail and road connections between Reading, Berkshire and Oxford—it takes as little as 25 minutes to get from Reading town centre to Oxford city centre by rail—that route could extend the corridor, which will run through Northamptonshire and Bedfordshire, as the Chancellor highlighted. Indeed, the rail corridor into Berkshire and through southern Oxfordshire passes Culham, an area of significant science investment that was formerly the site of the UK and Europe’s Joint European Torus project. It also runs through Didcot, which is a major centre of inward investment, as well as to Reading. There would be enormous benefit to residents and businesses in Oxfordshire and to businesses in Berkshire if that were seen as a whole, rather than the line stopping in Oxford. I hope that he will take that back to his colleagues.

I appreciate that many colleagues may want to speak later on the welfare cap motion, so I will limit my remarks and not stray too far. I would, however, like to



[*Matt Rodda*]

describe some of the benefits to the Berkshire local economy of the stability that the Chief Secretary outlined. We have a fundamentally strong local economy; we are lucky to have high levels of growth relative to other parts of the UK. We face the same challenges as areas from across the country, which he outlined earlier: the importance of stability and long-term investment, and making sure that businesses understand that there is stability so that they invest and spend their own money creating jobs.

Let me draw out some examples from local businesses. I represent a constituency that has high tech and telecoms employment. Something like 300,000 people work in those sectors in the county of Berkshire. In Reading, there is a significant cluster near the station, which has been fostered not just by the rebuilding of the station but by Reading being the western terminus of the Elizabeth line. That has led to a significant number of employers moving to the town centre. It is a good example of the benefits of investment that the Chancellor talked about earlier, and of the importance of high-speed rail and other improvements to rail and public transport, to connect major centres of employment and allow employers to recruit from a much wider pool. That is exactly the message I have been told when visiting employers in that area. They have based themselves near the station because they can access a much wider pool of workers with higher levels of skill, and that drives productivity and growth in their business. There are strong local examples which, at microeconomic level, make the point that the Chief Secretary has made today.

Let me also draw the House's attention to the importance of education, which the Chief Secretary hinted at, to managing public finances. In my experience, having a university in the constituency is a huge driver of economic activity, particularly for creating a skilled workforce, who often wish to remain in the constituency. That is certainly the case for many places the Chancellor described in her speech, particularly the great university cities of Oxford and Cambridge. It also applies to London and many other centres such as Manchester.

Higher education is central. It must be linked with employment and offer the right programmes to attract a wider range of young people into higher education. It was a privilege to meet staff at Reading University recently. They briefed me on some of their work to encourage young people from families who traditionally might not have thought about going to university to consider higher education at their local university. That is an important part of the bigger picture. I commend the Chief Secretary for his wider approach on the importance of investment and stability linked to investment, in transport infrastructure, as well as IT and tech infrastructure such as data centres, and a range of other forms of infrastructure.

Let me move on to some of the points made earlier. It is important to note that we are at a turning point. We have had a long period of low growth. The Government are right to make growth their top priority, to move on from 14 years of historically low growth compared with the UK average over the past 40 or 50 years and going back to the industrial revolution. The Chief Secretary rightly made the connection between growth and investment, and so did the Chancellor today.

I welcome and wholeheartedly support the Chancellor's emphasis on releasing pension savings to drive economic growth. That has been a successful policy both in Canada and in Australia. Although they are much bigger countries and have more natural resources, they have significant similarities to the UK—the benefit of English common law and many other historical advantages of our system and history. There are some important points to be made on that front. Above all, we must avoid the mistakes of recent years—the instability, the disastrous mini-Budget, the gambling with public finances and the lack of transparency.

The Chief Secretary is right to commend this charter today. I will draw out two particular points to flag to the House that I think are vital. The first is reporting on capital investment, which is an important measure in the charter. The second is in-year pressures, which, from the point of view of managing public finances, is vital. As he rightly said, it will allow policymakers much greater insight into what is happening in near-real time, which is important in avoiding future problems. I commend those measures.

In summary, the macro-level changes that we have described today will do a great deal to support my local small business, as well as larger investors coming into my constituency. I wholeheartedly support and welcome the measures set out today, and I am grateful for the opportunity to speak.

**Madam Deputy Speaker (Judith Cummins):** I call the Liberal Democrat spokesperson.

3.50 pm

**Daisy Cooper** (St Albans) (LD): The charter for budget responsibility is at the heart of the OBR's function, setting the Government's fiscal rules, as well as the OBR's broader remit and how it is to perform its duties. It is important to stress just how vital the OBR is for the sound management of our public finances and for the UK's economic stability.

I am very proud that the OBR was set up during my party's time in office, and the Liberal Democrats have backed it at every turn since. In our most recent general election manifesto we said that every fiscal event should be accompanied by an OBR report, and we are pleased that this Government are taking the same approach. We also called on the Government at the time to establish the OBR to assess general election manifestos independently.

Unfortunately, commitment to the OBR as an institution cannot be taken for granted, as we have seen over the past few years. We saw Liz Truss's Conservative Government sideline the independent watchdog at the mini-Budget and cast doubt on its forecasts at every turn. Equally unfortunately, we all witnessed the consequences: soaring interest rates, sky-high mortgage bills and a spike in the cost of servicing our national debt. We Liberal Democrats are crystal clear that we can never have a repeat of that debacle.

**Matt Rodda:** The hon. Lady is making an excellent speech. Will she also reflect on the disastrous impacts on pensions savings, and particularly on people who were drawing their defined contribution pensions at that point in time? Some of my constituents had awful experiences, which they relayed to me.

**Daisy Cooper:** The hon. Gentleman is right to point to the fact that many people were impacted by the mini-Budget in different ways. *[Interruption.]* I hear chuntering from a sedentary position from the shadow Minister, the hon. Member for North Bedfordshire (Richard Fuller). Those on the Conservative Benches may want to forget the impact of the mini-Budget, but many of our constituents across the country continue to live with the consequences.

In the run-up to the Labour Government's Budget, we Liberal Democrats welcomed one of the Government's new fiscal rules—namely, the switch to public sector net financial liabilities as the targeted measure of debt. We are pleased that the Chancellor made a change that will create more room for productive public investment, while also making a commitment that debt as a share of GDP should keep falling. We Liberal Democrats have long recognised the need to boost public investment in a responsible way, and we are glad that the Government have moved in that direction.

However, as we debate the new charter, it is also worth reflecting on how fiscal rules are treated in our politics more broadly. Although they are absolutely necessary for economic stability, there is too often a sense that fiscal targets can be arbitrary and that they are chosen based on what is convenient for each Government; previous Conservative Chancellors changed the fiscal rules five times in seven years between 2015 and 2022. What often seems to be lacking throughout the process is a sober, pragmatic dialogue about what the best fiscal rules are for our economy, for everything from growth and investment to jobs and net zero—a discussion perhaps ideally not affected by politics, but focused on what is right for our economy.

Notwithstanding that, and although I hope we will all agree to these changes in the borrowing rules, the costs of borrowing clearly rely on good economic management, which, in turn, as the Chief Secretary said, relies on stability. Borrowing costs have gone up in part due to events abroad, but they have also risen because of the Government's jobs tax, the uncertainty over their business rates reform and the impact that that will have on small businesses. It is therefore clearly important that we recognise that any changes to productive borrowing must go hand in hand with the responsible management of day-to-day spending and tax changes.

A second point, which I made in an earlier debate around the time of the Budget, is that although the Liberal Democrats welcome productive borrowing for investment, we recognise that the Government's headroom is quite slim. Will the Minister be able to offer a word or two about which measures the Government are taking to ensure that we have a resilient economy that can withstand any external shocks? We live in a very uncertain world. There are rumours of trade wars and tariffs, and God forbid we have another pandemic. It is only by having a resilient economy that we can withstand unpredictable external shocks.

There are several elements in the charter that we support, and we do not want to stand in its way, but I express the hope that, from here on in, we may be able to adopt an approach to fiscal rules that is more pragmatic, open and grounded in what is best for our British economy.

3.55 pm

**Darren Jones:** I thank right hon. and hon. Members for this afternoon's debate. I will reflect on some of their questions and comments in winding up the debate.

To begin, I can provide assurance to the shadow Chief Secretary, the hon. Member for North Bedfordshire (Richard Fuller). He was concerned that the Labour party had misled the public. There could not be anything further from the truth. In the manifesto, the wording was very clear. We would have two fiscal rules: first, to bring day-to-day spending in line with receipts; and secondly, that debt would fall as a share of the economy. Those are our fiscal rules. Now, he is right that we defined debt at the Budget, but that did not change the fiscal rule. The fiscal rule is that debt should be falling as a share of the economy. That is the fiscal rule. *[Interruption.]* It is the fiscal rule; there is no debate about it. It is as clear as the letters on a page. As was alluded to in the debate, the Chancellor chose a well-established metric for debt—PSNFL, public sector net financial liabilities—which recognises the fact that a competent Government can invest in the country and get a return for the taxpayer.

**Richard Fuller:** The Chief Secretary to the Treasury is making a bizarre comment. The point is that the Chancellor stated in 2023 that she would not fiddle the figures. She has now changed the numbers. The definition of debt for public sector net debt excluding the Bank of England is different from her PSNFL. They are different. It enables the Chancellor to borrow more. That is fiddling the figures to achieve an objective. It is not the same, and she did not tell the truth when she said that she would not fiddle the figures.

**Darren Jones:** That is a very strong accusation, which I refute in the strongest terms. The Chancellor was very clear that debt would be falling as a share of the economy. That is the fiscal rule. As predicted by the OBR, we will deliver on that promise. It is right that the Chancellor chose at the Budget to define debt as public sector net financial liabilities. The big question is why. As the Liberal Democrat spokesperson, the hon. Member for St Albans (Daisy Cooper) said, it is because having a Government with stability and competence at their core means that we are borrowing not to pay for out of control day-to-day spending, which I think everyone in the House would agree is an unsustainable path to higher debt burdens, but instead borrowing responsibly within guard rails for investments, predominantly alongside the private sector, to enable, for example, infrastructure delivery across the country or investment in businesses, for example, through the national wealth fund.

The reason that the public sector net financial liabilities debt rule is important in that context is because it reflects the fact that, where Government have an equity stake or have provided debt for non-commercial terms, there is a rate of return. The taxpayer receives some of the benefit of that investment and growth in the economy, which I am sure we would all welcome. There is the important difference about the type of debt. Under the last Administration, debt was spiralling out of control because the last Government could not pay their day-to-day bills. Everybody knows, whether they are running their household finances or the country's finances, that that is not a sustainable thing to do.

[Darren Jones]

That has changed under this Government. Debt will be for productive investment only and day-to-day costs will be met by revenues. Yes, that means that public services have to live within their means, and often that means difficult discussions in the spending review that I have to conduct with Secretaries of State, to which the hon. Gentleman alluded. However, all of us around the Cabinet table recognise not only the non-negotiable nature of the fiscal rules, which are the foundation of economic stability, but the prize of the modernisation and reform of our public services. He will have heard the Prime Minister and other Secretaries of State talk about just that fact. There is a huge amount of opportunity to achieve better outcomes for people at lower cost, not just through basic technology but by improving the way we deliver public services. That means delivering services designed around the person and how they wish to interact with the Government. It means that people can receive support from different Departments and different functions, and they can receive the information they need at the time they need it.

Let me give one example. In the constituency of my hon. Friend the Member for Filton and Bradley Stoke (Claire Hazelgrove)—just north of my Bristol North West constituency—I visited a community diagnostic centre. The CDC programme began under the last Administration, but we have committed ourselves to it. The provider works in partnership with the NHS trust, charging exactly the same rate as the hospital for a diagnostic scan. The company involved does not make profits in comparison with the hospital costs; it is the same NHS tariff rate. People can have MRI and CT scans, gastroscopies, and other tests. The centre is attached to a branch of Asda and there is plenty of free parking.

I asked the owners, “Why are you able to charge the same rates as the hospital in my constituency while running this service more effectively?” They said, “We are open for 14 hours a day from Monday to Saturday and for 12 hours on Sunday, we sweat the assets more than a hospital can, and we have new bits of kit with AI that are more productive to use”—which is why the Health Secretary wants to roll those out across the NHS. They also said that the customer service was the key driver for productivity, because customers could book their appointments and move them if necessary, they could visit the centre after work, and they could go there between shopping trips. Essentially, the service has been designed around the patient. Patients turn up pretty much all the time, and they are never not able to do so. That is just one example of the way we are modernising public services.

**Daisy Cooper:** The Chief Secretary has given a fantastic example of how improving capital infrastructure in the NHS can improve productivity, but one of the big frustrations in the NHS is the fact that staff cannot be productive because the buildings around them are falling apart. I have seen that in Watford General hospital, where A&E staff cannot be as productive as they might be because they are in a crumbling, cramped hospital. Has the Treasury considered conducting any assessment of the productivity gains that could be produced by the new hospital programme, and by potentially speeding up the delivery of those hospitals?

**Darren Jones:** The Health Secretary is actively working on this. There are huge opportunities, not just in the NHS but in the Department for Work and Pensions where my right hon. and hon. Friends are working, and throughout Government as a whole. Imagine having a jobcentre in your pocket, on your phone, where you can gain access to the support that you need—as opposed to services that are often out of town or not available when you are available, and where there are difficult processes to go through. That is not great for the people who work in those services. They are there to serve the public, but they are not helped to achieve the right outcomes for people.

This Government are committed to reform but also to investment, because we can achieve better outcomes for people and reduce the cost of running public services in the long run. We are committed to unlocking investment, whether it is through the PSNFL debt definition for infrastructure and businesses or, as a consequence, freeing up public sector grants for public sector investment.

My hon. Friend the Member for Reading Central (Matt Rodda) made a number of excellent points. I am pleased that he is supportive of the commitments made by the Chancellor today to back the Heathrow plans and the enormous opportunity presented by the Oxford-Cambridge growth corridor. He gave the great example of his local technology and telecoms cluster and its development around rail infrastructure, including extra capacity on the Elizabeth line. It is a classic and probably obvious example: if rail and other transport infrastructure is built, people will come and invest in lab spaces, offices and homes. That is why the Chancellor made such a strong commitment today to get infrastructure built and enable private sector investment.

My hon. Friend also made a good point about the role of universities. Our universities sector is one of our great strengths. We have a number of world-leading universities, as well as the brilliant universities that are teaching and carrying out research in every part of our country. These are often the engines of economic growth in their regions, and also the gateway to opportunity for many people.

**Jeremy Corbyn:** The Chief Secretary has referred to the great benefit of infrastructure projects. The Elizabeth line is a very good example of that, but it was way over budget and very late, and the same applies to HS2 and most other big infrastructure projects. What plans do the Government have in that regard? Later we will discuss the welfare cap, an attempt to control welfare spending for the next five years. Does the same cap apply to infrastructure projects?

**Darren Jones:** I thank the right hon. Member for his question, because he invites me to talk the House through our infrastructure strategy. For the first time, we are bringing together Government plans on economic infrastructure, housing and social infrastructure in the same place. It means that when we go through the spending review in the Treasury, working with colleagues across Whitehall, we will be much better than the previous Government at taking place-based decisions. In the past, it was a bilateral discussion between a Department and the Treasury, with no dots being connected between different types of infrastructure. That has led to the failure to capture the growth potential in different places.



We will take a different approach and make sure that infrastructure investments relating to public investment are capped by the numbers set out in the Budget. That is the spending envelope that we have, and we have to prioritise those investments, but they will be based on driving growth and opportunity for people in the places in which they live.

My hon. Friend the Member for Reading Central made a great point about the Oxford-Cambridge growth corridor, the role of connecting some of our great universities, and unleashing the opportunity that exists between them. As I said to the House earlier, the living connectivity arrangements between Oxford and Cambridge are basically non-existent. By connecting these two hubs of innovation and investment, the opportunities are endless.

**Richard Fuller:** I have to be careful, because I have a significant constituency interest in this issue, but I want to ask a more general question about the role of infrastructure investments and the fiscal rules. East West Rail's proposal to complete the railway line had a benefit-cost ratio of 0.3 in its last business case: building it would basically lose 70p of every pound of taxpayers' money. Does the Chief Secretary to the Treasury regard that as a loss? If not, will there be a business case that shows that the project has a benefit-cost ratio that does not lose taxpayers' money?

**Darren Jones:** That is a great question. All these infrastructure opportunities will go through both value-for-money assessments and growth assessments. The argument that we have been making today is that initiating projects such as the East West Rail line in a co-ordinated way with private capital, universities and our house building plans lifts the growth opportunities that come from those projects. That is why Patrick Vallance has been appointed as the champion of the growth corridor. We will take a whole-corridor view on the investments and the opportunities across different investments, regardless of whether they are public or private, but they will all have to go through value-for-money and growth assessments.

The infrastructure strategy will be a 10-year strategy. It will give a long-term view on economic, housing and social infrastructure, but they will be underpinned by longer-term capital budgets. The capital budget that we will set in June will be for four years, until 2029-30, but the normal approach, as set out in the charter, will be that the capital budgets will be for five years. As the House knows, we have committed to doing the next spending review every subsequent two years. In 2027, when we conduct the next spending review, we will have the 10-year infrastructure strategy but also pretty much 10 years of capital budgets being allocated for those projects. That is a hugely important signal to investors.

We are working with industry and investors on what the biannual pipeline might look like, so that we can publish in real terms the investable propositions, but also so that businesses know that work is coming if they invest in their supply chain or their workforce. That is a crucial part of unlocking investment in skills and training in our country. Much like we have just seen in the water industry, which has agreed a longer-term investment settlement, suppliers are already telling us that they are now able to invest in staff, training and capabilities,

because they know that the flow of investment will be coming over a period of time. We are seeking to do that across a range of infrastructure in order to unlock the investment that this country needs.

**Matt Rodda:** I should like to ask my right hon. Friend some further questions on the points he is making. The Elizabeth line demonstrates the case that he is making for the importance of place-based investment and the way in which houses, flats and businesses have been built near stations. There has been a combination of public and private investment in the project, which is arguably part of its success. So I welcome the points he is making about the longevity of the infrastructure investment, the role of the joint investment or co-ordinated investment with the private sector and, above all, the place-based nature of this. The role of Patrick Vallance, in particular, is an important one in that corridor. I would also urge my right hon. Friend again to look at the far ends of the corridor, both at the Oxfordshire and Berkshire end and also possibly towards Norwich and further into East Anglia. I know that a former Minister in the previous Government has been highlighting the potential benefits of investment along rail in East Anglia.

**Darren Jones:** I thank my hon. Friend for his intervention. He reminds me that the right hon. Member for Islington North (Jeremy Corbyn) asked me about broader reform to ensure that infrastructure is delivered differently from how it has been in the past, and I would point the House to the action that Ministers have already taken to call in projects that have been gummied up in the system for a long time, which we have allowed to take place, and also to the Planning and Infrastructure Bill that will be presented to the House in due course, which will show the level of ambition this Government have for streamlining planning and consenting processes so that we can get things built. As I have already mentioned, I think today in the House, the fact that we can build a house for someone in 14 to 16 weeks but it seems to take years to get planning approved shows the size of the prize for delivering for people across the country.

I will end by thanking the Liberal Democrat spokesperson, the hon. Member for St Albans, for her comments and for reminding the House why this debate matters and why the fiscal rules matter. Because, as we saw under the last Administration, this is not an obscure debate here in the House of Commons, or a kind of Whitehall guidance debate; this is important to people's lives, because when Governments lose control of the economy nationally, it hits family finances.

We all know from talking to our constituents how stressful it was when the Conservative party lost control of the economy and when inflation went through the roof. It had a direct impact on people's mortgages and on their ability to buy a house. So many people lost their mortgage offers overnight because of the actions of the last Government. It also affected people in the private rented sector when their landlords increased the rent, and because no-fault evictions were allowed under the last Government, many people lost their homes. This fundamental insecurity in people's lives stems from the actions of politicians here in Government.

That is why the fiscal rules are so important and why the Chancellor—and indeed the whole Government—are so iron-clad in their commitment to them. That is why

[Darren Jones]

the fiscal rules are non-negotiable. *[Interruption.]* Shadow Ministers on the Conservative Benches laugh, but I would encourage them to meet some of our constituents and to explain why their actions led to such hardship for them. I have not even started to talk about the cost of energy bills or the food inflation that we are still struggling with today, directly as a consequence of the mismanagement of the economy under the last Administration. The sooner the Conservatives—should they wish to receive advice from me—apologise for the consequences of their actions, the sooner the public might start to listen to them again.

But while they are listening to this Labour Government, I can reassure hon. and right hon. Members in the House today that the fiscal rules are non-negotiable. They are the bedrock of economic stability. They enable us to invest in our public services in a sustainable way, to secure growth in the economy and, ultimately, as set out in the Prime Minister's plan for change, to deliver for working people so that they will know in the years ahead that life is better under a Labour Government than it is under a Conservative Government.

*Question put and agreed to.*

*Resolved,*

That the Charter for Budget Responsibility: Autumn 2024, which was laid before this House on 22 January, be approved.

## Welfare Cap

**Madam Deputy Speaker (Judith Cummins):** With the permission of the House, the motions relating to the welfare cap will be debated together.

4.14 pm

**The Minister for Employment (Alison McGovern):** I beg to move,

That, pursuant to the Charter for Budget Responsibility: Autumn 2022 update, which was approved by this House on 6 February 2023 under section 1 of the Budget Responsibility and National Audit Act 2011, this House agrees that the forecast breach of the welfare cap in 2024–25 due to higher forecast expenditure on Universal Credit and disability benefits is justified and that no further debate will be required in relation to this specific breach.

**Madam Deputy Speaker:** With this it will be convenient to discuss the following motion:

That the level of the welfare cap, as specified in the Autumn Budget 2024, which was laid before this House on 30 October 2024, be approved.

**Alison McGovern:** Before this Government were elected, we said that we would change this country, and we will. To get change done, any Government have to stand on firm foundations, which is why, as we have just heard from the Chief Secretary to the Treasury, we promised to be responsible with the public's money. We know that every penny counts in this mission, because if we fail to protect the public purse, we fail to protect the purses of the public. Family finances can never withstand fantasy economics.

That was supposed to be the whole point of the welfare cap. It was designed to help better control public spending, counting the cost of the rising price of failure. I will come to some of the failures we are now seeing and the people thrown on the scrapheap as a result of the failure of 14 years of economic policy, particularly on the labour market.

The welfare cap was intended to ensure that the cost of important parts of the social security system, such as universal credit—though not counting those actively looking for work—the personal independence payment and pension credit, remains predictable and affordable. Only the state pension and benefits for unemployed households were excluded.

What was the result of a decade of Conservative welfare caps? Repeated breaches of the cap, with ever higher limits. The latest cap is now on course to be breached by an £8.6 billion overspend. This is not tolerable, given the state of our economy and the public finances.<sup>1</sup>

Worse still, there is the human cost for every single person who could be enjoying the benefits of work but has been denied the choices and chances they deserve. I regularly meet people in that position. There is the young person who has not recovered from the dreadful legacy of the pandemic—not in college, not starting their first job, barely even able to go out with friends, and bearing the burden of the mental health crisis that our young people face. I believe the pandemic generation was completely let down.

There are our older relatives who have been pushed out of work before their time with hip or knee pain. The NHS is just not able to help them at the moment, and they are not even getting advice about how to make ends meet. That is the legacy we inherited, and it is not

1. *[Official Report, 12 February 2025; Vol. 762, c. 5WC.]* (Correction)

good enough for anybody. It is also the legacy of low growth, the higher cost of living and high inactivity, with employment and social security systems ill equipped to meet the requirements of an older, sicker nation. That is the Conservative party's record.

Unfortunately, this breach—forecast as far back as March 2023 but ignored—is now wholly unavoidable in this fiscal year, given the scale of failure we have inherited. We will not duck the difficult decisions needed to restore economic stability, and we will deal with the failure we see before us.

Before I say how we will do that, I want to reflect on exactly how we ended up in this situation. The sad truth is that, in way too many parts of the country, too many people are denied the opportunity to have a good job so that they can support themselves and put a roof over their family's heads.

The benefits bill only reflects that failure, with 2.8 million people locked out of the workforce due to poor health, and 3.4 million more working-age people reporting a long-term health condition than 10 years ago. We have large numbers of people turning up to a social security system that is not geared up to meet what has become the greatest unemployment challenge of a generation.

**Alistair Strathern** (Hitchin) (Lab): My hon. Friend is doing a compelling job of setting out the damning state of the welfare system we inherited when we took charge. Does she agree that investment in the NHS, so that people finally have the healthcare support they need, is fundamental to making sure they can get back to work, contribute as they would like and build a secure future for themselves and their family?

**Alison McGovern:** The NHS is the bedrock that ensures people can thrive and contribute to society, economically and in every other way. We also need to ensure that the health support people get is the right support. At the moment, we are not doing enough on occupational therapies and other things that provide health support tailored to people's work. We will have more to say about that in the near future, I am sure.

A huge number of people are turning to a social security system that is not geared up to meet the huge employment challenge. At the moment, social security cannot cope. Hon. Members may ask themselves how on earth we got to this place, after 14 years of so-called benefits crackdowns by the Conservatives. Well, I invite everybody to look at their record. When universal credit was introduced 12 years ago, the Government of the day made all sorts of promises. They said it would

“break the cycle of benefit dependency”

and offer

“greater incentives to find a job”.

The former Secretary of State for Work and Pensions, the right hon. Member for Chingford and Woodford Green (Sir Iain Duncan Smith), said that universal credit

“will ensure that work always pays and is seen to pay”,

but what have we seen since? A disastrous series of wrong-headed choices that have achieved precisely the opposite effect.

New data, which we are publishing today for the first time, shows the extent of the effects of universal credit on incapacity benefits. There has been increase of 800,000

people receiving incapacity benefits between 2018 and 2023. Around 10% of that increase is because of the rising state pension age and another 10% because of the way changes were made in the move from employment support allowance and other benefits to universal credit, a situation that should have been foreseen and planned for by the previous Government. That leaves an increase of over 500,000 people, to which I will now turn. The Conservatives need to take a long hard look at the changes they made to universal credit.

We must consider how people transitioned between the “looking for work” group in the universal credit health journey, where they are told that they have limited capacity to do any work or work-related activity, to “actively looking for work”. How did people move between being told they cannot work and being told to actively look for work? People moving between those two groups used to receive a top-up to their benefits, but that was removed in 2017, creating a hard barrier between those categorised as incapable for work and those looking for work. In addition, there was a four-year freeze to the rates of universal credit in the late 2010s, except the highest tier of health-related benefits. As a result, the income of those trying to find work was squeezed, and the barrier between those on universal credit actively looking for work and those who had been told that they were unable to work was hardened.

We have seen a steady rise in the number of people on the highest tier of health benefits, where there are no requirements to look for work or to get any help to make the steps on that journey, and no support to find jobs when many people actually want to work. All the while, there have been more and more conditions and box ticking in a system that has failed.

Social security was designed to smooth people's incomes over time and to take account of life events that could happen to any of us, but the result of all the changes is that either by design or mismanagement—probably both—the previous Government created a social security system that segregated people away from work and forgot about them. There was no helping back to work, and only the promise that they would be left alone.

The Office for Budget Responsibility has said that “the wider benefits system—in particular the conditionality and generosity associated with incapacity benefits relative to other parts of the system—has affected incapacity benefits flows over time”. Unfortunately, that situation, created by the last Government, is far from the only problem, because social security will only ever function where the Government take their wider duties seriously.

**Jeremy Corbyn** (Islington North) (Ind): On the point of support for people who are on benefits, the Social Security Act 1986 ended the requirement on the now Department for Work and Pensions to provide advice and welfare support to people. Will it now be the policy of the DWP to automatically offer advice and support to people on the benefits they are entitled to claim, or to give more support to voluntary advice agencies so that people get what they are entitled to?

**Alison McGovern:** We published in November an extensive reform programme for the Department to get Britain working. We showed how in some parts of the country—I will come to this in more detail shortly—people have been abandoned and their labour market has not supported enough good jobs for a very long time.



[Alison McGovern]

We showed how, by acting on better health and better local support services, we will reintroduce ambition into our support services.

We want to help people get into a job that will support their family finances and help our economy thrive. We have a huge change programme underway in the Department for Work and Pensions, and we will be doing even more than we set out in that White Paper. The challenge is huge, but the potential is also massive. I worry about everybody who is out of work, but particularly our young people, who have effectively been thrown on the scrapheap. It is a disaster now in exactly the same way that it was a disaster, brought about by the economic turbulence that I grew up in, in the 1980s, which is the period the right hon. Member refers to. We will therefore take the challenge of restoring employment—proper employment—in this country extremely seriously.

In doing that, I want to talk about the Government's wider responsibilities, not just in reforming the social security system but far beyond that. You will forgive me, Madam Deputy Speaker, if I return to the founding document of our social security system, the Beveridge report. In 1942, William Beveridge identified the

“establishment of comprehensive health and rehabilitation services, and maintenance of employment...as necessary conditions of success” in social security.

That lesson is forgotten again and again in this country, and we will never have a social security system that functions well unless we have an NHS that works and we maintain policies designed to move towards full employment. Social security cannot soak up every single problem in this country if the Government forget their wider responsibilities. I note that the Beveridge report considered the consequences of war and the injury to the nation that that had brought about. In many ways, we ought to learn the lessons of the pandemic: that the health of the nation can never be taken for granted and that, in setting us on the right path in terms of both health and employment, we can plot a course towards a more sustainable future. As I have said, is it any wonder that our social security system is broken given the health of the nation, given what we have been through and given the last Government's neglect of the NHS and the state of our labour market?

To look backwards again for a moment, we know that in our country's economic history, we had periods when whole towns and cities were deindustrialised and left to fend for themselves. Economies simply failed, and while great progress has been made, including in my constituency, in my city region in Merseyside and in other places whose economies have moved on greatly since that time, sadly, too many have never properly recovered. As a result, we have a labour market that simply fails to offer good work everywhere.

As part of our “Get Britain Working” White Paper analysis, we found that when students are not counted, the inactivity rate, to give the example of Blackpool, is 29%. That is nearly a third of working age people. That can never be a good platform on which to build a thriving economy, and I am determined that we will turn it around.

More than half of the 20 local authorities with the highest rates of inactivity in England are in the north, while none are in the south-east. It is, however, far from

a north-south divide. We have identified 14 types of labour markets in the United Kingdom and considered their features: what they share and what divides them. We want to identify those places that are furthest behind, precisely so that we can help.

It is not just the prevailing economic circumstances or what has happened in the recent past to a local authority that defeats people, but, unfortunately, the jobcentres that are supposed to be there to help. When we did our analysis for our “Get Britain Working” White Paper, we uncovered the record of the last Conservative Government. I was shocked to find that only around 8%—only 8%—of universal credit claimants in the “searching for work” group move into work from one month to the next. In the “no work requirements” group, 92% were still there after six months. That is the very definition of being on the scrapheap: no work and no help to get work. That is just failing people.

Then there is the price tag. Spending on universal credit and disability benefits was £10.9 billion higher than anticipated when the level of the welfare cap was calculated. That is a dreadful record. For the reasons that I set out earlier, the breach of the cap is unavoidable this year, but this Government are taking the action necessary to drive up opportunity in employment while driving down the benefits bill. Our “Get Britain Working” White Paper, as I have mentioned, set out the biggest reforms to employment in a generation, with a radical new approach backed by £240 million of investment. We are overhauling our jobcentres and creating a new jobs and careers service, doing away with needless admin and freeing up work coach time, so that my colleagues can give real, high-quality support to people.

Although I am often disappointed in the help that people receive in jobcentres, I am never disappointed by what our work coaches do. The thing that lets the work coaches down is the system in which they work. For example, they are told that they can see someone for only 10 minutes. How are they supposed to help in 10 minutes? They have to carry out numerous admin checks that could be done with modern technology, when the person in front of them is just sat there waiting, not receiving any help. Our work coaches are full of ideas, full of local knowledge and full of determination that we will make a new system work. I take this opportunity to put on record my thanks to every single DWP member of staff who has embraced change with gusto.

**Daisy Cooper (St Albans) (LD):** When I visited the jobcentre in St Albans last year I, too, was struck by the fantastic support given by some of the work coaches. However, I was also struck by what some of the jobseekers had to say. One said that she had been in full employment, but had to give up her job to look after her two children because they could not get the special educational needs and disabilities support that they needed in school. Another said that they were struggling with addiction and could not hold down a job because they could not get the support needed from the NHS. Does the Minister agree that, while our work coaches are doing a really good job, ultimately, we need to get our public services, particularly the NHS, back on their feet?

**Alison McGovern:** I agree with the hon. Lady. Can we just take this moment to thank the DWP team in St Albans? They sound like they are doing a great job and they are also briefing their local MP, which is really

good of them. I encourage all colleagues in the House to ensure that they have a regular catch-up with their jobcentre colleagues so that they know the kind of things that our work coaches have to deal with. Often, Members of Parliament can be quite helpful in putting people in touch with other organisations, so I encourage all colleagues to do as the hon. Lady has done.

On the point that the hon. Lady makes about SEND, she is absolutely right: this is a major barrier. If Members want to understand what a struggle to get to work and to stay in work looks like, they should ask the parent of a disabled child. This issue of where the effect of poverty and the SEND crisis can compound is being considered by the child poverty taskforce in particular. The hon. Lady is absolutely right: good public services and a good, strong economy go hand in hand. It is not “public services or a strong economy”—we called that ideology “austerity”, and it did not work. The two go hand in hand. We need to look in that rounded way to see how we can help people, and that is the approach that we are taking. We want to make every jobcentre in the country a place that people who are looking for work, and employers, will actually want to use. We know that what happens early on in a career echoes down the years; as I have said, our young people—the pandemic generation—were failed. That is why our youth guarantee will give every 18 to 20-year-old access to quality education, training or employment.

On top of that, we are working with local leaders who know their towns and cities best, supporting them to produce their own local “Get Britain Working” plans that join up work, health and skills to support their communities. I have mentioned the major fractures still in the UK economy following previous economic events that were not managed properly. That is how we know that the same thing just will not work everywhere. The DWP will reform itself so that we are able to localise support services, and we will work with local leaders to do that.

All of that will ensure that we help people to enjoy the benefits that good work brings to wellbeing—and I do mean “good work”. The choice in this country should never be between the scar of unemployment and the scar of poor work that does nothing but keep people poor. Poor work does not reduce the pressure on our social security system; it just means more people working too hard for their poverty. That is why we will improve the security and quality of work through our plan to make work pay. We will create more good jobs in every part of the country with a modern industrial strategy and local growth plans. Together, they will help us to meet our long-term ambition for an 80% employment rate.

We will create the conditions for success in social security. As I have outlined, the changes made to social security were ill-thought through. A fresh approach is needed to make our social security system sustainable, and we will build that system to give people the help that they need to find great jobs and feel the benefit of work. We want to tackle poverty and target support at those who need it most. We will set out our proposals in a Green Paper on reforming the health and disability system in the spring. We will work with disabled people and their organisations to get that right.

A strong social security system needs the confidence of us all. Anyone might suddenly find themselves unwell or with the extra costs that children bring, and we all

hope one day to enjoy the benefits of the state pension, so we must protect the social security system now and in the future. Not only did we confirm at the autumn Budget that we would keep a welfare cap in place with a margin of 5% to account for the volatility of recent forecasts, but later this year we will publish a new annual report on social security spending across Government, setting out the DWP’s plan to ensure that it is on a sustainable path. The days of setting spending targets without a proper plan to meet them are over.

**Jeremy Corbyn:** If next year’s report recommends an increase in welfare spending, would that be impossible within this cap, or will she come back to Parliament to ask for a change in the cap well ahead of its 2029 expiration?

**Alison McGovern:** In the specifics of our proposal, we will publish a Green Paper on health and disability in the coming months. With regards to the financial controls, we will do all that the Chief Secretary to the Treasury set out some moments ago on allowing the Office for Budget Responsibility to perform its function. That is the best way to ensure that we take fiscal decisions within the guardrails that he set out.

The results of 14 years of failure are unfortunately only too obvious, as I said earlier. Everywhere we look in this country, we can see the impact of what the previous Government did. Too many people in far too many places were neglected and failed, starved of opportunity, and left to turn to a social security system that just is not working. Everybody in this country suffers the consequences.

**Kirsty Blackman (Aberdeen North) (SNP):** I am not sure how long the Minister has left in her speech, but I have a question about the welfare cap. We are being asked to make two decisions: to approve the welfare cap, and to note the breach. She has made the case for how the Government are trying to get Britain working and why the breach has happened this year, but so far she has not made the case for why they are putting in a welfare cap this year and why we parliamentarians should agree to it.

**Alison McGovern:** I did make the case for the overall welfare cap and for that policy at the beginning of my speech, because it is important that we have proper controls on public spending. Fantasy economics will do absolutely nothing to support family finances and the Government are determined that we will manage public finances in a responsible fashion.

The results of failure are far too obvious; we all pay the consequences. That is why we will not stand for it. Every penny counts, but so does the future of every person in this country. That is why, in order to ensure we save every penny for the things we want to spend on in social security, we are bringing forward the biggest welfare fraud and error package in recent history. We are not just tweaking a broken system; we are going to fundamentally change the way we approach reform, starting with the principle of focusing on people.

We will tackle the root causes of unemployment—whether you are out of work because you cannot find a job or are out of work because the last Government wrote you off, everybody deserves to build a better life and fulfil their potential.

**Peter Swallow** (Bracknell) (Lab): I am proud to be a Labour MP. Labour is the party of the dignity of work. We know that, for those who are able to, the best place to be is in work with a well-paid job with good rights. Does my hon. Friend agree that the previous Government did far too little to ensure that people who could work were helped back into work to get all the benefits and dignity that working can bring, and that they wrote off far too many people, which has left us in this sorry state?

**Alison McGovern:** I am glad that my hon. Friend is proud to be a Labour MP, as am I, and I am glad he is proud of the approach we are taking on employment, because so am I. We cannot afford this failure any longer in the cost to our public finances. We will never tolerate the failure in hope, dignity, ambition and opportunity that the levels of unemployment in this country now represent.

4.42 pm

**Helen Whately** (Faversham and Mid Kent) (Con): The welfare cap we are debating today was introduced back in 2014 by the Conservative Chancellor at the time, George Osborne, to hold the Government to account on the cost of our welfare system. Through the 2010s, in government, we broadly kept to that cap; it was part of the discipline we applied to the welfare system to make it fair for the taxpayer and to put into practice the strongly held Conservative principle that if you can work, you should work. We introduced universal credit to ensure that work always pays and supported businesses to create millions of jobs, and we helped thousands of people into work and drove down economic inactivity—and were opposed at every step of the way by the Labour party.

But in the years during and since the pandemic—I will not shy away from telling the truth—things changed. While the number of jobs kept going up, the number of people economically inactive also started to go up, and with that, the welfare bill, and that is a big problem. It is a financial problem that means we are today debating a welfare cap which has been breached. It is an economic problem because our economy needs the talents and energies of everyone. And it is a social problem: of the 9 million people of working age defined as economically inactive, 2.8 million are not working because of ill health. That includes growing numbers of young people. Young people are starting out on a life on benefits instead of starting out on a career, missing out on the opportunities that work brings—the sense of purpose, the connections with other people, the chance to learn and develop skills—missing out on the experience of being paid for their efforts, and missing out on the chance to build financial independence and security. We as a country have a moral and financial imperative to turn this around and in government we were working flat out to tackle it.

**David Pinto-Duschinsky** (Hendon) (Lab): Will the hon. Lady acknowledge that under the last Conservative Government inactivity rates among the young were the highest in the OECD, and that they were working on it, but it was not working?

**Helen Whately:** As I am sure the hon. Gentleman heard, I was just acknowledging the fact that the economic inactivity rate started going up in the run-up to and

particularly following the pandemic. We have a particular concern, which I am sure the Government share, around growing inactivity among young people. It is a challenge that we are experiencing more than other countries, and there is a lot of work to do to get to the bottom of it. I was involved in that work in government as a Health Minister, and it is imperative that the new Government get a grip on that issue.

**Peter Swallow:** Will the right hon. Member give way?

**Helen Whately:** I will make some progress.

In government, we were working flat out to tackle that problem. We were changing how we assess people's capability for work, recognising that the world of work has changed. We developed WorkWell to help people with health conditions or disabilities find and stay in work, and we were reforming the fit notes that GPs give people. Once again, we were opposed by Labour every step of the way.

We also had plans to go further. In our manifesto, we committed to £12 billion-worth of savings by reforming sickness benefits. Labour responded at the time by saying that the money is simply not there, and the present Chancellor said that not a single penny could be saved from welfare. It turns out that, on this one occasion, Labour has stuck to its word: it has no plans to control welfare spending. Today, the Government are setting a welfare cap that does not include a penny's worth of savings at a staggering £195 billion by 2029-30—a 44% increase on this year's cap. In cash terms, that is more than our entire defence budget. Not content with not saving a single penny, they have given themselves a £10 billion buffer on top of that. That lack of ambition is terrifying.

We believe that money can and should be saved from the welfare bill. The Chancellor finally seems to agree with us, because she has been busy briefing the papers in a panic about cutting spending. But where are those plans? Unfortunately, she has not got any because, as I said, until now she did not believe any savings could be made. Perhaps the Employment Minister can give us some clues. I believe she has canned my fit note reforms, so what will she do to get the welfare bill down and by when? How on earth does she expect to get people into work when 50,000 people were added to the unemployment figures in December alone?

**Alison McGovern:** I think I am being asked whether we stopped the extensive work that the previous Government were doing on rising inactivity. I have to say that when I got into the Department for Work and Pensions, there was not an extensive plan available. That is why we have had to embark on fundamental reform, which we set out in a White Paper in November, and that is why we will shortly be bringing forward a Green Paper on health and disability reform. The idea that somehow there was an instruction list left in the Department that we could just crack on with is a fantasy.

**Helen Whately:** The hon. Lady will know—at least I think she will know—that the vast majority of what she set out in the White Paper was the continuation of things we were doing in government. In fact, if she has read it she will see that it even says that the youth guarantee is essentially a new name for a repackaged set of measures



that are already in place. That is literally in the White Paper. I am happy to follow up with her afterwards on the page that she will find that phrase on.

I have yet to see a single sign to suggest that this Government can tackle the welfare bill, and the cap they are setting today tells us that they agree. The Opposition will support efforts to bring down welfare costs sensibly. We need a compassionate safety net, but that net should never become a trap. If the Government do not get a grip of the problem, it will put our entire social contract at risk. Ministers have finally twigged that action is required—a Green Paper is, they say, on its way. I urge the hon. Lady to get on with it, because each month that passes see thousands more drift out of work and into a life of inactivity.

4.49 pm

**Dr Jeevun Sandher** (Loughborough) (Lab): Every person in this country should be able to live a decent life, but too many of us are unable to earn a decent wage. That is what is pushing up social security spending, leading to the motions that we are debating today. Too many people are forced to claim sickness benefits because the NHS has failed them; there are not enough well-paid jobs; and people do not engage with the social security system that the Conservative party left us, because it demonised and attacked them.

That left us as an incoming Labour Government with a choice between massive implementing cuts to social security this year and technically breaching the welfare cap. I am proud that this Government have chosen to breach that cap rather than drive people into destitution. I am proud that we will get people who want to work into work, and that we will change the system for the future to ensure that people are not left as they have been for the past 14 years. I am proud that this Government will ensure that every person has the support they need when they need it.

Our nation is sick, and things need to change—specifically, three things. First, our NHS needs to shift. After 14 years of mismanagement and the disastrous Lansley reforms, we have almost 3 million people out of work. We were the only G7 nation to see sickness rise during the pandemic and after it as well. Every single one of us sees that degradation and damage when we try to get an appointment with our local GP. That is what we need to fix in the years ahead.

Secondly, we must transform our low-pay, low-training economy, which does not provide enough good jobs or pay enough to live. Thousands of people are unable to turn on the heating because they cannot afford it, and thousands are unable to eat; nurses are forced to go to food banks. Around 70% of children in poverty are in working families, and being cold and hungry makes people sicker. Too many people in this country go straight from school into sickness; the number of young people in this nation who are too sick to be active in the labour market has almost doubled since 2013. Those are the problems that we will be fixing in the years ahead.

The third thing that needs to change, of course, is the punitive social security system that pushed people to the brink. When people could not see their GP, could not earn enough to live a decent life and were too scared to go to the jobcentre, they stopped working altogether. That has led us in this country into a toxic doom loop, with sicker people having less money in their pockets

and becoming too sick to work, leading to higher social security payments. The amount we are spending on social security is a sign not of the former Conservative Government's generosity, but of their failure. That is what we will be addressing in the year ahead.

The amount that we are spending on sickness and disability benefits has risen from £42 billion in 2010 to £65 billion today, and that is in real terms, not nominal terms. That is an increase of around 40% to 50%. That is why we will breach the cap by £8.6 billion this year, rather than impose devastating and swingeing cuts on those who already cannot afford to eat. We on the Labour Benches know that food banks are not an integral part of our welfare system; they are a symbol of failure. These are the things that we must change in the future.

We need changes not simply to policy but in attitudes. For 14 years it was said that every person who was failing to earn enough was somehow a skiver. That was wrong, and it drove those who needed to engage with the social security system not to engage with it at all. I used to work at the Department for Work and Pensions and I can tell the House that people on both sides—those who wanted to work and those who wanted to help people into work—were good people who were let down by a bad system.

**Chris Curtis** (Milton Keynes North) (Lab): Somebody who works in my local jobcentre in Milton Keynes came to visit me last week and told me about his experiences. He currently has to conduct 10-minute appointments, and as a lot of that time is spent on admin, he is not able to give the necessary help and support to people who are desperate to find a job. Does my hon. Friend agree that it is really important that this Government, unlike the previous Government, focus on providing the support necessary to get people into work, rather than setting a narrative about people being workshy and not wanting to work, which is not the truth?

**Dr Sandher:** I could not agree more with my hon. Friend. Ten minutes is nowhere near enough time for people to get the job support they need. It is not enough for those who are seeking help or for those seeking to give that help, especially as the economy is changing and getting a well-paid job requires more training. The country changed before with the automotive revolution, and it is now changing with the artificial intelligence revolution. Those people need support and help in order to get security, but they are not guaranteed it or given it at the moment, and that is the precise intention of the changes we are putting forward. It is not easy to put forward these changes and it will not take a short time, but by starting that work today and by changing the relationship between those who are seeking to give help and those who are receiving that help, we can ensure that those who need help will actually receive it.

This is not just about those on the ground who are doing great work, or indeed about my former brilliant colleagues at the DWP. It is also about how we in this House speak about those who need help, who are in poverty or who receive social security payments. We must understand that every single person in this country wants to work and wants the dignity that comes with it, but they are too often let down because of a lack of well-paid jobs, a lack of support and a lack of dignity afforded to them by a party that sought only to demonise. That is what we seek to change in this House and, indeed,

[Dr Sandher]

in this country. That is the choice before us, and it is why we are making these decisions: a technical breach of the welfare cap this year and a more accurate welfare cap in the years ahead, so that we can begin to provide the support that people need.

**Kirsty Blackman:** People go to food banks because work does not pay and the two-child cap, for example, means that they do not have enough money to live on or to support their families. Why is the hon. Member supporting a welfare cap that bakes in the two-child limit?

**Dr Sandher:** I do not believe that the hon. Member is correct. The welfare cap does not define future decisions; the welfare cap in future years defines the total amount that will be spent at that time. We should be clear what the welfare cap refers to. She mentioned the two-child limit in particular, and Government Members have been clear that choices have to be made in straitened times. We know that children are driven into poverty and that no child deserves to be born into such circumstances. Indeed, we know about the huge and shocking rise in child poverty and child hunger in this country. I know that Members across the House are shocked by that, but the truth is that we cannot make every such decision in this House because these are straitened times. However, I appreciate the intervention and, indeed, the good faith in which it was made. There is a lot we have to change in this country, and I am sure we will do so in the years ahead.

The choice before us today is simple. The technical breach this year and the change in the years to come are the right choices, and we are making them for the right reasons. Many in work today cannot make it pay, and that is why we will make sure that people who are in work get the training they need. That is not just about the training they need to get a better job; it is about the support they need to ensure that their healthcare, and indeed their health, is good enough to continue working.

More broadly, we must ensure that every single person in the country can have a decent job that pays enough, and we are taking action in three areas to do that. First and foremost, there is our action on the NHS and through the Darzi review, because we should not live a country where almost 3 million people are too sick to work. We have offered thousands more appointments to get waiting lists down, because people who cannot see a GP today are far more likely to end up out of work tomorrow.

Secondly, we are helping people get into work. There are the 16 trailblazer programmes to join up work skills and health support, and the £115 million to help those with complex needs get back into work.

Thirdly, we are creating good jobs for young people with the youth guarantee, so that every single young person in this country can access the training they need and the apprenticeships they require.

The fundamental reforms the Chancellor set out in her speech today are also about supporting people into work so they can contribute to our economy, and do what they need to do to get a decent life for themselves and their family. Having a decent job and earning enough to live is about more than the pound in a person's pocket; it is about a sense of contentment and something to talk about with their mates. It gives meaning to each day.

**Robin Swann** (South Antrim) (UUP): The hon. Member has talked eloquently about the challenges of getting into the workplace. Does he realise that a large number of people across our society who are economically inactive have the desire to look for work and have welfare payments to support them getting into work, but sometimes through no fault of their own the system works against them?

**Dr Sandher:** I thank the hon. Member for that point. Indeed, that is the entire reason why we are changing the system today. Yes, it is about practical changes and providing more support, but it is also about a change of tone, a change of attitude and treating people like human beings. That is exactly what Labour Members believe.

These reforms and support, at their core, are about ensuring that every single person has a decent job, which gives them meaning and something to talk about with their mates. A previous Labour Government did that so well, and that is how we got poverty down. A previous Member for Sedgefield, who is a shining light for us on the Labour Benches, promised to end child poverty in a generation, and a previous Member for Dunfermline, who is a hero to us, put that into practice and reduced child poverty by almost a million. It is that Labour tradition to which I speak. That Labour tradition is why I am proud to stand here today, and that is why I am proud to vote in favour of these motions.

**Madam Deputy Speaker (Judith Cummins):** I call the Liberal Democrat spokesperson.

5.1 pm

**Daisy Cooper** (St Albans) (LD): Years of mismanagement by the previous Conservative Government damaged our economy, hit people's living standards and left our public services on their knees—especially our NHS and care—so it is no wonder that we have seen the welfare bill go up. The Conservatives left GP and hospital waiting times soaring. They also saw staff vacancies spiralling, and local public health funding was slashed. The cancer treatment target has been missed every year since 2015. They promised 6,000 GPs and left government with fewer of them. Of course, the 40 new hospitals fell apart—literally in some cases—leading to inefficiencies in our health service as staff and patients battle cramped and crumbling buildings. I remember a former Conservative Prime Minister standing on the steps of No. 10 and promising to fix social care once and for all, but, as we know, millions of people around the UK are left to pick up the pieces of a broken social care system.

That disgraceful legacy and the blatant mismanagement of our economy has left millions of people unable to work due to long-term illness and having to rely on support instead, impacting growth and productivity. Under the last Conservative Government, the number of people not looking for work, especially due to ill health, reached record levels, and Government spending on welfare went up drastically as a result. Their mismanagement has left so many people unable to seek work and reliant instead on Government support.

We Liberal Democrats have always understood that a healthy economy requires healthy people. As I have said a number of times in the House, health and wealth are two sides of the same coin. The best way to bring down welfare spending is for the Government to act with

urgency and ambition to end the crisis in our NHS and care, empowering people to join the workforce and reducing the need for welfare support in the first place.

The Conservatives' mismanagement of the economy has had a direct impact on decisions being made today. At informal assessments in 2020, 2021 and 2023, the OBR clearly said that the welfare cap was on track to be breached this year, but the new Labour Government must do far more to fix our health and care services so that fewer people require Government support in the first place. I have to say that the Conservative party has lost every right to criticise the current situation when its fingerprints of failure are all over it.

We have previously discussed the impact of the Government's national insurance contributions rise and other changes. The Government have said repeatedly that these changes are inevitable as a way to fund the NHS, but they know, and we know, that some of this is really not needed. The national insurance contributions rise will impact our GPs, dentists, public health providers, primary care providers, pharmacists, social care providers and hospices—the list goes on. Those people and businesses are propping up our NHS.

I use this opportunity once again to encourage the Government to reverse the national insurance contributions rise and look to other means of raising those funds. Fundamentally, the best way to bring down welfare spending is for the Government to act with urgency and ambition to end the crisis in our NHS and social care. We Liberal Democrats made that our No. 1 priority during the general election, and with 72 MPs, it remains our No. 1 priority in this House.

5.5 pm

**David Pinto-Duschinsky** (Hendon) (Lab): I thank my hon. Friend the Minister for her opening speech, on a timely subject as the Government have just laid out their bold and striking ambitions to grow our economy and take the tough decisions needed, after years of dither and delay by the Conservative party. Today more than on other days, we have seen laid out in stark relief the choice before us of either doubling down on the failures—more of the same—or picking a new route. That is what this debate is about.

I want to talk about the root causes of some of the growth issues that we face. But first I want to focus on a number: £8.6 billion. That is how much the welfare cap was breached by, because of the Conservatives' failures time and again. That is not a small amount. To put it in some context, it is as much as the entire programme budget of the Department for Work and Pensions. To give another comparison, it is half the entire police grant for all policing in England and Wales.

It is a phenomenal failure on the part of the Conservatives that we face this issue today, and it is not their only failure in the DWP. My hon. Friend the Minister laid out fantastically well the litany of failures. Let me pick up one in particular: the Conservatives breached the welfare cap, but we have not had much time to talk about their failures on fraud and error. Because of failures on their watch, the numbers more than doubled, and are now stuck at an elevated post-covid rate. They left us with an entrenched fraud and error problem.

We could go on. The litany of catastrophic mismanagement is almost endless. The hon. Member for Faversham and Mid Kent (Helen Whately) said that

she could make savings. The Conservatives had 14 years—where were they? Instead, we got lots of “dog ate my homework” excuses. They should be hanging their heads in shame. As hon. Friends have pointed out, it is telling that, behind the shadow Minister, the Opposition Benches are empty. They know how badly they let the country down.

It is not just about the £8.6 billion; the Conservatives' failures shine a spotlight on two deeper failures that are the root causes of today's motions: a failure to grow the economy, and a failure to get people into work and to help those with health conditions move on in the labour market. Let me turn to growth first. We have heard a lot today about the economy, but it is worth pausing to remember how bad things were under the Conservatives. From 2019, on their watch, the economy grew slower than any other G7 economy, bar one. In the last decade of their rule, GDP rose in real terms by only 6%. If it had grown at the same rate as comparable countries, on average we would each be more than £8,000 better off.

I welcome the fact that after years of this country being held back by previous incompetent Governments, this Government are finally taking the decisions to realise our country's potential. That is what we heard today: £78 billion being released through supporting the Ox-Cam arc; £160 billion through the Chancellor's excellent announcements over the weekend to allow investment of pension surpluses; £7.9 billion of infrastructure to give us nine new reservoirs. The Conservatives had 14 years in government—do you know how many reservoirs they built, Madam Deputy Speaker? Zero. That is the difference.

I am proud of our Chancellor, who has made the tough decisions that have given us the foundation of stability and allowed us to make these announcements today. It is because of the stability created by the Budget and her other decisions that we now have inflation of 2.5%, that interest rates have been cut twice, because the Bank has confidence in the Government's fiscal management, that investment is at a 19-year high, and that wages are growing at their fastest rate in three years—I could go on. It is only because of the tough decisions that we have made that we are in that position.

Beyond the Conservatives' failure on growth, the breaches of the welfare cap also shine a spotlight on their terrible failure to get people into work and to combat poverty. The figures are extraordinarily stark; I thank my hon. Friend the Member for Loughborough (Dr Sandher) for sharing some of them. Today, one in five adults is economically inactive because of the Conservatives' legacy. We are the only G7 country where employment rates remain below the pre-covid level. I note that the hon. Member for Faversham and Mid Kent, when asked, acknowledged the fact, but she could not tell us why that is. Well, I have a clue for her. It is because of the incompetence and the failures of her party.

What is more, we know that these problems are driven overwhelmingly by ill health, with 85% of those who have dropped out of the labour market having done so due to ill health. This disproportionately hits those over 50, but, scandalously, also affects the youngest in our society. The number of NEETs—those not in employment, education or training—went up by a third in the last three years of the previous Government.



[David Pinto-Duschinsky]

It goes deeper than that. Beneath the shocking rise in 16 to 24-year-olds who are out of work and inactive, a stunning 79% are also low skilled, with skill levels lower than GCSEs. Because of Conservative failures, so many of our young people have been caught in a downward spiral of low skills, poor opportunity, low self-esteem and poor mental health.

This failure by the Conservatives is a moral disgrace, but it is also a massive economic problem. If not addressed, the sickness bill they bequeathed the country could exceed £100 billion by the end of this Parliament. I would like to say that this is the first time they Conservatives have done something like this, but that would not be true. Those of us old enough to remember will know that in 1997, the outgoing Conservative Government bequeathed more than 5.1 million inactive people to the incoming Labour Government. It is just what Conservative Governments do.

My hon. Friend the Minister also mentioned the fact that many of the technical changes the previous Government made to universal credit and other benefits actually dragged people further away from the labour market, putting up barriers and making it harder to get work. This is an absolute scandal, especially because we know that DWP staff—the people who work on this—want to make a difference. I worked for the new deal taskforce 26 years ago, working on the previous Labour Government's strong efforts to get people back into work. I know that DWP staff want to make a difference, but, because of the previous Government's terrible policy design and incompetence, they are often prevented from doing so.

This is a massive human tragedy. We know from survey work that at least half of the people who are inactive—4.5 million people—say that they want to work if they can have the right support. We also know that work is the best tonic for many of the issues faced by those who are inactive. We know from a University of Cambridge study, for instance, that just eight hours a week of paid work can reduce mental health issues in a large portion of the population by up to 30%.

What is more, the Conservative party did far too little to tackle the underlying dynamics of low work and no work faced by so many people in poverty. We know that the average family in poverty goes through up to seven separate spells in poverty. All too often, it is like “Hotel California”: they can check out, but they can never leave. Rather than trying to deal with that problem, all we got from the Conservative party were sticking plasters and political slogans.

I am incredibly proud to sit on the Labour Benches and support a Government who will take a different approach and are absolutely determined to make an actual difference and tackle the root causes. We heard from the Minister the action that will be taken to give our young people a choice, through the youth guarantee, between earning and learning—a real, proper stable start in life. We heard about the changes we will make to the DWP to actually get it working. We heard about the changes that will actually tackle the barriers to work—real, practical steps rather than the slogans of the Conservative party. We heard about the work on fraud and error, so that our public money is spent on helping people to get

back to work, rather than leaking out of the system. We heard about the efforts that will be made to get people not just into jobs, but into good jobs.

It is worth pausing on that point for a second. The labour market has changed a lot in the past 30 years. It is no longer a given that all jobs provide a ladder to good, fulfilling, family-supporting work. For too long, the Conservative party, when it was in government, ignored that. It is such good news that through the good work laid out by the Minister on the industrial strategy, and through bringing the careers service together with Jobcentre Plus so that we have a system that focuses not just on getting people into work but on helping them get on, we finally have a Government who are taking the problem seriously.

Our ambition is no less than to give people proper power over their own lives. As my hon. Friend the Member for Loughborough pointed out, the Conservative Government so often just sought to demonise and sloganise. We are trying to put power back into people's hands and give them the real power over their own lives that only fulfilling and decent work can offer.

As I said, I started work in the new deal taskforce in the DWP's predecessor Department. I was lucky enough, later on, to work on similar issues in the Prime Minister's strategy unit. What characterised the Administration then was a real passion to change lives and a real passion to make things better. That has been so lacking for the past 14 years, and it is so refreshing to hear that it is back. I am absolutely proud to stand here and support the motion.

5.17 pm

**Jeremy Corbyn** (Islington North) (Ind): I am pleased we are having this debate, although I am sorry that it is relatively short. My concern about the proposal before us is that it recognises an overspend on the welfare cap—I support the idea that we should be allowed to overshoot the cap—but hardwires decisions on welfare spending for the next five years. It therefore restricts any future changes to any element of welfare spending.

The cap does not include pensions and work-related benefits. What it does include, in particular, is disability living allowance, housing benefit and personal independence payments. Those benefits relate to the areas in which, it seems to me, there are often the greatest levels of poverty and people face the greatest problems in simply trying to survive. The Government have already removed the winter fuel allowance, which is included in the estimates for the next five years, and are maintaining the two-child benefit cap, which restricts the amount of money paid on benefits to families. I understand all the points the hon. Member for Loughborough (Dr Sandher) made and the passion with which he made them, but the reality of not removing this ridiculous cap, put in place by the right hon. Member for Chingford and Woodford Green (Sir Iain Duncan Smith) when he was Secretary of State for Work and Pensions, is that we have a lot of children living in desperate poverty.

Any Member who goes to a food bank—we all have food banks in our constituencies—and talks to the parents picking up food will find a wholly disproportionate number of, usually, mothers of children in very large families who cannot make ends meet because their benefits apply only to the first two children. We need to

get rid of the two-child benefit cap, but what we are being invited to support today will ensure that we keep it, while maintaining the removal of the winter fuel payment and boxing us in when it comes to what we can do to improve both the take-up and the availability of disability benefits as a whole. I must therefore caution the Minister and question her optimism. I recognise the need to overshoot the cap today because I understand why it has come about, but we need to look at the levels of poverty in our society.

I also understand all the points that have been made about the role of the Department for Work and Pensions in relation to people seeking work. In 1986, I was a member of the Bill Committee that took a sledgehammer to the then Department of Health and Social Security's methods of supporting people who were out of work and helping them into work. We have suffered ever since as a result, and I am pleased that the DWP is reforming its ways of doing things and will help people into work by providing more advice and support. The reality is, however, that many people in this country suffer because of the mental health crisis that we are in, have suffered industrial injuries or are living in great poverty, and they need support. Surely we should be measuring the levels of poverty, the increased levels of child poverty and the educational underachievement of children living in poverty, rather than saying that the most important thing to do is limit the level of welfare spending.

There is a reason for that. I meet many people, in my constituency and in other places, who are receiving DWP benefits. Some are in work, some are unemployed and some have sickness problems and cannot work. They are not shirkers. They are not skivers. They are people who need help within our society. For too long we have had a culture of blaming anyone who seeks help within the law through our benefits system. I hope that we will hear a reply from the Government in which they accept the need for a re-examination of the levels of poverty in society and demonstrate a preparedness to change the welfare cap in the future to accommodate any increased needs that result from it. The thinking behind the cap was not about eliminating poverty from our society; it was all about limiting the level of welfare payments and the benefit that people gain from them.

In an intervention in the earlier debate, I pointed out to the Chief Secretary to the Treasury that huge infrastructure projects had gone massively over budget and had been financed. I support the Elizabeth line—it is a wonderful thing—but it was way over budget, like plenty of other projects. There seems to be one approach to investment in major infrastructure projects that run way over budget, and another when it comes to a welfare budget: anything that might go over will be prevented from going over by the Treasury. We cannot predict who will be injured next year, what illnesses will come or what needs will arise. Surely the principle of the welfare state must be that we help and support people when they need that help and support—and yes, help them to be available for work and get back into work, and say to employers, “You need more flexible working arrangements so that people can work part time.” We must look at the levels of unemployment among people with disabilities who simply cannot get work because the employment laws are not strong enough to require employers to provide work for people who, despite having disabilities, are well able to work.

I think we should be more cautious, rather than adopting a gung-ho approach and saying, “We are cracking down on welfare.” I want to crack down on poverty, I want to crack down on unemployment, and I want to crack down on those who prevent people from achieving the best that they can in their lives and in our society.

5.24 pm

**John McDonnell** (Hayes and Harlington) (Ind): I hope that the Government will consider completely scrapping this debate in future years, because it has become farcical. The right hon. Member for Islington North (Jeremy Corbyn) will remember that the welfare cap was introduced because of the Dutch auction that was going on in this Chamber about who could be more brutal on the poor. The welfare cap was part of that period of debate, in which anyone claiming benefits was allegedly a welfare benefit scrounger who was not willing to work for a living. That was the atmosphere that was engendered in this Chamber. At that stage, to be frank, it was deeply worrying. In many ways, humanity almost left the Chamber.

The farcical nature of the debate is that, having introduced the cap, Minister after Minister would have to come back each year and report that the cap had been breached, because more expenditure had been forced on the Government as a result of the increasing levels of poverty. I suppose that it at least gives Members the opportunity to have some discretion over issues of poverty.

May I suggest to those on the Labour Front Bench that they should remove the cap, because it has become a farcical exercise? If we are to have a debate on poverty, there should be an annual report by the Labour Government on the poverty strategy that they are now developing. I believe that the commission established by the Labour party is now working, and it would be so much better if we had a report and did not have the farcical pantomime that we have today.

**Alison McGovern:** I thank the right hon. Gentleman for allowing me to intervene briefly to say that the child poverty taskforce's work is ongoing, and that it regularly engages with parliamentarians and others to update them. I know that many parliamentarians have been pleased to involve themselves in that work, given the importance of tackling child poverty.

**John McDonnell:** That is a really helpful response, but it does not respond to the fact that if we are to have a focus on poverty, rather than a debate on the welfare cap, which is breached on virtually an annual basis, it might be better to have a debate on the Government's strategy to tackle poverty overall. Then we could have a proper discussion, and even a debate with a motion that could be amended where we want to see improvements. That is what I want to get on to now.

I hope that people have seen today's Joseph Rowntree Foundation report on overall poverty, which reflects what most of us know and experience in our constituencies. It is shatteringly depressing, to be frank, because it does not show any improvement over the last few decades. The hon. Member for Faversham and Mid Kent (Helen Whately) mentioned that the Tory Government introduced this measure when they came into power. It was during the period of austerity, and it is worth reflecting on what that meant.

[John McDonnell]

The London School of Economics' report and other independent reports say that 140,000 people lost their lives as a result of austerity; others have estimated that the figure could be up to 300,000. In part, that was because of the grinding poverty that was imposed on people, as reflected in all our constituencies—we saw it. I remember a time when there were no food banks in any of our constituencies, because they were not necessary, but now they are, as a result of 14 years of austerity.

If we are to have a proper debate on poverty, we need to highlight as individual constituency MPs where we think the Government should be going, so I will briefly do so on the basis of what we have seen in the Joseph Rowntree Foundation report. I always cite the overall figures: we have 15 million people living in poverty, including 5 million children. I think the Joseph Rowntree Foundation report says that there are 4 million people living in deep poverty, and nearly 4 million in destitution.

The statistic that always shocks me is that 1 million children are in destitution. I never thought we would use the word “destitution” again in our society; I always thought we would improve year by year and lift people out of poverty. I never thought that children would live in poverty in the way that some of my generation did.

There are groups that clearly need to be on the agenda, and my hon. Friend the Minister has mentioned some of them, thank goodness. I chair a group of unpaid carers, of whom there are 5 million in this country. If an unpaid carer is looking after a disabled member of their family, it is almost inevitable that they will be living in poverty, unless we face up to the central demand of unpaid carers, which is to address their income. It is not just about how much they can earn, which the Government have looked at recently; it is about the carer's allowance being at such a level that people cannot survive on it.

Looking at the report with regard to families with children living in poverty, I cannot at the moment see a faster way of getting children out of poverty than scrapping the two-child limit. I am hoping that will be on the agenda as a priority when the Child Poverty Action Group reports to Parliament.

The Joseph Rowntree Foundation has identified that the poverty rate among disabled people is now 30%. The Government are about to consult again on the work capability assessment reforms because they lost in court to Ellen Clifford two weeks ago. I am pleased that the Government lost in court, to be frank. The basis of that decision was the lack of consultation on the previous Government's reforms. I do not understand why our Government continued the appeal within the court, but they did. They have now lost and have been forced to bring forward their consultations on the reform of the work capability assessment.

I am hoping that those reforms will be done in co-production with disabled people—on the basis of the disability groups' principle, “nothing about us without us”. My fear is that an overhanging £3 billion-worth of savings is required from the DWP on this issue. If that results in cuts to individual benefits, I think there will be uproar within our communities and across this House. What is also interesting in the Joseph Rowntree Foundation report is that the poverty rate among people who are suffering long-term health conditions is 50%. The work

that the Department of Health will now do in walk-in advice surgeries, for example, and the focus on mental health, will be key.

The household benefit cap overall is iniquitous. It forces families into poverty, particularly in places such as London, because of the high rents that are hitting people. According to the Joseph Rowntree report, the poverty rate among renters in social housing is 44% and in the private rented sector it is 35%. The Government's refusal to accept the amendment to introduce rent controls, which was tabled by a number of Labour Members, was extremely disappointing. The Government could at least devolve that power to the individual Mayors so that they can represent their communities and introduce rent controls where necessary. I believe that Sadiq Khan has expressed his support for that power to be devolved. With rent controls, we could tackle the housing crisis that we face within our constituencies.

When we talk about poverty, we need to come forward with an agenda that will tackle it at pace, and I do not think that, in our discussions in the future, a welfare benefits cap in any form will assist in bringing forward the reforms that our constituents so desperately need.

5.33 pm

**Kirsty Blackman** (Aberdeen North) (SNP): I agree with a number of the comments that have been made across the House today. I found myself nodding along with the right hon. Member for Hayes and Harlington (John McDonnell) there, and particularly with the right hon. Member for Islington North (Jeremy Corbyn). I just want to highlight a couple of things before I get into the meat of my speech.

We know that 38% of universal credit claimants are in work, so I am glad that the Government are talking about how to make work pay and how to get more people into work. I am glad that the Government are investing in strategies that will get young people into work, and that will get people who have been long-term unemployed, or even short-term unemployed, back into work. I am glad that they are reforming jobcentres so that they will be assisting people in a way that they maybe have not been doing in recent times. I am pleased about all of that, but we need to recognise that 38% of those on universal credit are already working. It is just that their work is not paying enough or is not offering flexible enough hours if they have childcare or other caring commitments, and therefore they need that top-up.

The welfare cap covers not only benefits and other elements of social security provided to people who are out of work, but child benefit and a huge number of different things. It is not entirely focused on people who are out of work, although I appreciate the Government's action on that.

The right hon. Member for Islington North talked about how the welfare cap is a bit backwards. Everyone would be jumping up and down, saying, “That's backwards,” if we said, “We are going to put a cap on the number of people who can receive chemotherapy, and on the amount spent on it, because we are going to reduce the rates of smoking, obesity and other risk factors. We are going to have a healthier population, so it is okay for us to cap chemotherapy. We are going to put all this stuff in place to ensure that we reduce the spend on chemotherapy.” We should first spend the money and solve the problem, and then the spend will reduce.



That is the whole point about the welfare cap—it is backwards. By having a welfare cap, the Government are saying that they will reduce the spend on welfare by doing all the things that they are not yet doing. They have not solved the problem. Once they have solved the problem, and once the welfare system has improved in the way they are trying to improve it, the numbers and the spend will reduce.

I am, however, not entirely convinced that everything the Government are putting in place will reduce the spend, because they are battling against a number of factors. Even if they manage to get jobs to pay better, even if they further increase the minimum wage so it is closer to a living wage, even if they ensure there are more opportunities, and even if the Chancellor's opportunities for growth actually exist and create many more jobs, there will still be a significant number of people whom the system is not set up to support.

I have dealt with people in my constituency surgeries who are being supported by third sector organisations, which are being hammered by the national insurance changes and will not be able to provide the support they have been providing. I have dealt with individuals who are six months away from having the consistency in their lives to be able to get up at 8 o'clock every morning.

My concern is that all Governments—I am not specifically blaming the Labour Government—look for quick wins. They look for the low-hanging fruit. "Where can we try to improve things so that people who are pretty close to work anyway—who are not that far out, who have pretty stable lives and who do not have an incredibly chaotic lifestyle—can access work?"

We will be letting down those people who have chaotic lifestyles and who are so far away from being able to get into paying work—particularly full-time paying work—if we reduce the amount of disability benefits they can claim or reduce the amount of support they can receive, when they are a year away from having the stability to be able to access work.

The social security safety net is not a safety net unless it provides support to people who absolutely cannot work right now, and who will need 12, 15 or 18 months, or two years, of intensive support to get to a position where they can achieve part-time work. I do not think that support is in place, and I do not think any Government have provided enough support to ensure that people are not left on the scrapheap.

**Robin Swann:** We talk about labelling people, and we used to have that awful acronym "NEETs"—young people who are not in education, employment or training—and thank goodness we have moved away from that.

The hon. Lady is talking about programmes, and the programmes we had in Northern Ireland under the European social fund and the UK shared prosperity fund are now being withdrawn from those communities. Those organisations were crucial in helping people who were far from employment get into gainful work. It takes time to build up young people's confidence in society so that they see the value of work. I agree with the hon. Lady that the problem requires a long-term plan, but the Government are looking for short-term plans.

**Kirsty Blackman:** It is absolutely about long-term planning. That is why we are making the case that we cannot have a welfare cap and that things are being

done backwards. We should put in place all the supports that the Government are promising, and more, to get people to the position where they can get into work.

The welfare cap is an unfortunate hurdle, particularly as it bakes in some of the cuts that have been made, such as the winter fuel payment. It seems that there will not be an increase in the level of paternity pay; it would be nice to see an increase in paternity pay levels and in the number of men taking up paternity leave. On young people not in education, employment or training—a phrase that was used earlier, when somebody said NEET—it would be great if young people had more chances and choices.

Finally, on issues relating to specific geographical locations—the Minister mentioned Blackpool—hon. Members would not expect me, as the hon. Member for Aberdeen North, to avoid talking about the importance for Aberdeen of having a just transition. I mentioned doing things backwards; the Minister needs to ensure we build up renewable energy jobs before we knock down the jobs in fossil fuels. I am concerned that the Government are failing to do that in the right order, and that we will have gaps where people will become unemployed because of the UK Government's actions.

5.41 pm

**Dan Tomlinson** (Chipping Barnet) (Lab): I thank the Secretary of State for all the work on these important issues. I am aware that we are close to the end of the debate, so I will raise just one issue.

A small business owner in my constituency of Chipping Barnet in north London told me about the way the jobcentre failed to support people into work when the previous Government were in charge. It is encouraging to see what is coming forward in the White Paper, but the small business owner, whose name is Simon, told me how he had advertised some jobs in his company. He and his team spent seven hours going through lots of issues with 80 applicants, all of whom were referred by the jobcentre but none of whom had any desire to take up the job. They were applying because they were being forced to do so by the work coaches in the jobcentres in those 10-minute appointments.

I am happy that the Government have set out proposals in the White Paper—there will be more to come soon in the Green Paper—to help people who want to work to find jobs that are right for them, and to help employers to get good matches to improve productivity and growth in this country.

5.42 pm

**Alison McGovern:** I thank every Member who contributed to the debate. My hon. Friends the Member for Loughborough (Dr Sandher), for Hendon (David Pinto-Duschinsky) and for Chipping Barnet (Dan Tomlinson), the hon. Members for St Albans (Daisy Cooper) and for Aberdeen North (Kirsty Blackman), and the right hon. Member for Hayes and Harlington (John McDonnell) all made important contributions.

All of us have pointed out that our social security system should be a safety net and a springboard, and should help people be and do all the things they might wish. However, when we look at what we have inherited, it is a mess and it does not serve the purpose it is supposed to serve. That presents a crisis for this country,

[Alison McGovern]

because each and every one of us knows that one day it could be us that gets sick and needs help, and that one day, hopefully, we will receive a state pension. We need the social security system to do its job. We are not in a good place, but we will move on.

We are all impatient to get the change we need. We have already set out plans that are being discussed. We need big, fundamental reform, because the scale of the challenge is huge. There is an £8.6 billion breach this year; the OBR saw the breach coming for over 18 months, but the previous Government did absolutely nothing to prevent it. That is not a number that you get because of one or two—

*One and a half hours having elapsed since the commencement of proceedings on the motion, the Deputy Speaker put the Question (Order, this day).*

*Question agreed to.*

*Resolved,*

That, pursuant to the Charter for Budget Responsibility: Autumn 2022 update, which was approved by this House on 6 February 2023 under section 1 of the Budget Responsibility and National Audit Act 2011, this House agrees that the forecast breach of the welfare cap in 2024–25 due to higher forecast expenditure on Universal Credit and disability benefits is justified and that no further debate will be required in relation to this specific breach.

## WELFARE CAP

*Resolved,*

That the level of the welfare cap, as specified in the Autumn Budget 2024, which was laid before this House on 30 October 2024, be approved.—(Alison McGovern.)

## Business without Debate

### DELEGATED LEGISLATION

*Motion made, and Question put forthwith (Standing Order No. 118(6)).*

#### DEFENCE

That the draft Armed Forces (Court Martial) (Amendment No. 2) Rules 2024, which were laid before this House on 5 December 2024, be approved.—(Gerald Jones.)

*Question agreed to.*

## A432 Badminton Road Bridge

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

5.45 pm

**Claire Young** (Thornbury and Yate) (LD): I want to start by setting the scene. The A432 M4 overbridge forms part of a key route from my constituency into Bristol. It was erected in 1966 when the M4 was built and is a post-tensioned concrete bridge. That is, it has high-strength steel tendons in ducts within concrete to which tension was applied after the concrete set, before they were anchored in concrete and the ducts filled in with grouting. I will come back to the problems of such bridges later, but for now the key point to note is that it usually takes around 16,000 vehicles a day over the motorway to the Wick Wick roundabout, where drivers can continue on the A432 into Bristol or take the A4174 ring road.

I say usually, because in June 2023 National Highways closed the bridge, having given 48 hours' notice to South Gloucestershire council, of which I was leader at the time. In December 2023, after six months of investigations, National Highways announced that the bridge would have to be replaced and could not reopen in the meantime, and that the work would take between two and three years, backdated to June. At one point, an end date of 2025 was mentioned, but that has now become the spring of 2026.

The closure is having a massive impact on local residents. The official diversion is long, so many of the 16,000 vehicles are ending up on local country lanes such as Henfield Road, Ram Hill and Down Road. Even part of the official diversion route is only a C road. The council has put in extensive measures to improve traffic flow, but roads are taking loads that they were never designed to take. That is resulting in long queues, residents being unable to get out of their properties safely or at all, and more potholes and the edges of roads breaking up. Heavy goods vehicles are using roads with weight limits and there is no enforcement to stop them. Henfield Road and Ram Hill are in a quiet lanes scheme, where walkers, cyclists, horse riders and drivers are supposed to share the roads respectfully, but that is not happening.

The situation has also exacerbated flooding on Henfield Road, and high levels of traffic are pushing water on to people's properties. That has left villagers feeling cut off, especially when flooding has taken other routes out of action. Further, when the bridge is demolished, which we are told is due to happen in March, pedestrians and cyclists will also be forced to divert.

Above all, people question the length of time that it is taking to replace the bridge. One wrote:

"For the past 16 months, we have had just one route to exit Yate to reach the city centre, which has been plagued by continuous temporary traffic lights—often two sets on Bristol Road. Why is it taking so long?"

Another said:

"When the bridge is eventually replaced, it's likely to be the best part of 3 years to fix the issue. This is an utter embarrassment and quite frankly an absolute disgrace. The inconvenience this is causing to businesses, commuters and homeowners to name but a few is immeasurable. Those responsible for this debacle should hang their heads in shame."

The closure has left the usually busy stretch of Badminton Road between Coalpit Heath and the bridge practically deserted, which has had a huge impact on local businesses. Kevin at the Bigger Eater burger van has been trading in that lay-by for 30 years. He provided a great service to local people during the pandemic, but the loss of passing trade because of the closure could be the final straw. There is also a kebab van in the lay-by in the evenings. Viaduct Café has lost 60% of its turnover since the bridge closed, resulting in its losing half of its staff. The premises where it is located have lost two business tenants. PM Autos, which services cars and has an agreement to take vehicles for their MOT to a garage in Downend on the other side of the closure, has to take a round-about route that adds significantly to the time taken and cuts into their takings. The Golden Heart pub has lost the passing trade of people deciding to stop for a meal on their way home from work. Heritage Sheds and Fencing has complained that potential customers are not sure whether it is still open; again, it is losing trade.

The impact on the local economy does not seem to be fully recognised. This is not something that businesses can reasonably insure against, yet when I wrote to the Minister I was told simply that there is no right to passing trade. In the same way that viable businesses needed help to see them through covid, these businesses need support to ensure that they survive this closure.

Although the bridge is the responsibility of National Highways, it has fallen to South Gloucestershire council to deal with the impacts that I have described on the local road network. I wish to put on record my thanks to the many officers involved for their efforts in responding to such an unexpected event. After initial monitoring, they put in place temporary measures, including traffic lights, road closures and temporary signage, and when it was confirmed that the road would remain closed for two to three years, they reviewed the existing measures and implemented more. Although some were funded by National Highways, others were deemed to be an “existing problem”—overlooking the fact that the closure is exacerbating those existing problems—or too far away to be related to the bridge, despite the fact that closing such a major route has ripple effects across the local road network.

Unfortunately, the measures that the council put in place are not enough, for example, to stop the HGVs using unsuitable roads, because any physical measures that stop lorries also stop buses, and the police do not have the resources to enforce the restrictions. For a long-term issue such as this, it is vital that the police have the resources to manage it. I also highlight the impacts on other council services: carers, waste lorries and so on all have to take longer routes

The council has been dealing with extensive communication from the public and liaising with National Highways, the police and bus operators, which has been a significant drain on resources in itself. One thing that I was determined to do when I became leader of South Gloucestershire council was improve communication with our residents. In the case of the bridge closure, that meant doing video updates in which we put residents’ questions to National Highways officers. At the beginning, it felt that getting information out of National Highways to share with the public would be a challenge, but I am pleased to say that it got on board with the updates, so much so that I understand it was considering rolling

them out elsewhere in the country. Not only have the video updates continued with my successor, but National Highways has attended public-engagement sessions alongside councillors and council officers. Although communication cannot remove all the frustration and disruption, it is vital that people know what is going on and can get answers to their questions.

Why am I bringing what could appear to be a hyper-local issue to the House? I believe that there is a significant wider risk. National Highways manages 169 post-tensioned concrete bridges on the strategic road network in the south-west alone, and 1,195 nationwide. In addition, there are an estimated 675 that are the responsibility of 105 local highway authorities. Of those 675, research by the RAC Foundation in 2021 reported that a whopping 293 required intrusive inspections that could cost £100,000.

“CS 465 Management of post-tensioned concrete bridges”, a document I am sure we are all familiar with, says in its introduction that

“tendons can be vulnerable to corrosion and severe deterioration where internal grouting of tendon ducts is incomplete and moist air, water and contaminants can enter the ducting system.”

It goes on to say that

“construction practices and a lack of maintenance”

are the key factors affecting deterioration. In the case of the A432 bridge, workers discovered when they drilled through to the tendons that the grouting was missing.

CS 465 also explains that the problem with post-tensioned concrete bridges is that “safety critical defects in post-tensioned concrete are typically hidden, very difficult to detect and may result in a brittle mode of failure.”

Unfortunately, visual inspections alone will not give warning of imminent collapse, and intrusive investigations can be expensive and potentially damaging. If a problem is identified, these bridges have to be removed very carefully, as the tendons are under tension—if we think about what happens when we release a taut elastic band, we can see why that would be dangerous. With many bridges having been built during the height of motorway building in the ‘60s and ‘70s, it is entirely possible that this sort of major disruption is coming to many other communities across the country.

I come now to my asks of the Minister. Given the high level of disruption and the local dismay about the length of time the work is taking, will the Minister work with National Highways to try to bring forward the reopening of the road? Turning to the wider issue, what reassurance can the public have that all the thousands of post-tension concrete bridges in the UK are safe? What is the plan to ensure that that is the case, and has it been reviewed in the 19 months since this bridge was discovered to be failing? How will lessons be learned from this experience to reduce the time needed to replace other bridges that are identified as failing?

Will the Minister review how residents and businesses are supported and compensated when National Highways inflict significant disruption on them for an extended period? Will he also look at how the local highway authority is helped to manage its road network when impacted by a National Highways closure, and at how the police are resourced to help it to do that? Will he review how the assessment is made of which measures should fall within the costs ascribed to National Highways, whether an existing problem is being worsened by the closure, and how widely the impact is recognised, so that



[*Claire Young*]

local highway authorities are not left with huge bills? Will the Minister consider the approach taken to communications in this case, and work with National Highways so that initiatives such as the video updates are rolled out to other incidents, to ensure timely communication with the public?

I have previously spoken in this House about the financial challenges facing local authorities in simply trying to maintain basic infrastructure, even without additional problems such as this road closure. Will the Minister commit to giving South Gloucestershire council the money that it needs to restore the damaged roads when the bridge has reopened?

5.56 pm

**Claire Hazelgrove** (Filton and Bradley Stoke) (Lab): I welcome the debate of my constituency neighbour, the hon. Member for Thornbury and Yate (*Claire Young*), although I would have appreciated some notification of the debate, given that the bridge also sits within my constituency and impacts my residents every single day in exactly the same way as it does hers.

I completely agree with the challenges that have been described. Delays in getting home, to work or to a doctor's appointment are very real challenges. As the leader of the council at the time the big challenges with the bridge were discovered, when National Highways thought that it needed to intervene to close the bridge because things had got to that stage, the hon. Lady has deep insight into those challenges. I welcome the work that she and others, including Ian Boulton, who was co-leader of the council at the time, have done alongside council officers to mitigate the impact of the bridge closure. I work closely with them and get regular updates, for which I am very grateful as a constituency MP. That close relationship between the council and MPs is what our constituents want. They want us to work together with council leaders in South Gloucestershire, and I am fully committed to that.

Although there are delays and we wish the bridge could be opened soon—I echo that desire—I understand that National Highways has brought about this work as quickly as it could. We seek to communicate that to residents—I know that I do as an MP—so that they know the hard and fast work being done. National Highways recognises the importance of this bridge as an artery across and between our communities for people to get to work and see family members. My hon. Friend the Member for North Somerset (*Sadik Al-Hassan*), who is sitting beside me, knows the situation well, he having lived just on the other side of the bridge for a long time. He can attest to the delays and the challenges that the situation is causing hard-working families and individuals across our community.

A lot of local people recognise not only the challenge, but the ambition being led by the council, alongside National Highways, to ensure that the new bridge can serve our communities in the way that it needs to in the long term—that is positive. The consultation work done over a long while on ways to bring in active travel measures and offer more opportunities will serve our communities well in the long term. I hear and echo the challenges that have been described, which my residents and I share and understand, but I am optimistic about

the long-term future of the bridge. I hope that it can be an example of the good types of bridges that we want to see elsewhere across our country.

I will leave it there for now. I wanted to share those additional and important factors, as well as the views of local people on my side of the bridge.

5.59 pm

**The Parliamentary Under-Secretary of State for Transport (*Simon Lightwood*)**: It is a pleasure to respond to the important points raised by the hon. Member for Thornbury and Yate (*Claire Young*) and by my hon. Friend the Member for Filton and Bradley Stoke (*Claire Hazelgrove*). I thank the hon. Member for Thornbury and Yate for securing the debate on such an important matter: the replacement of the A432 Badminton Road M4 overbridge.

Safety on our roads is of the upmost importance, which is why the Government have announced that we intend to publish a new road safety strategy, the first in over a decade. Work is already underway on that. The maintenance and renewal of vital structures on our roads is also of the utmost importance and contributes to the safety of everyone who uses the strategic road network.

I note from the hon. Member's efforts to secure a debate on this subject that she is indeed a strong advocate for her constituents, businesses and road users—as is my hon. Friend the Member for Filton and Bradley Stoke—and she has been campaigning extensively to see improvements and to see how quickly this vital structure over the M4 can be replaced with minimal impact on local people and businesses, and to protect the safety of everyone who uses it.

Our strategic road network is the backbone of our country's economy. With 4,500 miles of motorways and major A-roads, it connects people, builds communities, creates opportunities and helps the country to thrive. Although it makes up only 2.4% of England's overall road network, it is the most heavily used and carries a third of all traffic and two thirds of all freight.

Investment in our strategic road network is made through the road investment strategy process, which is focused on creating a road network that is safe, accessible and reliable for all road users, and which addresses its impacts on those who use it and live near it. We are committed to putting road transport at the heart of our mission-driven Government, transforming infrastructure so that it works for the whole country, unlocking growth, promoting social mobility and tackling regional inequality.

The hon. Member for Thornbury and Yate may be aware that locally managed roads make up 98% of the road network, and that almost every journey starts and ends on a local road. We understand how critical it is to keep the local road network functioning as this promotes growth locally and nationally and has a daily impact on the lives of millions of people. Where these local roads interact with the strategic road network, we aim to ensure that that is seamless and there is minimal impact on local people and businesses, while recognising safety needs.

The A432 M4 overbridge has been closed since July 2023, following a detailed structural survey conducted by National Highways. The survey identified accelerated deteriorations and cracking on the underside of the bridge. As the hon. Member will understand, the safety

of all road users is paramount, and a decision was made to close the bridge to traffic while maintaining access for cyclists and pedestrians.

I understand the concerns that the hon. Member may have due to the length of the closure, but I want to highlight that this is a complex scheme that has involved numerous specialists, including utility providers, in preparation for the demolition to begin. The demolition is planned for March this year, with a new bridge planned to open for motorists early next year.

The hon. Member called for the work to be expedited and I can assure her that National Highways has already worked hard to accelerate many of the activities that support the replacement, to ensure that the bridge is available for the community as soon as possible. Indeed, I have been talking to National Highways and understand that normally a project of this scale would take about five years, whereas the period for this project is three years. My Department will continue to engage readily with National Highways as the project progresses.

I am sure that the hon. Member will understand that National Highways has no intention of inconveniencing road users, but it accepts that, due to the nature of this type of work, and especially when road closures are necessary, some level of disruption is unavoidable. I understand the concern that there will be a period when no crossing of any kind is possible over the M4 on Badminton Road.

As I mentioned, the hon. Member is a strong champion for local businesses in her constituency and has called for compensation due to the impact of traffic diversions. National Highways provides compensation as required by legislation across its projects and schemes. The compensation arrangements generally cover permanent adverse impacts, and the generally held principle is that the public purse does not compensate businesses for loss of earnings due to temporary road works.

National Highways has worked with South Gloucestershire council on funding and implementing the traffic management it requires on its network. Mitigation provided includes significant volumes of static signing, variable electronic message signs and temporary traffic signals. The diversion routes used during the A432 closure have been agreed with the council and are the optimum routes available. The council will have considered the impact of the reassigned traffic, its implications and the limited alternatives available on its network. None the less, I understand the hon. Member's views on the impact that increased traffic may have on local roads that are not designed for heavy traffic volumes. However, the strategic and local road networks use each other when diversion opportunities are for mutual benefit.

I assure the hon. Member that National Highways will continue to work with South Gloucestershire council to ensure that works are completed efficiently and to

mitigate, as much as is practically possible, the disruption caused by the closure of the bridge. That includes working with South Gloucestershire council to refine the traffic management arrangements on local roads.

I want to take this opportunity to affirm that National Highways has a robust inspection regime, ensuring the delivery of a safe and reliable motorway and trunk road network in England. It has a programme of structural inspections, investigations and assessments to ensure that potentially vulnerable structures are identified, that safeguarding measures are adopted and that maintenance works are programmed and prioritised. National Highways inspects all its bridges and other structures in line with the published guidance in the design manual for roads and bridges. That includes a general visual inspection every two years and a more detailed principal inspection every six years, which identifies and records defects in reinforced concrete, steelwork and other construction materials.

Where necessary, further investigations, which may include material tests, are undertaken to establish the extent, severity and specific causes of the defects. If maintenance works are required, they are prioritised and the necessary repairs are carried out to ensure that the structure remains safe and fit for purpose. National Highways applies any lessons learned on challenging projects across the organisation as standard practice. However, it is worth mentioning that inspection is based on standards set out in the design manual for roads and bridges.

Protecting the safety of all road users will always be a priority of this Government. Road safety is a shared responsibility, and it is important that we all recognise the part we can play as it cannot be achieved in isolation. Disruption will occur when action must be taken to address safety issues on the network, but we also acknowledge that maintenance of our roads ultimately benefits the whole community.

I thank the hon. Member for Thornbury and Yate once again not only for securing the debate, but for the important points she has raised and for her campaigning on behalf of her constituents. I also thank my hon. Friend the Member for Filton and Bradley Stoke for her contribution. I reassure the hon. Member for Thornbury and Yate that I take this matter seriously and will aim to continue the conversation to see what we can achieve to provide a positive outcome for road users in the short and long term.

*Question put and agreed to.*

6.8 pm

*House adjourned.*





# Westminster Hall

*Wednesday 29 January 2025*

[SIR JEREMY WRIGHT *in the Chair*]

## **Outsourcing: Government Departments**

9.30 am

**Andy McDonald** (Middlesbrough and Thornaby East) (Lab): I beg to move,

That this House has considered outsourcing by Government departments.

It is a pleasure to see you in the Chair, Sir Jeremy. I am pleased to have secured this debate on outsourcing in Government Departments, in which I also intend to discuss the outsourcing of public services more widely, some of the negative consequences of outsourcing and the opportunities of a new wave of insourcing, and to acknowledge that the Government are putting together their national procurement policy, which the Chancellor said last week will be published shortly; I am sure the Minister will have a lot more to say on that.

I wish to draw attention to my entry in the Register of Members' Financial Interests and the support I have received from a number of trade unions that have their own published policies on outsourcing of public services, some of which provided briefings for today's debate.

First, I wish to set out the background to the outsourcing of public services and its growth in recent decades, before setting out some of the steps I hope the Government will take in the coming days and weeks to begin a new wave of insourcing. I believe there is a prevailing view on the Government Benches that essential public services should be run for the public, not to make a profit for shareholders. An emphasis on competition and markets has undermined the public service ethos associated with public services and has too often worked against the public interest.

**Imran Hussain** (Bradford East) (Ind): I thank my hon. Friend for his years of work in this area; he has been instrumental in shaping the Government's policy. All too often, particularly in the public sector, outsourcing is disguised in many shapes and forms, but the reality remains that it is back-door privatisation that leads to lower standards and higher costs. Most importantly, workers are treated as second-class citizens, and it has a disproportionate impact on black, Asian and minority ethnic communities. Does he agree that the central question is the one that was in the new deal: is it in the public interest? The answer is that it never is.

**Andy McDonald:** I thank my hon. Friend for his kind words and wholeheartedly agree with his comments. The whole premise of outsourcing has been to reduce costs, and that is visited on the workforce in terms of pay and other terms and conditions, with the disproportionate impact that he describes, which I will come on to shortly.

All too often, wider social, environmental and economic implications have been eclipsed by the pursuit of narrow short-term cost savings, with an insufficient assessment of the overall costs and longer-term impacts. Since

1979, under the Conservatives, starting with compulsory competitive tendering, there has been a huge growth of private business involvement in public service delivery and its scale. That has resulted in more fragmented, poorer-quality services run by companies seeking to renegotiate contract terms, with staff—often women and minority ethnic employees, as my hon. Friend described—the subject of squeezed terms and salaries.

The last Labour Government invested in public services but did not slow the growth of outsourcing. That allowed the coalition to expand it further, with austerity encouraging public bodies to turn to outsourcing as a means of reducing costs, while ideologically driving it through a White Paper, "Open Public Services", which argued that few services should be exempt from outsourcing. That is where we were in the run-up to the recent general election, before which Labour set out a clear message on outsourcing.

In February 2021, at the height of the covid pandemic, the now Chancellor set out her concerns about outsourcing. Spend on outsourcing was worth £249 billion in 2014-15, and by 2019-20 had reached £296 billion—a significant sum that dwarfs the NHS budget. She said:

"Outsourced services are not integrated into the fabric of our communities. Unlike our public services and providers, like charities, many of which offer vital frontline services, outsourced companies have not built up trust over time and lack the vital local knowledge and flexibility required."

Furthermore, she added:

"A shadow state has emerged and it is unaccountable to the people. Even before the pandemic, the government spent an extraordinary £292bn on outsourcing over a third of all public spending and that level is rising year on year. The public pays for these contracts yet so often it cannot adequately scrutinise many of them. This secrecy must stop."

To set out the case for insourcing, I want to highlight the experience of outsourced workers represented by a number of unions. In the civil service, the Public and Commercial Services Union states that the two-tier gap between directly employed and outsourced workers is widening as pay and terms and conditions for the latter erode, with civil servants reliant on universal credit and workplace food banks. Departments' budgets are stretched as they deal with the inefficiency of picking up the cost of tendering and awarding contracts, which have to deliver a profit for the contractors.

**Kim Johnson** (Liverpool Riverside) (Lab): I thank my hon. Friend for securing this important debate. PCS workers in my constituency who work for the Disclosure and Barring Service are currently in dispute because of inadequate contracts, which put additional burden and stress on them. PCS has continually called for the insourcing of those contracts. Does my hon. Friend agree that the Government need to commit to their policy of insourcing? It is not only workers who are suffering, but children and other adults, because of the outsourcing of local authority services. That needs to change immediately.

**Andy McDonald:** My hon. Friend is entirely right. That is yet another example of the tension and conflict between delivering high-quality public services and driving down costs, which leaves the people who deliver the services in poverty. That has to be addressed.

[Andy McDonald]

Similarly, in the railways, the RMT says that outsourced workers struggle to make ends meet, and it directly attributes that to outsourcing firms profiting from low pay. Many outsourced workers' wages are anchored to the minimum wage, and they do not have the right to occupational sick pay and decent pay schemes. The RMT argues that insourcing would not only lift living standards by putting money into people's pockets, but raise workers' productivity, tackle structural inequality and even achieve greater efficiency in public spending. It is time to start a wave of insourcing now.

In the civil service, the Government have come into office with numerous disputes having recently taken place, or currently taking place, between outsourced service contractors and their employees, including various instances of industrial action. That is disruptive and costly to the civil service, and it is a result of those service providers holding down the pay of their staff, particularly in facilities maintenance areas such as cleaning, catering and security.

PCS, the union representing those workers, wrote to the Prime Minister in mid-July to discuss matters faced by workers across the UK civil service, including those working in contracted out and devolved areas. I know that the Chancellor of the Duchy of Lancaster met with the FDA, Prospect and PCS in June, at the earliest opportunity after taking office, but the number of civil service disputes in contracts inherited from the Government's predecessors requires action. There are multiple disputes involving PCS members employed as cleaners, post room staff, porters, catering and reception staff in several Government Departments, and they are not limited to one outsourced employer, but concern G4S, ISS and OCS.

**Imran Hussain:** My hon. Friend is making a powerful case. In Bradford, there was an attempt at outsourced back-door privatisation, which was successfully fought off by me alongside trade unions. Does he agree that trade unions play a crucial role and that it is shameful that, in the disputes he talks of, many of the organisations that hold public contracts have refused even to recognise trade unions?

**Andy McDonald:** We are giving a lot of attention to the recognition of trade unions. As the Employment Rights Bill progresses, we will want to ensure that that gets proper attention. The people we are talking about are the ones who kept the country going through the covid pandemic. We have come out of that but they are still in dire straits.

I want to mention the dispute involving G4S, as it has resulted in Department for Work and Pensions buildings, including jobcentres, closing for several days. The DWP has been asked to intervene in the dispute and to set out the sanctions it has issued to G4S for failing to deliver its contractual responsibilities. Not many months ago, I was on a picket line outside our jobcentre in Middlesbrough with G4S security guards who were expected to put food on the table at £11.40 per hour—their employer was not the DWP but G4S. We have to ask whether that is a legitimate and moral way to organise our public services.

There are other disputes between the PCS and G4S, ISS and OCS in the Department for Business and Trade, the Department for Education, the Department for Energy Security and Net Zero, the Foreign, Commonwealth and Development Office, the Department for Science, Innovation and Technology and the Cabinet Office. The Government should intervene and ensure that the Government Property Agency meets PCS to help reach a conclusion with the outsourced firms.

We need a hard stop to new outsourcing, because not only have the Government inherited poorly performing outsourced contracts, but there is concern that they might be about to re-let to private providers that have already failed in His Majesty's Prison and Probation Service. In the halcyon days when I was a member of Select Committees, we made trips to other jurisdictions and we were met with horror by other parliamentarians who found it anathema that prisons were in private hands. They thought that it was contradictory and unacceptable for anybody other than the state to be involved in incarceration. There is a fundamental question we need to ask ourselves.

The Government have the opportunity to put this right by insourcing facilities and estates management, rather than increasing the profits of private companies. If prisoners are living in squalor, those union members are working in squalor. Just as unions have argued that it is not too late to invite in-house tenders, it is now time to invest in existing prisons—not just new prisons—by ensuring that the Prison Service runs its own maintenance and facilities management.

Prison maintenance in England and Wales was fully privatised in 2015, with Amey winning the contract for the north and Carillion the one for the south, later replaced by Gov Facilities Services Ltd—GFSL—which took over its contracts. A race to the bottom continued, and 10 years later there is widespread prison squalor and an estimated maintenance backlog of almost £2 billion.

Amey and GFSL's contracts were extended in 2020 and are up for renewal over the coming months. The prison unions are calling for maintenance to be brought back in-house—not with GFSL, but with a return to full works departments in every establishment. However, the Government have previously stated that the public sector will not be invited to bid for the new contracts, after a 2023 assessment apparently determined that a privatised solution was the preferred option for meeting prison maintenance service needs.

It was welcome that the Prisons Minister, Lord Timpson, recently promised:

“As future prison maintenance contracts approach expiry, we will conduct detailed assessments to inform decisions about whether to continue to outsource services”.—[*Official Report, House of Lords*, 23 January 2025; Vol. 842, c. 1804.]

I was pleased to hear the Prisons Minister tell the House yesterday that the Government still have an open mind on maintenance contracts. The private sector has completely failed to deliver on its promises around prison maintenance, with staff, inmates and the taxpayer all paying the price. Will the Minister explain why the Government seem to be following the last Government's privatisation plans, despite the obvious failure of running key prison services for profit?

The Minister set out to the House last autumn how the new national procurement policy framework would be a legal framework to deliver greater value for money

and improve social value, which the previous policy statement did not do. Will the Minister give some indication as to whether the framework might be founded upon such a review?

The task before the Government is twofold. First, in the civil service, the Government must intervene in industrial disputes and ensure that public services are not disrupted by contractors prioritising profit over public service and at the expense of public servants' livelihoods. Secondly, I encourage the Government not to enter into any further outsourced contract arrangements in the civil service or elsewhere before a review into the costs and impact of the outsourcing is complete, and before a new strategy setting out the case for a new wave of insourcing has been published. I agree with the PCS proposal to

"seek an agreement on a programme of civil service insourcing and rights for contractor staff. Whilst services remain outsourced" the PCS

"seek an agreement on union recognition for all facilities management workers and selected outsourced staff. A key element of that agreement would be parity for private sector workers with civil servants in respect of pay and terms and conditions of employment."

Similarly, Unison has set out its concern:

"Any decisions by public bodies to outsource any services should have to pass a key public interest test."

That test should consider: the quality of the service that would be delivered; value for money; the effects on workers' job conditions, such as pay and holiday entitlements; the implications for other public services and their budgets; the impact on the local economy and its job market; and the ability of the contractor to meet climate targets and equality considerations. Unison has also said that

"the test should be applied to contracts coming up for renewal whilst providing services in-house should become the default position."

I wholeheartedly agree with that notion.

In her speech in 2021, the Chancellor said that

"under Keir Starmer's Labour government we will see the biggest wave of insourcing of public services for a generation."

It is now time to deliver just that.

**Several hon. Members** *rose*—

**Sir Jeremy Wright (in the Chair):** Order. It will be obvious to everyone that there is considerable interest in this debate. May I ask all Members to bob if you wish to speak, and to continue to do that so that we can see you still wish to speak? I hope that if everyone can restrict themselves to about four minutes, we will get everybody in. I want to start calling the Front Benchers at 10.30 am.

9.50 am

**John McDonnell** (Hayes and Harlington) (Ind): I have come to this debate because of our recent experiences of visiting picket lines, with regard both to Government Departments and, in particular, the railway sector. I have been a trade union rep in the public sector, but I have also been a manager in the public sector: I was chief executive of the Association of London Government and I also was in a London borough, managing large numbers of staff.

When you have the scale of disputes that we have, I think we have to recognise that there is an underlying industrial relations problem that has to be addressed. I would invite the Minister to join us on some of those picket lines over the coming weeks, because the disputes in the Government Departments are starting again next week and we will have picket lines for several Government Departments around Whitehall.

I have tried to identify the underlying problem causing these disputes, and when we talk to the workers themselves on the picket lines, it is strikingly obvious. Some of them—well, all the ones I have met—are on, I think, shocking levels of low pay. When you talk to them, particularly those based in London, you wonder how they are surviving on the pay that they are receiving. Also, they have conditions of work that I thought we had eradicated years ago. I am talking about lack of access to sick pay, some of them being paid below legal minimums at the moment, and many of them being without any pension rights whatever apart from the statutory pension. So we have a group of people who are on low pay, in insecure work, and feeling extremely exploited, so they have no other resort but to take industrial action. I want to point out what is interesting. I invite everyone to come on those picket lines and look around them, because the vast majority of those workers are from the BAME community; so there is also an issue with inequality in our employment practices as well.

Various unions have provided us with briefings for the debate today, and most of them have done surveys of their members to identify what is the issue facing their members that they should be putting to management. Some of the survey results are stark. The RMT did a survey, and I want to talk about the response that it had from its members. It has about 10,000 members who have been outsourced on trains; Transport for London, for cleaning, has 2,000; and Network Rail has 2,500. What happened then? In the survey results that came back, 80% of the workforce who had been outsourced were saying that they were struggling to meet their basic needs: to pay the rent, pay for food, and so on; 90% were worried about bills coming in. What was interesting was that more than 80% of them were saying, "We come to work when we're sick, because we can't take the time off—we can't even afford to be sick."

That is why the disputes are taking place, and they involve the same old companies: G4S, ISS, OCS and Mitie. These are companies that have made extensive profits out of the outsourcing, and the bulk of their profits is obviously made from the low pay that they are forcing upon their members of staff. It causes real anger among the workforce when they are seeing these companies paying out high dividends to shareholders, while at the same time they will not pay the staff a decent wage.

There needs to be an understanding in Government that if we are to have decent public services, there has to be a re-examination of how we provide those public services. I agree with what has been said by the deputy leader of our party, and by the Chancellor, which is that we need

"the biggest wave of insourcing...for a generation", because I think that is the way to tackle insecure work, low pay, and so on.

My hon. Friend the Member for Middlesbrough and Thornaby East (Andy McDonald) raised the other issue about outsourcing, which is that it has an impact on productivity. If a worker is exploited, if they are not



[John McDonnell]

paid properly, if they are worried at work about how they are going to survive, it does impact on how they deliver the service. That is inevitable; it would have an impact on all of us. As a result we have found that productivity issues are a real problem in some of these sectors. Unfortunately, because of the old Treasury Green Book model, that is resulting in even more outsourcing being justified: it becomes a vicious circle.

**Mr Gregory Campbell** (East Londonderry) (DUP): The right hon. Gentleman said that he fully agreed with the deputy leader of his party. I wonder whether there was an undue emphasis on the word “deputy” rather than “leader”.

**John McDonnell:** I am lost on that one—completely. There are conspiracy theories here that I have never even heard of or even thought of, so I will pass on that one.

What we are asking the Minister for today is a strategy. The first step in that strategy must be to meet the unions themselves. A number of unions have asked whether they can they have a meeting whereby, Department by Department, they can work with the Government, looking at what contracts there are, seeing how those contracts can be brought in in this biggest wave of insourcing in a generation, and how the legislation, particularly the Employment Rights Bill that is progressing through Parliament at the moment, can include the initiative and rights and responsibilities to bring that insourcing about. There is a strategy that can be developed alongside the Government’s procurement policy, that can address all these issues and will be cost-effective for the Government in the long term.

9.56 am

**Steve Witherden** (Montgomeryshire and Glyndŵr) (Lab): It is a pleasure to serve under your chairmanship, Sir Jeremy. I congratulate my hon. Friend the Member for Middlesbrough and Thornaby East (Andy McDonald) on securing this crucial debate. I have had the privilege of standing in solidarity with the facilities management staff and speaking at the PCS pickets that have been mentioned by others in this debate. Their demands could not be clearer: fair pay, better working conditions and an end to outsourcing in Government Departments. While delivering vital services such as cleaning, catering and security to keep civil service Departments running effectively, those employed on outsourced contracts are treated as second-class employees compared with their in-house counterparts. The result is a two-tier system with a sharp racial divide. BAME and migrant workers are disproportionately employed in these roles.

Last year we saw the long and hard-fought dispute between the Department for Education and its outsourced cleaners come to an end. Reports of those workers being overworked, treated “like rats” and denied the London living wage were truly appalling. Unfortunately, such treatment is common practice when it comes to the subcontracting of Government services to private firms. Many workers on outsourced contracts struggle to make ends meet, especially during the ongoing cost of living crisis, as their wages are often limited to the national minimum or living wage. In some Government Departments and agency workplaces, PCS members have even resorted

to establishing food banks to support low-paid staff. Adding to their economic insecurity, those workers are also excluded from access to decent pension schemes.

The current outsourcing model weakens the Government’s ability to hold companies accountable. Basic protections for outsourced workers, such as company sick pay, are shirked, often forcing employees to continue working while unwell as they cannot afford to take time off. These outsourcing practices propagate the exploitation of employees. The companies behind them can easily avoid taking responsibility for poor pay and conditions, and the quality and fairness of essential public services are being compromised all the while. Will the Government honour the welcome promise of

“the biggest wave of insourcing...for a generation”?

Will they bring services back in-house where they belong and show their loyalty to the cleaners, the security staff and all the other undervalued workers who keep this country running, not the profiteering directors of outsourcing companies? Diolch yn fawr.

**Sir Jeremy Wright (in the Chair):** Within your four minutes—thank you very much.

9.59 am

**Jim Shannon** (Strangford) (DUP): It is a pleasure to serve under your chairmanship, Sir Jeremy. I thank the hon. Member for Middlesbrough and Thornaby East (Andy McDonald) for securing this debate. I do not say this lightly: he is truly a doughty champion—so I say well done.

The issue of outsourcing is a sticky one that I well remember from my days as an alderman on Ards council. My wife used to say, “If you’re looking for the alderman, you mean the older man.” She always called me the older man, not the alderman. She put me in my place many a time.

I served on Ards borough council from 1985 to 2010, and I can well recall the financial arguments for and against outsourcing, and weighing the control we had against that which we would lose. I want to give a specific example that will, I hope, illustrate and support what the hon. Member for Middlesbrough and Thornaby East and other hon. Members have said.

Ards borough council decided to keep leisure in house when we created our new leisure centre, which is now called the Blair Mayne well-being and leisure complex, after the heroic SAS man who is portrayed in “SAS Rogue Heroes” every Sunday night at 9 pm or thereabouts. North Down borough council had outsourced its service, and when the councils were amalgamated, both outsourced and in-house services were being provided. The pros and cons of each option are easy to see, and yet it is hard to determine the best way forward. That example shows most effectively that we should never believe in a one-size-fits-all approach.

**Mr Gregory Campbell:** On the point of one size not fitting all, does my hon. Friend agree that we must look at the issue in a sensible, pragmatic way, and that neither a hyper-capitalist approach nor a radical socialist approach is the answer to these problems? We need a sensible, pragmatic approach that delivers good, effective services to the public while protecting the rights of those who work in those services.

**Jim Shannon:** My hon. Friend is right. We are all trying to ensure that the programmes and services are delivered and that, more importantly, the rights of workers are protected. He has hit that nail on the head.

The outsourcing of services can never be a no-brainer; it must always be a decision that is thought through from beginning to end, and with more than the financial bottom line as a guide. The hon. Member for Middlesbrough and Thornaby East referred to it not being about profit margins. It should never be about profit margins; it should be about ensuring that the service is right. I agree with him.

We need to be sure that outsourcing companies behave in an ethical way when it comes to issues such as zero-hour contracts. That is made more difficult by the changes to national insurance, the blame for which lies with the Government. The group that runs Ards and North Down borough council's Bangor leisure centre is concerned about £20 million in extra labour costs due to the changes to national insurance contributions and the minimum wage in the October Budget.

As always, that will affect profits, and I am concerned that the loser will be the low-paid worker with minimal rights. This is the key issue that must be taken into consideration in the context of outsourcing. The Government make decisions and say that businesses will have to swallow the cost, but too often the reality is that the staff have to. It is the wee man and the wee woman in the street who will pay, through the goods that they buy. Some companies that provided paid morning and afternoon coffee breaks are now saying that they can afford to do only the bare legal minimum. That is the unintended consequence of decisions made in this place.

At the same time, there is a time and a place for outsourcing, where expertise demands it. For major capital projects, the niche work must often be outsourced, rather than hiring in for short-term purposes. If there is to be a moving of the goalposts regarding outsourcing, we must retain the ability to get necessary work done in a short space of time.

In times of emergency, such as that currently happening at home with the after-effects of the storm, it is clear that outsourcing must always be on the table. Our road service, Transport NI, does not have the capacity to clear and make roads safe. The ability to hire contractors is vital, and it needs to be able to be done quickly. Those who wish to see an end to outsourcing need to be careful. Providing services in-house, with greater control, is better, but one size does not fit all. It may be beneficial to lean towards doing things in-house, but any decisions must be well considered and weighted, as I know the Minister's will be.

**Sir Jeremy Wright (in the Chair):** Order. I gently remind all Members that we must get to four minutes each voluntarily or I will have to impose something less voluntary. I call Jon Trickett.

10.4 am

**Jon Trickett** (Normanton and Hemsworth) (Lab): I spent the last 10 years, under our two previous leaders, working on our outsourcing. It is hard to summarise 10 years' work in three and a half minutes, but I came to the conclusion that outsourcing simply does not work for a number of reasons that I will outline quickly and in broad terms.

Let me first pay tribute to the workers who go to work one day to discover suddenly that their contract of employment has been sold to another employer—almost like a modern-day form of servitude. So often, we then see cuts to services, and pay and conditions. Much has been made of that already this morning. I pay tribute to those workers, particularly the three women in my constituency who went to work, found that their employer had changed, their union had been derecognised and their pensions removed. They fought like titans: they went on strike, then to a tribunal, and eventually finished up being sacked. The courage of working people fighting for justice should never be forgotten.

There are several things about outsourcing that simply do not work. The first is that no evidence whatsoever has ever been produced showing that it is cheaper to outsource than to keep services in house, especially when we count the transactional costs, which remain with the civil service and the Government. If we add those together, it always costs more to outsource. Secondly, when there is a disaster—as there is from time to time—the profits go to shareholders but the risks remain with the public sector, so we have the privatisation of profit but the socialisation of risk and quite often the cost of bankruptcy.

We have already talked about pay and conditions being driven down and about a two-tier workforce, so I will not go further into that, but I will speak a little about what my hon. Friend the Member for Middlesbrough and Thornaby East (Andy McDonald) described as a shadow state. One third of all taxpayer money is now spent on outsourcing—a staggering amount of money—and that is a direct assault on our democratic processes. I say that because Ministers do not have day-to-day supervision of and responsibility for the actions of outsourced operations. That poses problems not just for democracy but for Parliament. It has become clear over time that questions that we Back Benchers are entitled to ask questions on behalf of our constituents and the nation simply cannot be answered because they relate to services provided by the private sector—that is a major assault. On Monday, I will have been an MP for 29 years—some will say that that is far too long—and in that time, Parliament's capacity to ask questions about public services has been massively diminished as a result of what has happened.

My other point relates to freedom of information requests. We know that we as citizens can make freedom of information requests about any services provided by the public sector. The minute a service is outsourced, though, that capacity goes. Time and again, we encounter problems with services provided through taxpayer money but in a privatised form, and we are not able to get to the truth of what has really been happening with that service. The lack of accountability to Ministers and to Parliament, and the exemption from freedom of information, all make outsourcing very difficult.

I remember speaking to Dave Prentis, the then leader of Unison, about ethos. He said to me, "Look, Jon, it's about ethos. The ethos of the private sector is largely driven by the desire to maximise shareholder value; the ethos of services provided in the public sector is just that—public service." The difference between the two kinds of ethos is at the centre of the problem that we face when we deal with outsourcing.

[Jon Trickett]

I would love to speak longer about these matters on another occasion, but let me make my final point. I came to the conclusion that, in the end, the only way to deal with this is to have a legal presumption in favour of insourcing. That was the policy that the Labour party went on, and one that I hope this Government will build on by bringing forward the large wave of insourcing that we have talked about many times before.

10.9 am

**Graham Leadbitter** (Moray West, Nairn and Strathspey) (SNP): It is a pleasure to serve under your chairship, Sir Jeremy. I congratulate the hon. Member for Middlesbrough and Thornaby East (Andy McDonald) on securing this debate.

I want to take the debate in a slightly different direction, as there has not been much mention of national security so far. I am a Member for a constituency that has a large Ministry of Defence footprint, particularly in the RAF. Outsourcing of catering and mess facility management over many years has had a significant and detrimental impact on the cohesion of our fighting forces, not just on bases in my constituency, but in every base where outsourcing has occurred.

The reason is because we have a two-tier workforce. We have people who have been TUPE-ed across from the civil service, who started their career as MOD civil servants. They are now working alongside people who are on considerably lower pay for doing the same job. That creates division in the workplace. People who are getting paid less, and are valued less, then do not value their employer. This is understandable: why should anyone value an employer that does not particularly value them? We end up in a situation where there is less attention paid and standards fall.

There are situations where a contract is ending—with maybe six months left to run—and, for the sake of argument, let us say that the staffing complement for the team should be about 25 but it is now down to 15. Does the employer have any intention whatsoever of bridging that gap with another 10 people, when it is struggling to make a profit in the last six months of a contract? Absolutely not. It will be sucked up by the 15 people doing the job of 25. That is a totally unacceptable way to work.

If we parliamentarians and the civil service believe that the people who work directly for them are worth a living wage, they should believe that for every single person that is doing a job that facilitates what that organisation does. It is a simple act of fairness. In the military, they talk about the esprit de corps or a single-force approach; if there is that separation, then that is not there. If people are not getting the quality of food or accommodation they want, they will not stay. We can spend a fortune training them, and they can be very good at what they do, but they will not stay in because the facilities are not good enough for them. If we want a coherent military, people who are dedicated to it and good national security, we must treat all the workers, whether they are service personnel, civilians or contractors—and I would rather they were not contractors—with the same degree of respect and with the same degree of rights.

The other problem that I want to highlight is that people who have been TUPE-ed across when contracts have been put out may, broadly speaking, retain their pay and conditions, but what they do not tend to retain is their pension. That is an absolute travesty because it is completely mortgaging their retirement life and their right to a decent retirement. Many of them, particularly in more rural areas where our services are being provided, may not have other opportunities to move into another role within the same organisation to avoid being contracted out.

I want to pick up on a point that was made about radical socialism. There is nothing radical about paying a fair wage for a fair day's work. It is just a matter of human decency. I will leave it at that.

10.13 am

**Brian Leishman** (Alloa and Grangemouth) (Lab): It is an honour to serve under your chairship today, Sir Jeremy. I thank my hon. Friend the Member for Middlesbrough and Thornaby East (Andy McDonald) for highlighting this issue and securing this debate.

The faith that the private sector will always deliver value for money and the standard of service that we require and desire is rooted in a political ideology that knows the cost of everything but the value of nothing. Like many of my right hon. and hon. Friends, I was delighted by our party's pre-election pledge to oversee the biggest wave of insourcing for a generation, so that we can see a change in culture from the continuous erosion of service provision, the reliance on the private sector and the race to the bottom.

I pay credit to my hon. Friend the Member for Liverpool Riverside (Kim Johnson) for highlighting the need for prison maintenance insourcing and her call for the Government to bring all prison maintenance back in house at the earliest opportunity.

As my hon. Friend the Member for Middlesbrough and Thornaby East said, it is well documented that our prison estate is crumbling after years of neglect, with prison maintenance privatisation being an example of escalating costs while service provision deteriorates. For our prisons to be the rehabilitation facilities that society needs them to be, they cannot be the decrepit and fetid facilities that so many are currently. Likewise, no worker—especially not hard-working prison officers, who have a physically, mentally and emotionally demanding job—should be expected to go to their place of work, and carry out their duties to the standard they want, and is expected of them, in an environment that makes their role so much harder and unpleasant.

Like so many problems the Government face, these are not issues that are of our making. However, they are our problems to sort now, and a problem like prison maintenance does have a solution. The Government should take the leap, and stop the overwhelming reliance on the private sector to provide services. It is time the Government trusted themselves to provide a solution. We can then invest in people and provide a quality of service that looks after workers, communities and the infrastructure of our country.

10.15 am

**Bobby Dean** (Carshalton and Wallington) (LD): It is a pleasure to serve under your chairship, Sir Jeremy. I would like to make a few points about public sector



capabilities, compatibility with the profit motive, and the process for outsourcing.

Before I start, I would like to reinforce the comments that the hon. Member for Alloa and Grangemouth (Brian Leishman) made about ideology. It is important to point that the claims that are made about the outsourcing benefits are not rooted in scientific fact; they are very contestable beliefs, and Members have put forward evidence against that notion today. That is worth underlining, because too often when I talk with officers at a local authority level, or Government bodies, it is accepted as fact that the public sector is somehow clunky and more expensive than the private sector. We need to continue to push back at that at every level. I know there will be some people of a socialist persuasion in this room, but getting this question right is also important to those who care about social justice in a well-functioning, mixed economy, too. I think we are currently getting the question completely wrong.

On public sector capabilities, I think we infantilise the public sector. We talk about it as incapable of producing top talent or brilliant innovations, yet we have so much evidence to the contrary. We seem to accept that, because the private sector can offer higher wages, it somehow always delivers better outcomes, but that is clearly not true. People take a lot of pride in public sector work, and that can motivate them in ways that the private sector can never motivate individuals. If I had more time today, I would point to some of the many innovations that started off in the public sector, which are sometimes picked up by the private sector, which then claims the credit for it. We can attract talent, but we need to facilitate that in the right way, with the right pay, conditions and working culture in the public sector.

I understand the many ways in which the profit motive can be in conflict with the aims of those of us in the public sector. I have seen it at a local authority level, where we contract out housing repairs, and jobs are always done to task instead of to the satisfaction of the resident. We have since brought our housing repair services in house, and have seen much better outcomes from the perspective of residents, because people are arriving at their properties and trying to make them good, rather than just working to the job that is on the ticket.

The other thing, which worries me more, is market regulation. We have very poor market regulation of contractors, which allows monopolies or oligopolies to build up very quickly. We have seen that probably worst of all in the children's home sector, which is a service that used to be delivered by the public sector. In many respects, the public sector has lost the expertise and capability to deliver properly in that area, and now we have private equity firms that have eaten up the sector—completely oligopolised it—and, as a result, captured that market and charged local authorities through the roof for services that the public sector should certainly be delivering.

I make those points to explain how I understand the profit motive and how poor markets can lead to bad outcomes, but it does not always have to be that way. Crucial to this is procurement and contracting expertise. I default to the position that many Members have expressed, which is that insourcing will very often be the better way forward, particularly when proper pay and

conditions for the labour force are enforced. However, there will be situations where outsourcing makes sense, particularly where specialist skillsets cannot be retained in house, perhaps because local authority budgets mean that it is not the right thing, and so on. In those situations, we need to make sure we have the very best and toughest negotiators and contract specialists in house. That is where outsourcing falls down time and again, because there is an over-reliance on the private sector's expertise and views on what is best for the contract, and we end up losing out every single time.

We need much better standards for what we expect from the outcomes of contracts and an ability to break them much sooner if those outcomes are not being delivered. We also need to be able to monitor and enforce them better. The points made about labour conditions and pay need to be non-negotiable, because if the only way that outsourcing works out cheaper for a local authority is by treading down on workers, that is not a good enough reason to outsource a service.

In conclusion, the Government have inherited decades-worth of assumed knowledge about this area, whereby people feel that outsourcing is the only route forward for many services. I hope that this Government will start to review that and think again.

**Several hon. Members rose—**

**Sir Jeremy Wright (in the Chair):** Order. We have 10 minutes left, and I hope to bring three more people in, so I ask colleagues to restrict themselves accordingly.

10.21 am

**Grahame Morris (Easington) (Lab):** It is an honour to serve under your chairmanship, Sir Jeremy. I wish the Minister, Members and staff kung hei fat choi—happy Chinese new year. I congratulate my good and hon. Friend the Member for Middlesbrough and Thornaby East (Andy McDonald) on securing this important debate on outsourcing, and also on the excellent and unseen work he has done in the background for many years.

Outsourcing has become deeply embedded in our public sector, yet it remains an inefficient and flawed model. Trade unions and MPs have repeatedly warned that it prioritises private profit over fair pay, secure jobs and quality services. My good and hon. Friend the Member for Alloa and Grangemouth (Brian Leishman) gave some excellent examples of that in prison maintenance contracts. I encourage Members of Parliament to visit the prisons serving their areas, speak to the governors and look at the eye-watering sums that are being charged by private contractors for really quite simple jobs. It is not value for money by any measure.

Colleagues have raised various concerns. In the two minutes I have got, I want to focus on two issues: the creation of a two-tier workforce and the failure to deliver value for money for taxpayers. From prisons to railways and Government Departments, outsourcing has become the norm, but for many workers this means low pay, insecure contracts and poor conditions, while private firms reap significant financial rewards at public expense. This cannot continue.

In the case of the civil service, every worker deserves dignity, respect and fair treatment, yet this is far from the reality for outsourced staff. Despite working alongside

[Grahame Morris]

Ministers and civil servants, they are denied company or departmental sick pay, decent pensions and access to civil service pay scales. These exploitative employment practices exist at the heart of Government, and I respectfully remind the Minister that, in her own Department, outsourced workers are being denied sick pay from day one.

Beyond that, we need a complete overhaul of outsourcing in Government. At the very least, Government Departments must require private sector contractors to engage meaningfully with trade unions to ensure fair pay and conditions for all. Outsourcing companies are exploiting both the Government and the taxpayer. They inflate costs by charging excessive fees for contracts and extra services, while driving down wages and basic employment conditions to line the pockets of shareholders. It is a broken system.

Finally, will the Minister provide a clear update on her plans to deliver the Government's insourcing commitment? In the interim, will she intervene in the ongoing disputes within Government Departments, including her own, to ensure that all workers receive basic rights from day one? If we truly want to build a high-wage economy and drive real growth, we need to start by guaranteeing that Government workers have fair pay, decent conditions and job security. That means ending wasteful outsourcing and cutting out the worst offending firms, which undermine workers and taxpayers alike.

10.24 am

**Ian Lavery** (Blyth and Ashington) (Lab): I thank my hon. Friend the Member for Middlesbrough and Thornaby East (Andy McDonald) for bringing this timely debate to the Chamber. As ever, it is a pleasure to serve under your chairmanship, Sir Jeremy.

I want to dispel some myths in the few minutes that I have got. I want us to wake up and smell the coffee, because this is not "outsourcing". What is outsourcing? It is privatisation. One hon. Member said it is privatisation by the back door, but it is not; it is just privatisation. We have got to get to grips with how privatisation in this country is getting out of control. Who benefits and who does not benefit? The reality is that the companies are making fortunes and the workers are struggling to make ends meet.

There are some private companies that are actually providing food banks in their places of work for the people they employ. How obscene is that? It is not about socialism or about even left-wing ideology; it is about decency and respect. It is about ambition and giving people a fair deal. That is what we should be about in a prosperous country like the one we live in. Who suffers under privatisation? I was one of the people who worked in a nationalised industry that was privatised over a period of time, so I have got experience of this. Who suffers? It is the workers.

It has been mentioned: reduction in pay, sacking of the labour force, lack of trade union recognition—even trying to fight back—nae sick pay, nae holiday pay. It is absolutely absurd. It served them! We need to be saying what it really is, and the Government Departments are ridden with individuals who are working under the most horrendous of conditions. I pay tribute to the

many workers who have worked tirelessly. Many of those in privatised companies are claiming universal credit. The company directors are trousering fortunes, while the workers are losing out on the rights that I have just mentioned. It is horrendous. Some of them cannot make ends meet. Many of them are going to work when they really should not be there, because of sickness, for example. It is just wholly unacceptable.

We have got to get to grips with this privatisation. We have got no other option. We need to protect people in this country from the abuses and the exploitation by privateers, who are making fortunes at the cost of those in the industry. I urge my hon. Friend the Minister to listen to what my hon. Friend the Member for Normanton and Hemsworth (Jon Trickett) said about the legal presumption of in-house employment, because the reality is that we cannot control what we do not own.

**Sir Jeremy Wright (in the Chair):** I thank all hon. Members who have spoken for their restraint. It has allowed me to get one more hon. Member in, but I ask her to please bring her remarks to a close at 10.30 am.

10.28 am

**Bell Ribeiro-Addy** (Clapham and Brixton Hill) (Lab): It is a pleasure to serve under your chairship, Sir Jeremy. I thank my hon. Friend the Member for Middlesbrough and Thornaby East (Andy McDonald) for securing the debate.

As the chair of the all-party parliamentary group on immigration detention, I want to raise the deeply troubling subject of the outsourcing of the management of immigration removal centres to private companies. I do not believe in Government outsourcing for public services—I struggle to think of an example that demonstrates good value for money—yet our asylum system, and particularly immigration removal centres, is being run for profit.

In 2019, the Conservative Government awarded asylum contracts worth £4 billion for 10 years to just three companies: Serco, Mears and Clearsprings Ready Homes, each of which raked in millions. Although some might point to the profit-sharing agreement that they are meant to have with the Government, the threshold for payback has not been disclosed. A freedom of information request to the Home Office revealed that not a penny of profit has actually gone back to the Treasury under that agreement.

We would hope that those companies were at least providing a good service, but that is not the case. We have seen reports of several deaths, suicides and suicide attempts at those facilities. Almost every single one of the removal centres operated by those companies have seen numerous recorded cases of overcrowding, hostile and unsanitary conditions, and mistreatment and abuse of detainees, both physical and psychological. I have seen some of those conditions for myself. Almost every one of the companies have had severe accusations of mismanagement levelled against them, backed up by hard evidence.

I do not believe that our asylum process should be run for profit, and I certainly do not believe that companies doing a shoddy job should continue to be handed lucrative contracts while making the lives of some of the most vulnerable people in this country absolutely

miserable. I urge the Government to review those contracts, and if they are not willing to bring the entire asylum system in house, they should at least revoke the contracts of the awful companies that I have listed.

10.30 am

**Jess Brown-Fuller** (Chichester) (LD): It is a pleasure to serve under your chairmanship, Sir Jeremy. I thank the hon. Member for Middlesbrough and Thornaby East (Andy McDonald) for securing today's important debate. I think we can agree across the House that this debate is really about the workers, and the disproportionate effect that outsourcing has on some—especially those in the BAME community, as the hon. Member for Bradford East (Imran Hussain) and the right hon. Member for Hayes and Harlington (John McDonnell) mentioned.

Time and again, we have seen examples of Government Departments outsourcing their obligations to others who have failed to fulfil their duties, representing poor value for money for the public. Examples of such systemic failures include procurement issues in the NHS, poor accommodation standards in the military, and failing, poorly designed programmes for tutoring in English schools.

In 2022-23, the public sector spent around £326 billion—29% of its total spending—buying goods and services from the private sector. As my hon. Friend the Member for Carshalton and Wallington (Bobby Dean) reflected, that creates monopolies in the private sector, so support in the public sector is totally eroded and it is unable to provide those services any more. As the hon. Member for Normanton and Hemsworth (Jon Trickett) said, this means that a third of taxpayer money is now being spent on outsourcing. In the light of those figures, we must ensure that public procurement processes do not undermine confidence in our institutions, especially following years of a Conservative Government that caused significant damage to public trust in politics and public institutions.

Let me give an example of the lack of accountability that the hon. Member for Normanton and Hemsworth talked about. With local authorities reneging on their responsibilities to manage new roads, land management companies such as FirstPort come in and charge excessive fees to homeowners. Politicians of all parties—the Conservatives, Labour and the Liberal Democrats—have hauled that company in to say, “You are treating your householders poorly,” but how do we actually hold them to account if they are a private company providing a private service? Nothing will change unless we bring the service back in house.

During the covid pandemic, there were clear failures in procurement processes, particularly through the use of VIP lanes for Government contracts. That led to £9 billion being wasted on personal protective equipment that had to be written off, and £2.6 billion being spent on items deemed not suitable for the NHS, which accounted for one in 10 items purchased overall. It is imperative that robust rules are in place to guarantee that vital public spending is conducted effectively, efficiently and transparently, and that scandals like the misuse of VIP lanes will be avoided.

There are huge opportunities in the NHS to get this right. The Government should investigate the merits of national commissioning and procurement of National

Institute for Health and Care Excellence-approved digital technology, devices and diagnostics, much like is currently done for medicines. There are fantastic examples of integrated care boards using commissioned services that have improved patient experience and created a more joined-up health pathway, but we do not see those best-practice models rolled out across the whole of our healthcare service, because of the fragmented approach to procurement, with individual ICBs doing their own commissioning.

Far from restricting choice for local NHS trusts, cutting the cost of new tech and digital services could make them available for the first time in areas where they currently are not available. Care boards often have to commission such innovations and services from companies separately, causing a far greater overall cost. As many Members have said today, we have no evidence that commissioning services out actually saves the public sector any money at all. The NHS has huge buying power and the Government should make the most of it to improve patient treatment. Commissioning based on NICE guidelines could also help clinicians to better determine which devices or digital innovations work best for their patients.

Something that is often missed when we talk about outsourcing is that frontline services in healthcare are already all outsourced. Nobody working in the frontline of our healthcare professions is employed directly by the NHS. Our general practitioners, pharmacists, dentists and audiologists are all outsourced; they are all part of private companies. I recently saw the real effect of that, when a GP federation that provided doctors across my constituency and the wider area fell apart. Suddenly, lots of doctors who, as far as they were concerned, worked for the NHS were out of work with no recompense. We know that we have a crisis and that we need doctors on the frontline providing general practice services, but when that private company collapsed, there was nothing available for those doctors, even though they had always felt that they were part of the NHS.

The Liberal Democrats also really want to improve the standard of Ministry of Defence housing by reviewing outsourced housing and maintenance contracts, which have represented poor value for money, leading to inadequate accommodation for our service personnel. The facilities are often outsourced, too, as the hon. Member for Moray West, Nairn and Strathspey (Graham Leadbitter) said.

The Thorney Island barracks in my constituency have long called for improvements to accommodation and infrastructure facilities, so I was glad to hear about plans for new accommodation to be constructed there later this year. However, too many of our service personnel across the country have to put up with homes leaking sewage, inadequate rooms for their families and a lack of basic information about when improvements will be forthcoming.

The MOD has historically failed to get good value for money from its management of contracts for service family accommodation, which it leases from Annington Property Ltd. In the 1990s, the Conservative Government sold off MOD accommodation to Annington, which made £550 million in profit in 2021, but the MOD is still responsible for the upkeep of the properties, with five maintenance contracts worth £640 million being established in 2022.



[Jess Brown-Fuller]

We welcome the Government's commitment to reviewing outsourced services through public interest tests to prevent a recurrence of scandals such as the PPE debacle and the challenges faced in MOD housing provision, but it is essential that outsourcing occurs with full transparency from Government Departments, to ensure that deals struck represent good value for money for the public and are not handouts to "VIPs" without a proper process in place. The Liberal Democrats would also ensure that Ministers received annual training to prevent further scandals about standards, and we would enshrine the ministerial code in legislation. We will continue to call for measures that strengthen tests to prevent misuse of public funds, in order to rebuild trust in our institutions.

10.38 am

**Mike Wood** (Kingswinford and South Staffordshire) (Con): I congratulate the hon. Member for Middlesbrough and Thornaby East (Andy McDonald) on securing this debate. He may not be surprised to learn that I do not agree with his general position. I thank the many Members who have contributed to the debate. I must admit that some of the contributions by Government Members left me feeling a little nostalgic, although I suspect that the Prime Minister and some Government Whips might prefer them to keep such views under wraps a little more.

It is a pleasure to speak in this debate on outsourcing, which, when handled well, delivers efficiency, value for money and innovation in the provision of public services. Unfortunately, however, the actions we have seen so far from the Government are further complicating and undermining effective public procurement. Rather than building on the progress made by the previous Government, Labour is making public procurement more burdensome, less efficient and increasingly dictated by trade unions. That will make it more difficult to make outsourcing work for service users and taxpayers.

The Procurement Act 2023 was introduced to ensure a streamlined, modernised and effective procurement system that would deliver better outcomes for taxpayers. The Act was designed to cut red tape, improve transparency and ensure that public contracts were awarded based on value and efficiency, but the new Government have delayed its implementation. They have announced plans for a new national procurement policy statement—

**Grahame Morris:** I am interested in the hon. Member's contention about value for money. Does he actually believe that the prison maintenance contract delivers value for money for the taxpayer?

**Mike Wood:** Numerous reports, not least by the Institute for Government, have found that, in many areas of Government activity, outsourcing and public procurement from private providers improves service and value for money for the taxpayer. Of course, it can be done badly, and the Probation Service is the obvious example where it clearly never worked. Although the pandemic brought things to a critical point, it was becoming increasingly difficult even before then to argue that that private provision was providing a satisfactory service.

We are still waiting for the national procurement policy statement, less than four weeks before the Procurement Act is due to commence. The new Government claim that the Act, in its current form, does not meet their vision for harnessing public procurement to deliver economic growth, value for money and social value, but it looks increasingly as though what they mean is that they want to use public contracts as a vehicle to expand trade union influence in Government, imposing costly and unnecessary regulatory burdens on businesses. In the absence of a national procurement policy statement, the Government are introducing further restrictions and bureaucracy through what they call "Make Work Pay", but for a lot of employers that looks a lot like just making jobs more expensive.

Businesses seeking Government contracts are to be required to demonstrate trade union recognition, access for union organisers, collective bargaining arrangements, adherence to so-called fair work standards that go well beyond legal obligations, and other social commitments. Recent parliamentary answers have confirmed that those requirements will apply not only to large firms, but to small and medium-sized enterprises, undoing a lot of the good work in the Procurement Act that aimed to open up public procurement contracts to a wider range of smaller businesses.

This is not about ensuring fair treatment of workers. UK employment law already provides robust protections. This is about allowing unions to dictate the terms of our public procurement, favouring firms that meet ideological criteria rather than those that offer the best value and most efficient service.

**Ian Lavery:** Does the hon. Gentleman think it is right that in certain private companies, individuals are able to claim universal credit, while directors of the very same companies are trousering thousands of pounds, as are the dividend holders? It is a burden on the taxpayer—does he agree?

**Mike Wood:** Businesses have to fulfil their legal obligations. The previous Government introduced the national living wage, which will increase this April under the current Government, and of course where businesses of whatever type are failing to pay the national living wage, there must be proper enforcement and legal consequences.

We need to be clear about what the Government's changes mean in practice. Instead of being awarded contracts on the basis of cost-effectiveness and efficiency, businesses will have to navigate a minefield of additional requirements, making it harder for SMEs to compete for public contracts. The added complexity will inevitably drive up costs and reduce competition, and it will ultimately mean that taxpayers get less for their money and a poorer service.

Beyond increasing costs and inefficiencies, this approach risks distorting the market by prioritising ideology over quality. Public contracts must be awarded to the best providers, whether in house or private. That means those that offer the most efficient service at the best price, rather than those that can best navigate a politically driven procurement system. The increased focus on trade union influence in procurement raises serious concerns about political favouritism and undermines the principle of fair competition.

**Graham Leadbitter:** Will the hon. Gentleman give way?

**Mike Wood:** I really need to make progress so that the Minister can respond.

It is particularly troubling that Labour has refused to clarify exactly how the new procurement rules will work in practice. The NPPS, which is meant to lay out the Government's plans, has yet to be published, leaving businesses uncertain about the future landscape of public contracts. The previous version was published nearly six months before the Procurement Act was due to commence. It is now less than four weeks before the date the Minister indicated that the Act will commence. There is no sign of what the new rules will be, and yet businesses will be expected to adapt.

Furthermore, it is essential to recognise that the regulatory burden placed on firms seeking Government contracts will have a chilling effect on investment, innovation and the growth that I understand the Chancellor is speaking of this morning. If businesses perceive that public procurement is more about politics than performance, they will simply withdraw from bidding for contracts. That will leave fewer providers and make us more reliant on a small number of mega-contractors, reducing competitive pressure to drive efficiencies. That would be disastrous for taxpayers, who deserve the best services at the lowest cost.

The previous Government recognised the need for reform and took decisive action to improve procurement. This Government, on the other hand, are undoing that work by creating a system in which trade unions hold the keys to public contracts and require businesses to comply with unnecessary and costly obligations that do nothing to improve service delivery.

Public procurement should be about securing the best services at the best price for the taxpayer, not about enforcing an ideological agenda. Labour's approach will lead to inefficiency and waste, and will reduce competition—all at the expense of businesses and the public, who rely on well-managed services. If the Government continue down this path, they risk severely damaging the UK's ability to run a fair and efficient public procurement system.

I have a number of questions that I hope the Minister will address. When will the Government next update their model services contract guidance and the outsourcing playbook? Are Departments still on track to save £550 million this financial year, as the Government promised they would in November? What steps are the Government taking to ensure that microbusinesses and SMEs are not excluded from bidding for, or engaging with, public sector outsourcing opportunities? What contact has the Minister had with the Business Services Association regarding any updates to the Government's outsourcing policies? What discussions have she and her colleagues had with colleagues at the Crown Commercial Service regarding the operation of the RM6277 framework? Finally, do the Government still expect the Procurement Act to commence on 24 February? If they do, does the Minister think the very short time that businesses have to adapt between the publication of the policy statement and the commencement of the Act is acceptable?

Outsourcing and public procurement are a real test for this Government. Will they fall back on the ideology of the past or represent the interests of the public going

forward? Are they working in the interests of those who use and pay for services, or in the interests of union paymasters?

**Sir Jeremy Wright (in the Chair):** I will now call the Minister to respond. If there is any time left before 11 o'clock, I will invite Andy McDonald to wind up, if he wishes to.

10.50 am

**The Parliamentary Secretary, Cabinet Office (Georgia Gould):** This is my first time responding to a Westminster Hall debate, and it is an honour to serve under your chairmanship, Sir Jeremy. I join many Members in expressing my thanks to my hon. Friend the Member for Middlesbrough and Thornaby East (Andy McDonald) for his contribution, and I echo the comments that have been made about his constructive and thoughtful work on this issue.

Many Members had only a short time to set out their views. My hon. Friend the Member for Normanton and Hemsworth (Jon Trickett) said that four minutes was not quite enough, given his 29 years' experience. That far surpasses my few months, so I would welcome the opportunity to have further discussions with any colleagues across the House. Critical issues were raised about a whole range of public services, and I would welcome the opportunity to sit down with Members ahead of putting forward the new national procurement policy statement.

I join many Members in paying tribute to the work of outsourced staff—the security guards, cleaners and catering teams—who play a vital role in supporting Government and who allow all of us to do our jobs. They serve the public and the public sector, and are, in the case of the security teams, the front door to Government. Whether staff are directly employed or contracted, they are engaging in vital public services, and these should be decent jobs with progression routes, as we have heard.

My hon. Friend the Member for Middlesbrough and Thornaby East is right to raise the topic of outsourcing. As the Government set out in our plan to make work pay, we need to learn the lessons from the collapse of Carillion and more effectively manage markets to ensure the right mix of provision. That means ending the previous Administration's dogmatic drive to privatise our public services.

I was interested to hear the comments about ideology, having watched for the last 14 years as an ideologically driven approach led to waste, poor value for money and, in some cases, poor public services—for example, the hon. Member for Kingswinford and South Staffordshire (Mike Wood) referenced the failed outsourcing of probation services. We must ensure that all contracts are transparent and accountable and provide value for money for the British taxpayer.

I was surprised to hear the comments about progress. Like the right hon. Member for Hayes and Harlington (John McDonnell), I have a background in local government—I think we both have a background at Camden council. While I was in local government, I saw billions wasted on PPE, and I saw the waste of the test and trace contract, when those of us in local government knew that public health officials and housing staff were ready to go out and do that work. Yet, so much money went to private providers, and I saw the ballooning cost of consultants.

[Georgia Gould]

The hon. Member for Carshalton and Wallington (Bobby Dean) referenced children's homes. The new Government have had to step in to end the exploitative practice of some private sector organisations making excessive profits from services for vulnerable children. Under the previous Government, we saw a significant increase in privately run children's homes, with a Competition and Markets Authority report suggesting that the 15 largest children's home providers make an average 23% profit per year. Is that value for money? This Government have shone a light on those profits, set a new cap and given Ofsted new powers to investigate and impose fines for exploitative practices.

As the leader of a council, I saw how insourced public services, when managed carefully over time, with robust assessment of benefits and outcomes, can deliver savings for taxpayers and better public services. During covid, I saw how our in-house repairs service immediately moved to delivering food, often volunteering to work long hours to support residents. I saw the pride and commitment that came from working for the council, and the greater flexibility and innovation that that could bring. I agree with the hon. Member for Carshalton and Wallington that there is huge innovation in the public sector.

As we saw under the previous Government, outsourced services can too often deliver a race to the bottom on quality and standards, and a self-defeating approach that harms taxpayers and value for money. This Government are determined to deliver good public services and better value for money. That includes making decisions about how to deliver services to avoid the waste we saw under the previous Government. We have already begun to deliver reform of the frameworks for outsourcing, with provisions in the Employment Rights Bill to strengthen and reinstate the two-tier code introduced under the last Labour Government. The new Procurement Act will come into effect next month, creating a simpler and more flexible procurement system underpinned by a new mission-focused national procurement policy statement.

I did not recognise the comments made about that work. I have engaged deeply with SMEs, businesses, the voluntary sector, social enterprise, contracting authorities, trade unions and a wide range of stakeholders to ensure that the NPPS delivers our missions for the country, with growth at the heart of what we want to achieve. The statement will set out the Government's policy priorities, and contracting authorities will have to have regard to it when carrying out procurements. That will be the first step to ending the last Government's ideological fixation with outsourcing. I am pleased to say that the statement is almost complete, as we continue to have those conversations, and I look forward to laying it before both Houses shortly.

I want to respond directly to the points made about outsourcing. I agree with the position of Christina McAnea and Unison, which was highlighted by my hon. Friend the Member for Middlesbrough and Thornaby East, that a public interest test should be in place before services are outsourced, to ensure value for money and the best outcomes. The NPPS will set out how we plan to make it easier for public authorities to test the best

possible model to provide value for money and outcomes for the taxpayer, and end the ideological presumption on outsourcing.

Through these measures, the Government will achieve greater value for money for the people and businesses of this country, moving away from relying on a few large suppliers and being more open to investment across the country in the areas that need it most. Key to that is supporting SMEs. I hear so often from SMEs that they find engaging with Government procurement complex and burdensome. Part of the work we want to do involves diversifying the providers that come forward, whether that is SMEs, social enterprises or voluntary sector organisations.

We have also begun to assess the areas of Government that could be done more effectively in house, and where there may be compelling reasons for Government to develop their own capabilities and capacity to deliver good value for money and better public services. Again, I welcome a wider discussion of that. That work will recognise the practical hurdles to building Government capacity, particularly in a constrained fiscal environment, and when many public services are under huge strain. Having brought a number of services in house in local government, I know that it can be very powerful and save money, but it also takes time, planning and investment. The lead-in times on procurement are significant, and there is no quick fix. However, active work is happening on those critical issues.

We are clear that we will end the last Government's tunnel vision on large-scale outsourcing and consider the best way to achieve our missions and the best outcomes for citizens. As I have set out, we want to see more diversity, including social enterprises, co-ops, mutuals, voluntary sector organisations and SMEs. We will use the measures in the Procurement Act to open up procurement to that more diverse supply base. Hon. Members spoke of ensuring that we have the right capacity to manage contracts, as well as transparency throughout the process, and that will be at the core of the work we are leading.

We are clear that public sector procurement is an important engine of growth for the economy and that there are purpose-driven businesses providing good-quality jobs. However, as we have heard from some surveys, there is poor practice across the economy. That is why we have introduced the Employment Rights Bill to increase standards and ensure there are decent jobs, not just as part of Government contracts, but across the economy. I do not have a huge amount of time, and I will not go through all the measures, but they address some of the questions put to me today. The provisions in the Employment Rights Bill will empower Ministers to reinstate and strengthen the two-tier code through regulations and a statutory code of practice, which is critical.

I end by thanking my hon. Friend the Member for Middlesbrough and Thornaby East for bringing forward this issue. As we work on the new NPPS, his insights and those of all those here are very welcome, and I am open to ideas from every part of the House. Close to £400 billion is spent on public procurement, which is a huge amount, and we need to ensure that it provides growth and opportunity across the country. We should use procurement to ensure that there are good jobs for our citizens in every community. Whenever we decide to



spend taxpayers' money, it is right that we make an assessment of what will deliver the best outcomes for citizens and value for money. Unlike the last Government, we will never put ideology before people.

**Sir Jeremy Wright (in the Chair):** I thank the Minister for her debut performance in Westminster Hall.

*Question put and agreed to.*

*Resolved,*

That this House has considered outsourcing by Government departments.

## Youth Mobility Scheme: EU

**Sir Jeremy Wright (in the Chair):** I ask all Members not staying for this debate to leave as quietly as they can. This is a 30-minute debate, so there will be no opportunity for the Member leading it to wind up at the end.

11 am

**Sarah Olney (Richmond Park) (LD):** I beg to move,

That this House has considered the potential merits of a youth mobility scheme between the EU and the UK.

It is a pleasure to serve under your chairmanship, Sir Jeremy. The Government have committed to resetting our relationship with the EU, and the Prime Minister and Foreign Secretary are actively engaging to build trust and rebuild relations with our European neighbours through meetings with the European Commission and the Foreign Affairs Council. The Liberal Democrats want to forge a new partnership with our European neighbours, one built on co-operation, not confrontation, and moving towards a new comprehensive agreement. A crucial step in that process is rebuilding confidence by agreeing partnerships and associations to help to restore prosperity and opportunities for British people.

In the light of the new Trump Administration in Washington, the Government are rightly looking to build a closer defence and security agreement with Europe. European officials, however, are insisting that those agreements come in tandem with other partnerships, including a youth mobility scheme. What is the Minister's response to an article published this morning in the *Financial Times* stating that the EU has made it clear that a youth mobility scheme is "vital" to any broader reset with the UK, including security and defence?

Providing opportunities to young people should be at the heart of Government policy. The Liberal Democrats believe that establishing a youth mobility scheme would offer not only huge benefits to young people, but a broader range of benefits, including strengthening cultural, social and economic links between the EU and the UK.

**Caroline Voaden (South Devon) (LD)** *rose—*

**Jim Shannon (Strangford) (DUP)** *rose—*

**Sarah Olney:** I will give way first to my hon. Friend and then to the hon. Gentleman.

**Caroline Voaden:** The Government talk a lot about growth being crucial for restoring the public finances. Does my hon. Friend agree that sectors such as hospitality—it is important in my constituency of South Devon—are struggling from lack of staff? If we could restore a youth movement deal, we would have lots of enthusiastic European youngsters coming to the UK to learn English and help to boost productivity in that sector.

**Sarah Olney:** My hon. Friend is absolutely right. There are so many vacancies across our hospitality and tourism sectors, and a youth mobility scheme could be instrumental in helping us to fill them.

**Jim Shannon:** The hon. Lady is a thoughtful MP and is always trying to find the ways forward, and I welcome that—it is all about solutions. While I believe in neighbourly friendly relations and affording young people opportunity, does she not agree with the concerns that I and MPs in Northern Ireland have about the EU continuing to hold Northern Ireland to ransom by our packages and business deliveries? We must see resolution to that if we are to find a positive way forward, and consideration can then be given to any further changes to the youth mobility scheme. I understand the logic of that, so let us support it.

**Sarah Olney:** I thank the hon. Gentleman for his very nice words. I totally understand the issues around the specific circumstances in Northern Ireland; all I would say is that instituting a youth mobility scheme would go a long way to improving relations with the EU, and I think it would unlock some of the other issues we are experiencing.

We already have youth mobility schemes in place with 13 countries, including Australia, New Zealand and Canada, so why not with EU countries? It would once again allow young people across the UK to be able to spend time with our nearest neighbours without having to navigate Brexit red tape. A youth mobility scheme with the EU would open up opportunities for British young people to learn new skills, languages and cultures and bring all that back with them to benefit our economy and our society.

**Ms Stella Creasy (Walthamstow) (Lab/Co-op):** I welcome the Liberal Democrats' interest in youth mobility. Those of us who bought their first album recognise that one of the challenges here is to get the right deal for British workers. Does the hon. Lady agree that the deal that was offered last year, which would have seen British workers being able to go to only one country under the scheme, was not the right one for this country and that, if we are to have a youth mobility scheme, we need to renegotiate what is being offered?

**Sarah Olney:** I thank the hon. Lady for her intervention, although I am not sure what she means by the first album. We are talking about a comprehensive agreement. The EU has already indicated that it would be willing to discuss, and of course we should not enter agreements that are not to our advantage.

As the Government know, a youth mobility scheme would not lead to a return to freedom of movement. After all, under the terms of the existing scheme, youth mobility visas are limited in duration and the number of eligible young people is capped. Delivering such a scheme would provide a return on investment in the form of soft power, which was never seemingly factored into the approach of the previous Conservative Government. The scheme that the Liberal Democrats propose is familiar and tried and tested; it allows those aged 18 to 30 to live, work and study in the countries involved for a set period.

The advantages of a youth mobility scheme go far beyond the extension to a new generation of young people of the opportunities that many of us took for granted in our own youth. The wholly inadequate deal with the EU negotiated by the previous Conservative Government has done enormous damage to British businesses. We have seen soaring import costs, increased workforce shortages and reams of red tape, which have

created huge barriers to growth. Exports by small businesses have dropped by 30%, and 20,000 small firms across the UK have stopped all exports to the EU. The UK faces acute labour shortages in sectors such as hospitality, the arts, entertainment and retail—exactly the kinds of jobs that young people visiting the UK for a few years might take on.

**Freddie van Mierlo (Henley and Thame) (LD):** Does my hon. Friend agree that one of the advantages of the Erasmus scheme was that it provided funding so that people from disadvantaged backgrounds could take advantage of the scheme, and that any youth mobility scheme should ensure access to everyone?

**Sarah Olney:** My hon. Friend is absolutely right about the Erasmus programme. Our young people—those aged under 30—have struggled more, I think, than other age groups to overcome the impact of the pandemic and lockdown on many of their formative experiences. The Government should be looking for every opportunity to offer them the kinds of experiences that would have been available to those who are now in older age groups when they were younger.

Young people visiting the UK for a few years might take on jobs in the hospitality sector while studying, immersing themselves in our culture or improving their grasp of our language. Across the country, small and medium-sized businesses are struggling, and a youth mobility scheme would offer British businesses a real opportunity to address staffing shortages by welcoming young people from EU countries for a limited period, bringing fresh talent and energy to our workforce.

**Noah Law (St Austell and Newquay) (Lab):** Does the hon. Lady agree that apprenticeships are a critical feature of any mobility scheme, as the hon. Member for South Devon (Caroline Voaden) suggested? We need to ensure not only that the businesses that the hon. Lady describes get the staff they need in specific sectors, but that the scheme is not an elitist one.

**Sarah Olney:** I am passionate about opportunities for young people; that is why I am talking about a youth mobility scheme in this debate, but we also need to get behind a whole range of policy interventions, including apprenticeships and funding for further education. We need also to look at barriers to employment, particularly for those from more disadvantaged backgrounds, so I agree with what the hon. Gentleman says about apprenticeships.

I have heard from stakeholders in the hospitality sector that they would welcome this proposal. The changes to the immigration system implemented in April 2024, which increased the minimum salary threshold for skilled worker visas, shrank the talent pool from which hospitality businesses can recruit and contributed to greater staff shortages. Around three quarters of the hospitality workforce is filled from within the UK, but international talent has always been attracted to the UK because of our pedigree in hospitality and our talent for developing careers. Given that recent Government decisions at the Budget added to the overall tax burden on hospitality businesses—many are now considering whether their businesses remain viable—we must provide the tools that hospitality businesses need to grow, so that they can boost the wider economy. Those tools include ensuring access to global talent.

**Andrew Lewin** (Welwyn Hatfield) (Lab): I think it is so important to reflect on the fact that we now have a Government who are actively saying that we want a stronger and closer relationship with the European Union. That is the context for this debate. I am personally very sympathetic to the idea of a youth mobility scheme with the European Union. We inherited from the last Government a lot that makes little sense, including the fact that we have relationships on youth mobility with Uruguay and Taiwan but not with our closest neighbours, the European Union. The reset will take time, however, and I completely respect the fact that this Government cannot give away every part of their negotiating strategy in public at this stage. I congratulate the hon. Member on this important debate, but I also completely understand why we cannot have all the details right now.

**Sarah Olney**: I am glad to hear these words about the Labour Government's commitment to improving our relationships with the European Union, but what the Liberal Democrats would like to see is some action. We think introducing a youth mobility scheme is a valuable and necessary first step and there is no reason why we cannot crack on and do that now.

The Government have made it clear that their No. 1 priority is economic growth—if anyone was in any doubt about that, the Chancellor has been making a speech on it this very morning—but any proposal that might involve our European neighbours in contributing to boosting growth is dismissed. A youth mobility scheme is a pragmatic and mutually beneficial proposal that would benefit the UK economy and labour market in the long term.

**Alison Bennett** (Mid Sussex) (LD): In 2016, the Home Office said that youth mobility visa holders contributed an average of £7,600 to the Exchequer's coffers every year; that amounts to more than £10,000 today. There is economic benefit from a youth mobility scheme, and I find it hard to look my children in the eye and tell them that they will not have the freedoms that I and my parents were able to enjoy. Given all that, does my hon. Friend agree with me that it is absolutely right and urgent that a youth mobility scheme should be brought forward?

**Sarah Olney**: My hon. Friend is absolutely right—I wish that the Chancellor, who I gather is somewhere in Oxfordshire, had been here to hear her intervention. She is so right to say that a youth mobility scheme of this kind would make a real, substantial impact on growth in the UK; more than—dare I say it?—the expansion of Heathrow would. Such a scheme would play a vital role in stimulating the growth that this country so clearly needs and that we very much support the Chancellor in her call for.

Rebuilding our relationship with Europe is a fundamental part of making Britain more secure and more prosperous. With the threat of tariffs from the new Trump Administration, it has never been more important for our Government to break down the barriers to trade erected under the previous Conservative Government. By repairing those ties with the EU, we will be able to deal with this unreliable and unpredictable actor in the White House from a position of strength. Introducing a youth mobility scheme between the EU and the UK

would send a clear message that this country is serious about supporting our young people and backing British business with the labour force that it needs to grow.

The EU has been very clear that it would welcome a youth mobility scheme and has now signalled that agreeing to such a scheme will in fact be a necessary step before broader partnerships, including on defence, are established. I urge the Government to embark on negotiations to expand opportunities for young people across the country and to acknowledge the broader benefits that a youth mobility scheme could provide.

11.13 am

**The Paymaster General and Minister for the Cabinet Office (Nick Thomas-Symonds)**: What a pleasure it is to serve under your chairmanship for the first time, Sir Jeremy. I congratulate the hon. Member for Richmond Park (Sarah Olney) on two counts: first, on securing this debate—she always holds me to account on European matters at Cabinet Office questions, and I very much welcome the scrutiny that she provides—and, secondly, on her appointment as the Government's trade envoy to North Africa. The case that she is making today about deepening trade links is one that I am sure she will be able to employ in that role as well, so I look forward to her doing that and to hearing all about it.

When I hear the hon. Lady speak about a more co-operative, close relationship with the European Union, I entirely agree. That is precisely what the Government are seeking to build. I would, however, introduce one note of caution. As the hon. Lady can imagine, I read the *Financial Times* avidly; it is a fine, authoritative publication. However, although we now move towards the first of the UK-EU summits, we have not actually entered that intense period of negotiation yet. She should perhaps treat what she reads in the *FT*, including about what that negotiation will consist of, with a little caution.

I will turn in a moment to the specific issue of youth mobility, but I want to set in context the EU-UK reset this Government have embarked on. First, I am very pleased with the progress that has been made so far. I am sure hon. Members will appreciate that, going into this more intense phase of negotiation, it was very important that the new European Commission was formally in place. That happened in December and we can now move into this new phase. However, the Government have already been making significant strides forward. There have been dozens of ministerial visits across Government and we have been working co-operatively with our European counterparts.

The Prime Minister met the President of the European Commission, Ursula von der Leyen, on 2 October. I was with them in Brussels when that meeting took place. They agreed to strengthen the relationship between the EU and the UK, put it on a more solid, stable footing and then move forward in their discussions ahead of the first of the summits. The Foreign Secretary attended the Foreign Affairs Council in October, the Chancellor attended the Eurogroup meeting in December and I have had frequent meetings and discussions with my counterpart at the Commission, Maroš Šefčovič. Those discussions are, of course, ongoing.

On 3 February—Monday of next week—we will see the Prime Minister attend the European Council. He was invited by the President of the Council António



[Nick Thomas-Symonds]

Costa, who I met with the Prime Minister at No. 10 Downing Street just before Christmas. As I say, we will then move towards the summit, which we have said will take place in the first half of this year.

**Freddie van Mierlo:** The Minister is giving a good account of the diaries of various Ministers. If meetings were a measure of success, we would all say that the Government were very successful, but they are not. When will we see outcomes from this rapprochement with the EU?

**Nick Thomas-Symonds:** I do not share the hon. Member's downbeat assessment, and neither does the European Union. Maroš Šefčovič himself said last week that our relationship with the EU is definitely in a more positive place. I hope the hon. Member welcomes that.

What we have is a very co-operative relationship. For example, I am responsible for the Windsor framework taskforce, which is in the new EU relations secretariat at the Cabinet Office, in the centre of Government. I am sure he would welcome the creation of this new secretariat as it prioritises this relationship, which is precisely what is being argued for in this debate. I will give him an example from when we first came to office, that of dental amalgam and EU regulations on mercury. In previous Administrations, that would have blown up into a significant row, but it did not. With our new, mature relationship, it was dealt with very pragmatically. He will not have to wait too long until the EU-UK summit, after which he will be able to see the concrete progress and deliverables he is asking for starting to take place. I say gently that he should welcome the progress and the constructive relationship that we have. I hope he does not have too long to wait for some more concrete outcomes, which are hugely important.

We are taking the discussions on the reset forward, and they fall, essentially, into three categories—three pillars, if you like. The first is about foreign policy and a more structured defence co-operation. We have already made progress. The Foreign Secretary and the High Representative have already agreed on six-monthly foreign policy dialogues. That agreement is already in place and we will move further forward on that.

The second category is about the safety of our citizens, so on judicial and law enforcement co-operation. The hon. Member for Henley and Thame (Freddie van Mierlo) challenges me on concrete progress and we have already increased the National Crime Agency presence at Europol. I visited Europol in opposition, as did the now Prime Minister and the now Home Secretary. We are determined to work more closely together on serious and organised crime—from the vile crime of people smuggling to issues such as fraud, money laundering and drug trafficking—to ensure that there is nowhere on our continent where criminals can find a place to hide from the force of the law.

The third category is looking to make significant progress on trade and reducing trade barriers. We were elected on a manifesto with a very firm framework that we would not rejoin the single market or the customs union, or go back to freedom of movement, but that manifesto contained examples of what we wanted to secure, which we have a mandate from the people to

negotiate. That includes a sanitary and phytosanitary agreement, which will reduce trade barriers significantly for agriculture and agri-food products, mutual recognition of professional qualifications for our services industries, and what we can do to make it so much easier for our touring artists to once again be able to tour the EU, and for European artists to come here. On those aspects that are within the trade and co-operation agreement as it stands, we will already have to move forward on negotiation. A good example of that is energy, where the trade and co-operation agreement is already putting an obligation on the UK and EU to look at how they operate the emissions trading scheme. There is a substantial agenda that the Government will be taking forward.

**Caroline Voaden:** Since the election, I have seen and heard lots of evidence of more conversations happening between the UK and the EU than did over the previous few years, so I accept what you are saying about a rapprochement and a more positive engagement. You say that the Government are keen to increase trade—

**Sir Jeremy Wright (in the Chair):** Order. I am sorry to interrupt the hon. Lady, but “you” is me; she means “he”, in other words the Minister.

**Caroline Voaden:** I apologise, Sir Jeremy. The Government are saying that they want to increase trade with the European Union. Could the Minister comment on how helpful he thinks it is when suggestions are put forward by the European Union? Last week, for example, we had a suggestion of a pan-European Mediterranean customs agreement, which could benefit the just-in-time supply trade and complex manufacturing in this country, but was instantly dismissed by the Government. Would the Minister like to comment on how helpful he thinks that is?

**Nick Thomas-Symonds:** I disagree with the hon. Lady's descriptions of PEM as a customs agreement—that is not quite how it operates, or is meant to operate.

Secondly, I observe that on the various proposals and comments, the Government will of course be expected to refer to their manifesto commitments, for which we have a mandate. I have always said constructively that of course, within our red lines, we will always listen to the proposals that the EU puts forward. That was the message the Government sent out. I also observe that my very constructive, positive relationship with Maroš Šefčovič is evidence of proposals going between us that are being very constructively received on both sides. Do not take my word for it: have a look at Maroš Šefčovič's interview from last week where he was asked about his relationship with me and how that is going, and he was very clear about what a positive, different place it is in. The proof is in what is being said on both sides.

Further, I am interested in this press on progress, because I took the time before coming to this debate to have a look at the Liberal Democrat manifesto at the last election, which included a four-step process. I would gently say that if we were doing a four-step process we might take significantly longer than has been taken.

**Sarah Olney:** First, our four-step process was about a much more comprehensive programme of engagement with the EU than what we are solely calling for today,

which is a youth mobility scheme. Secondly, I put it to the Minister that since our manifesto was published back in June of last year, there has been substantial change in the global arena, in terms of trade and defence, with the re-election of President Trump in Washington, so naturally the environment has moved on since then. That is why we are now renewing and intensifying our calls for greater co-operation with the European Union, because we think that the issue is so much more pressing.

**Nick Thomas-Symonds:** I will just say, first, that when the hon. Lady talks about a “comprehensive programme of engagement”, that is precisely what the Government have been engaging in.

The hon. Lady is certainly right to observe that of course world circumstances change, and I am sure that that will be the case in the years ahead as well. However, what will not change is the Government’s prioritisation of deepening our trade links with the European Union. It is also really important to say that that is of mutual benefit—it is of benefit to the United Kingdom and it is of benefit to the European Union that we move forward together on this agenda. That is precisely what will happen over the next few months.

**Ms Creasy:** I know more than most how much work my right hon. Friend has been doing on this issue. As for rejoining the pan-European scheme, it already exists; it is not a bespoke scheme. On youth mobility, it would be very helpful for us to understand things from the Minister’s perspective, because there are a lot of issues to balance in the best interests of the British economy and British growth. May I bring him back to that point? When there are so many challenges in the world, it is wonderful to have UK leaders in Europe who do not question whether we are friend or foe to our colleagues there, but we also need to speak up for British interests. I hope he can set out a bit more about what he considers those to be.

**Nick Thomas-Symonds:** My hon. Friend makes a really powerful point. It was a particularly low moment for the country when one of its Prime Ministers could not answer a question as to whether the French President was a friend or foe. France is our NATO ally, with huge and deep ties to us. The fact that we ever reached that point was, frankly, disgraceful. However, we are not in that position any more. We are very clear with our European friends and partners that our relationship with them is constructive and positive, and that we will make it even closer in the years ahead. That is hugely important. My hon. Friend also makes a really powerful

point about national interests, because our national interests and those of European economies go hand in hand. This process is not some sort of zero-sum game. It is a negotiation—a set of discussions—from which both sides can mutually benefit.

Let us take, for example, an SPS agreement, as seeking negotiations on that is one of our specific manifesto pledges. It works for and reduced barriers on both sides. That is good for businesses and the agricultural sector on the European continent, and it is good for the agricultural sector here in Britain. Cultural exchanges are also good for both sides, as is mutual recognition of professional qualifications in services. That is not just about our brilliant services exports; it is about those services that we can get from the European Union.

I am conscious, Sir Jeremy, that this is a short Westminster Hall debate and we are coming to the last few moments. People-to-people contacts are hugely important; there is no doubt about that. Obviously, the previous Government eased the position regarding school trips, particularly with France. We have just indicated our reinvestment in the Turing scheme. There are also numerous deep people-to-people links with Europe right across the United Kingdom.

As we have had this exchange across the Chamber many times, the hon. Member for Richmond Park will know that youth mobility was not part of the plans that the Government set out at the election. We have said that we will not go back to freedom of movement; that is a very clear red line. However, I approach the negotiations with the European Union in a constructive spirit. I, of course, will put forward and advocate for our national interests. It is, of course, for the EU to come forward with its negotiating position.

Who knows whether points in the *Financial Times* on this matter are accurate or not? They may or may not be, but I look forward to these negotiations. This is going to be a really positive period in relationships between the UK and the EU, and I am sure we can come back with the deliverables that are being asked for by the hon. Lady and her colleagues.

Finally, I am very grateful to you, Sir Jeremy, for your chairmanship of this debate.

**Sir Jeremy Wright (in the Chair):** I am grateful, too, to the Minister and to everyone who has contributed to the debate.

*Question put and agreed to.*

11.30 am

*Sitting suspended.*

## Rural Housing Targets

[CHRISTINE JARDINE *in the Chair*]

2.30 pm

**Damian Hinds** (East Hampshire) (Con): I beg to move,

That this House has considered housing targets in rural areas.

It is a huge pleasure to see you presiding over us today, Ms Jardine.

I want to talk about housing targets for rural England in general and for my constituency of East Hampshire in particular, and I want to talk about three dimensions. The first is the balance of development between urban areas and rural areas. There is a general point about the balance in the whole country, but it has particular significance in my area. With the new formula, there is too much emphasis on building in the countryside, which will be bad for economic growth and our decarbonisation agenda, and injurious to the countryside. I will ask the Government to look again at the formula.

The second dimension is the mix of housing types that we are incentivising to be built, which is not weighted enough towards the more affordable housing that we so badly need, and the third dimension is the balance of development in my constituency specifically. We have a national park boundary cutting through the constituency, and whatever the overall numbers, there is a question of balance within the specific area.

We all know that we need more homes, so let us not have a discussion about which party is more serious about that. Figures published yesterday project a big population increase of 4.9 million over the next 10 years, which will be driven by net immigration. Those numbers are too high and we need to bring them down, but, in any case, there is already pressure from the growth in population and housing demand that we have had, which is partly to do with net immigration but also to do with factors such as people living longer and the tendency towards smaller households.

We all care about housing. Of the four highest completion numbers since 1997, three have been since 2019, under Conservative Governments. The Government want to increase the housing target to 370,000 homes a year, and they changed the formula to do that last month. By some margin, that would be the highest number of completions in a very long time—I think the highest in a single calendar year since 1997 is about 180,000. There are doubts about how realistic the target is, especially given labour and materials constraints on the supply side.

If this building is going to be done, it is exceptionally important for public confidence—as MPs, we hear this the whole time—that it is accompanied by not just the promise, but the delivery of the right services and infrastructure. It is true that most of those services are statutory requirements—sewerage will come, because it is a requirement. Hampshire county council does a good job of place planning and predicting where places will be needed, we know that funding for GPs follows the population, and so on, but, as I think all MPs have heard, there are still worries and doubts about the timeliness of that. In particular, there is a worry about whether, if we have a sudden massive increase in building but there is a shortage of builders, the schools or GP surgeries that are needed will be prioritised over the houses.

**Mr Richard Holden** (Basildon and Billericay) (Con): This is exactly the issue facing my constituency, where two proposed large developments are going through planning, one on Wash Road on the outskirts of Noak Bridge, and the other—it went through a couple of weeks ago—on Laindon Road in Billericay. There are huge pressures on local services; local primary schools are overflowing. When we see our local authorities changing from two-tier to unitary and being moved around, there is real concern that section 106 money will not even go towards the needs of the communities having housing imposed on them. Does my right hon. Friend agree that that adds extra complexity to the situation?

**Damian Hinds:** I agree with my right hon. Friend, who has done an outstanding job of highlighting such points, including on the Floor of the House, to the benefit of his constituents.

It is also important to pay attention to maintaining the character of areas. We talked in the past about urban sprawl, but increasingly we face the risk of rural sprawl, with ribbon developments that lose the distinction between settlements. In addition to a beautiful landscape, my constituency has an important cultural heritage, as the home of Jane Austen. That is important not only to people who live in East Hampshire but to many who visit from elsewhere in the country and from abroad.

On the new formula, the Government need an overall 50% uplift in housing numbers, but in many areas they will increase by a lot more. East Hampshire is one: our target will increase from 575 to 1,142, or 98%—let us just call that doubling. That is not unusual. Colleagues will have seen that the Library paper looked at 58 mainly or largely rural local authorities and found that all had had an increase, two thirds had had one above 50%, and the average increase was 71%.

Meanwhile, in urban areas, increases are much lower—more like 16% or 17% on average. Quite a few places will see a reduction, including large parts of London and Birmingham. The Library analysis found that 37 out of 41 local authorities with a decrease were urban. I want to stress that this is not about a north-south divide; it is specifically an urban-rural divide. The County Councils Network has helpfully provided figures showing the difference in county areas. Compared with the south-east, the north-east, north-west, and Yorkshire and the Humber have much higher average increases, albeit from a lower base.

It is also important to note that this is not about correcting an historic mistake. People might think that not much building has happened in the countryside in the past, but looking back over 20 years, the rate of building—the number of additional dwellings relative to the existing dwellings per thousand households—has been higher in predominantly rural areas than in urban areas.

That shift from urban to rural is a problem for multiple reasons. One of them is a big theme today: economic growth. I am sure the Minister has a lot of time for the think-tank the Resolution Foundation. Its analysis is that tilting development towards cities, because of the agglomeration effect and other factors, makes a material improvement to growth prospects. It is also important for another theme of the day. We talk about airport expansion and the tension between economic growth and decarbonisation. When housing moves towards



the countryside, that is bad for decarbonisation, because the numbers are so high that houses have to be put everywhere and it is not possible to focus on the relatively small number of places that have good strategic transport links. That hardwires reliance on the motor car, which in constituencies such as mine means two cars per couple in a household.

Why does the formula do that? We do not have the time to explain. We would need whiteboards, Excel and possibly PhDs to go through this subject—you might already have a PhD in this subject, Ms Jardine; I do not want to suppose otherwise. Various changes have been made to the formula, in particular the multiplier that gets applied to the affordability calculation, which has risen from 0.6 to 0.95. That means that the affordability calculation does a lot more work, and is more important than it was before.

No calculation of affordability of housing is close to perfect. There are all manner of problems with trying to make such a calculation. In particular, with the formula that we use today, there is a proper debate to be had about the balance between workplace earnings and residency-based earnings. Sometimes we talk about a choice between the two, but I think they are both relevant to the affordability of housing. It is also about the distinction between earnings and income, and whether we are really comparing types of housing like for like.

As I say, this is not the place to discuss those issues in detail; it is not possible in a debate format. However, I will say to the Minister that I am sure the formula looked logical when it was done on paper or a computer screen, and I am sure it was done for the right reasons, but in practice it has delivered perverse outcomes, which will reduce housing development in urban areas and harm growth, and it will be extremely difficult to deliver—certainly, it will be impossible to deliver sustainably in the countryside. The formula is an errant, rogue algorithm. We know what that feels like because it happened when we were in government, too; it can happen to anyone. The important thing is to address it as quickly as possible once it is spotted. Whatever their intent was, given the outcome, I ask the Government to look at the formula again.

The second issue is that the formula does not encourage enough of a change in the mix towards homes that are actually affordable. I will say what I mean by “actually” in a moment, but first I want to note the good work of my constituent, Nick Stenning, who has helped me in this area. We want more affordable homes, but when constituents come to my surgery and say that they want housing to be more affordable, they do not mean it in the sense the public sector means it, which is what I call Affordable with a capital A—the very strict definition of housing association rent, council rent and part ownership. They just want a home they can afford. Of course that includes those types of tenure and rent, but young couples overwhelmingly aspire to own their home, and we should be in the business of helping them to do that.

All other things being equal, for a developer, the best economic returns come from larger, costlier houses. When we consider that there is a premium on new build homes anyway, that means that, paradoxically, in spite of the economic theory, when we add more homes, the median price increases because we are adding them in the top half of the distribution. We then get a cycle that ends up calling for more of the same. We say, “Well, this

area is now even less affordable than it was before, so we need more houses,” and we get more of the same homes. That is not entirely true, of course—there is a mix, but it is disproportionately weighted towards four or five-bed executive homes. I ask Ministers to look again at that; I am sure we have the same objective in this regard.

The third and final area I want to cover is specific to my constituency. It applies to a lesser extent in other areas with so-called national landscapes, but there are literally only one or two areas in the country where it applies to quite the extent it does in mine. The South Downs national park is an unusual national park: it is England’s newest, but it is by far the most populous. Its population density is about 3.5 times that of the Lake District national park, which has the next most dense population. It has huge swathes of open countryside but also significantly sized settlements, one of which is Petersfield in my constituency. Alton, which is outside the national park, is a similar size to Petersfield. They are both historic market towns and many of the people living there have the same needs and objectives, but they are treated completely differently from a housing development point of view.

There would be no point in having national parks if they did not have special protection, but the problem I have is that so much of my district—57% of the land area—is inside the national park. We have to calculate the housing need on the basis of the entire area, but that need has to be accommodated overwhelmingly in the area outside the national park. When there is a change—for instance, the number has just gone up—but the numbers that can be accommodated inside the national park do not change, we get a magnified, leveraged effect in the parts of the district outside the national park.

We would not expect development to be in proportion to landmass; otherwise, there would be an awful lot more building in, for example, the constituencies of the hon. Members for Caithness, Sutherland and Easter Ross (Jamie Stone) or for Hexham (Joe Morris). Other things being equal, we would expect it to be broadly in proportion to the existing development and existing population. In the district of East Hampshire, the South Downs national park accounts for 27% of the population and, since the national park came into existence, it has accounted for 15% of the housing development. However, with the change in targets, and without that much changing in what the national park is planning to do, it will account for 8% of the housing development, as against 27% of the existing population.

That fact creates particular pressures just outside the boundary of the national park, in places such as Alton, Holybourne, Four Marks and Medstead—all the way along the A31—and in the south of the district around Horndean, Clanfield and Rowlands Castle. There is already an imbalance between housing affordability inside the national park and housing affordability outside it, as was demonstrated by the bespoke analysis that the Office for National Statistics kindly produced. That imbalance will widen over time, and that has implications for the age mix of people living inside the national park, and therefore for the viability of schools, churches, shops, pubs and so on.

**Mr Holden:** My right hon. Friend is being very generous in giving way. My question touches on that point about the balance between urban and rural. Semi-rural and

[Mr Holden]

rural areas are now being densified, and given the changes in the requirements on new buildings, places such as London are seeing less extra densification. Does he agree that the Government should be looking at schemes such as the one up at Finsbury Park, to which the Industry and Parliament Trust will take us on a visit in the next few weeks? A post-war estate of 2,000 homes is being transformed into 5,500 homes. That is proper urban densification around a major existing transport hub, and it means that those houses are not being built in the green-belt areas that he is talking about.

**Damian Hinds:** My right hon. Friend makes an interesting point. In fact, there is a good example of that in my constituency, on a much smaller scale. Those schemes can materially improve amenity: we can make a better-looking housing estate and add facilities, such as a shop, even a pub, a better children's playground and so on, that can benefit everyone.

Hon. Members will be pleased to hear that I am coming to the end of my speech. I do not want to overstate matters: the South Downs national park authority does build houses. In fact, it builds more houses, or plans for more houses, than other national park authorities. It co-operates and communicates with East Hampshire district council. However, we still end up with this imbalance, which is bad for both the part inside and the part outside the national park. Quite apart from the question of balance, there is also the question of public confidence, democratic accountability and responsiveness—people knowing how the numbers have been derived, rather than the council effectively having to be a number-taker, as it were, because of the decisions of another group.

My primary ask of the Minister is that he look again at how numbers are distributed between urban areas and the countryside overall. However, I also ask him to look again at how the calculations work in areas such as mine, so that we do not have demand calculated for the entire district with supply going mostly, although not entirely, to one part of it. That could be rectified in different ways. One would be to give district councils total clarity on how they can adjust their method for calculating need without running an excessive risk of the plan being found to be unsound. There is guidance—the Minister may have this in his notes—but here is what it says:

“The standard method should be used to assess housing needs. However in the specific circumstances where an alternative approach could be justified, such as those explained at paragraph 014”,

on national parks,

“consideration will be given to whether it provides the basis for a plan that is positively prepared, taking into account the information available on existing levels of housing stock and housing affordability.”

I do not know about you, Ms Jardine, but I am not sure I could explain to somebody else what that means. If we are going to have guidance, fine, but it has to be clear and it has to give confidence to councils and councillors, who, at the end of the day, are managing public money, that they are not running a serious risk of ending up in court proceedings when trying to do the right thing.

This could be done in other ways. It could be done by having the national park explicitly and transparently set a housing target for the entirety of its area, leaving the

individual districts to work it out for themselves. That could be done either individually for each district, or just for the park as a whole.

**Andrew George (St Ives) (LD):** The right hon. Gentleman has not mentioned the rural exceptions policy. He is talking about rural housing, but to achieve the outcome he is describing, surely he should be advancing rural exception schemes. There is massive hope value on the edges of towns and villages if the targets are high, but rural exception schemes can keep the development land price down by ensuring that those developments meet local need.

**Damian Hinds:** The hon. Gentleman makes a very good point. In both his incarnations, he has long been a campaigner on these issues. There are many housing and development issues that I would love to talk about, but I am running out of time talking about just these three, so I hope he will forgive me if I stick to them. However, I agree about the potential of the exceptions policy.

I have one further question to the Minister. With devolution and local government reorganisation, how and when will some of the issues change because we are looking at things on different boundaries? I am grateful to him for agreeing to meet me and my district councillors to talk about the national parks issue, but I hope he will fully consider all the points I have raised today.

**Several hon. Members rose—**

**Christine Jardine (in the Chair):** Order. I remind Members that they should bob if they wish to be called in the debate. Please limit your remarks to five or six minutes.

2.52 pm

**Joe Morris (Hexham) (Lab):** It is a pleasure to serve under your chairship, Ms Jardine. I genuinely want to thank the right hon. Member for East Hampshire (Damian Hinds), who, until the last election, was my aunt's MP, so I always get a letter when I speak in debates with him.

I think this debate is less about rural housing targets and more about rural homes. I grew up in the largest constituency in England, as the right hon. Gentleman indicated, and now have the privilege to serve as the MP for it. It regularly hits me, as I walk down the street or go to my surgeries, that I am far more likely to bump into my mates' grandparents or parents than I am to bump into them because they have had to move out to Newcastle, down south or out to Manchester. It is one of the great sadnesses of the job that I do not see communities thrive as much as they could because young people are forced to leave. Communities need those young people, frankly.

I am frequently contacted by parents from across west Northumberland because Northumberland county council is trying to force some of our smaller schools to become two-form entry, rather than three-form entry. Rural depopulation is a major concern that transcends party politics, so I hope we can have a genuinely grown-up conversation about how we do better policy making for rural areas to support those communities.

When I go out into the north Tyne, where I live at the moment, or go into the central town of Hexham, or Prudhoe, I am often asked about my views on specific developments. I genuinely always try to approach these

things by saying that we need to make sure there are places for people to grow up, and for businesses to invest in their employees. I spoke to one medium-sized employer in Hexham that spends a lot of time training its apprentices, who cannot afford to live in Hexham so move to a rival firm in Blyth, on the coast, which therefore gets all the benefit of that employee's wisdom and experience, and the investment the company put into them, at none of the cost. We really need to look at how to generate vibrancy in our rural economies.

I have a slight issue with the definition of "rurality" given in a few documents I saw while drawing up this speech. "Rurality" is often defined as applying to settlements of fewer than 10,000 people. By the latest figures, Prudhoe has 10,288 and Hexham has 10,941 but no one walking down the street in either place would think of them as urban. Today, I received news of bank branch closures in my constituency and was incredibly disappointed to see that the branches were considered urban, despite the common-sense test of walking outside them and seeing the Tyne valley in all its beauty—it is possible to see right down to the north Tyne from Hexham. Prudhoe and Hexham are not urban communities. They are bigger than Barrasford, Wark, Humshaugh and plenty of other communities but they are not urban.

Any great advances in house building and housing targets must come with improved infrastructure. I hope to see much-needed investment in the Tyne valley line. My staff said to me that if I could get the Tyne valley line improved, certain villages in my constituency would build a statue of me. I do not hope for that and I am not lobbying for that—the county council probably has enough against me before I start lobbying for monuments—but we need to make sure that that infrastructure runs on time.

I also want to put on record that the limit in housing is driving the social housing waiting list crisis. Some of the main drivers of the cases coming into my inbox for my case workers are the special educational needs and disabilities crisis and the crisis in social housing in rural areas. I do not expect any hon. Members in this room to have a huge working knowledge of the diversity of Northumberland, but people are being rehomed from Ashington to Allendale, which are extremely different.

**Damian Hinds:** I know the schools there.

**Joe Morris:** I am glad to hear that the right hon. Member recognises the places. The lack of affordable social housing means that those who want to remain within the same county are forced to move to radically different communities that are often not suited to their needs.

I thank North East Mayor Kim McGuinness, a great friend of mine, who has prioritised the housing crisis in her agenda. I know that she is aware of the rural housing crisis—largely because I will not shut up about it—and the fact that it drives so much of the tragic and deeply concerning casework that comes through our doors. When the Government look at rural house building, we need to consider how we build communities and homes, rather than simply empty houses and empty buildings. I want sixth-formers at Queen Elizabeth high school—which I was privileged to attend and which I will visit this Friday—to be able to get the jobs that they want and remain local, with the broadband connectivity and transport connectivity that they need to make their homes and lives in the north-east, should they wish.

2.57 pm

**Jamie Stone** (Caithness, Sutherland and Easter Ross) (LD): On a personal level, it is a particular pleasure to serve under your chairmanship, Ms Jardine. We go back a long way, do we not? I congratulate the right hon. Member for East Hampshire (Damian Hinds) on securing this debate. My difficulty is that housing is devolved, but—as you will understand, Ms Jardine—when constituents come to me, as a Scottish Member, with issues, I am duty bound to raise them.

I will start with two brief anecdotes. I was canvassing in Ullapool, in Wester Ross, before the election and I was astounded when I was told by a householder that the local headteacher had to commute from well to the east of my vast constituency—every day, there and back—because no housing was available in Ullapool. It seemed absolutely ludicrous because, if anyone should be part of the local community, it is the headteacher. That struck me mightily.

After the election, I was staying with my wife in the Summer Isles hotel in Achiltibuie, which is getting pretty remote. I was talking to the young barman, and because we knew that the hotel was going to be closed over winter, I said, "So, what will you do during the wintertime?" He said—you know what is coming, Ms Jardine—"I have to head south. There's nowhere for me to stay here. I can't afford the accommodation."

The hon. Member for Hexham (Joe Morris) rightly mentioned depopulation; it has been the utter curse of the highlands for generations. It is one of the great tragedies that if someone drives across Caithness on the Causewaymire—the local pronunciation is "Cazziemire"—they will see umpteen empty wee houses on either side in the heather. That is people who have gone, and gone forever, and that is the tragedy of the highlands. So people leaving because they cannot get accommodation in Achiltibuie is a desperate business altogether.

I want to say on the record that I in no way blame the Highland council for this problem. As a local authority, it does its level best against the odds to think of imaginative ways to create housing. But if a wee house comes on the market in Wester Ross, or in most of my constituency, it is snapped up by people from far away who can afford the prices, which local people simply cannot.

Let me turn to what happens in my constituency office. In the highlands, there are about 8,000 people on the waiting list for housing, and every week my office will get two, three, four or five housing cases, which are incredibly hard to resolve. We may talk about going private—renting or buying—but as I have already hinted, they are just priced out of the market.

We have to balance that against something that I am grateful to the previous Government for. We were given the Inverness and Cromarty Firth green freeport—one of two in Scotland—which was a real shot in the arm for the area, as it will be under the new Government. It could make as big a contribution as Dounreay did when nuclear power came to Caithness, or as the Nigg and Kishorn oil fabrication yards did when they came to Ross and Cromarty. These things really offer employment and can keep people in an area, but the point is very simple: if we do not have the housing, what are we going to do? Despite the best intentions of the previous Government and this Government, not having the housing really gets in the way of all of that.



[Jamie Stone]

I find it very difficult to see young people put in this position; it is really quite harrowing and it seems a fundamental injustice. It is wrong that they have to face these terrible decisions—“Do I stay where I come from? But I can’t, so I have to go.” I remember my own father, before the North Sea oil came, saying to me, “You’ll have to go south, young man.” That is something we do not want to see happen.

I am talking about a devolved matter, Ms Jardine, but may I simply say this? I have great faith in the best intentions of Governments of all colours. I simply ask that, as and when the best practice is developed to tackle this problem, His Majesty’s Government share that best practice with the Scottish Government, so that we can see how we can nip this problem and try to reverse this wretched tendency. I hope that now, as I speak, that teacher has got a house in Ullapool, but I am not sure that she has.

3.3 pm

**Peter Prinsley** (Bury St Edmunds and Stowmarket) (Lab): It is a pleasure to serve under your chairship, Ms Jardine.

I am an MP from rural Suffolk, and I hope we can create affordable rural housing. Why did our predecessors not try to do that? I believe that changes to the rural exception regulations could help achieve it, and at an appropriate scale, so that we retain the character of our towns and villages.

We need to help build housing, but crucially we need to help build local communities. We need there to be housing for young families, but also housing for older people, perhaps with embedded building features such as walls that are sufficiently strong to hold grab rails. I was told by Age UK only this morning that in Japan stamp duty is waived if the children of older people buy houses near where their elderly parents live.

Too many of our villages in Suffolk, and in Norfolk, where I live, are occupied by ageing residents far from family and services. I am sure we can make changes to improve things, while repopulating the rural community and building resilience for the future. So let us rebuild our rural communities at a scale sympathetic to the existing settlements.

3.4 pm

**Saqib Bhatti** (Meriden and Solihull East) (Con): It is a pleasure to serve under your chairmanship, Ms Jardine. I thank my right hon. Friend the Member for East Hampshire (Damian Hinds) for securing this debate. In many ways I was hanging on his every word, because I genuinely felt that he was also speaking to the concerns of my constituents on a whole number of issues.

Let me start in the way that my right hon. Friend and other hon. Members started: we all want housing and recognise the need for it. Meriden and Solihull East is a constituency of two halves, with a very urban north and a very rural south, so many of the issues we discuss in the House affect me in both respects.

Everyone who has spoken has referred to young families and young people, and my right hon. Friend spoke about affordable housing. I agree with him, and one of the conversations I have been having with my

local council is about starter homes. As we have heard, young people want to grow their families in a place they are connected to, and that is clearly vital.

I say to the Minister that, as my right hon. Friend pointed out, the formula impacts rural areas in a much more detrimental way. I would like him to achieve his targets, but I do not think that the formula will allow that to happen. I have form on this, because I raised a similar issue when the last Government tried to do this. I thought the formula was disproportionately affecting my constituency, as opposed to Birmingham, which is next to us, and areas such as Walsall, where I was born and brought up.

I remember having a conversation at No. 10 on a number of occasions, and I was very pleased that the formula was looked at again. The current formula requires Solihull, which currently builds about 866 homes per year, to increase that to 1,317. However, the current plan in Birmingham has about 7,174 homes a year, and the revised plan would take it down to 4,974. That is a huge disparity, and I am sure the Minister would agree. I believe that he is a reasonable person and that he would agree that there are people in Birmingham who will require housing, so that reduction in numbers makes no sense whatever—it is quite a significant plummet.

I campaign on protecting my green belt. I feel uniquely affected, as do my constituents, for two reasons. First, we have the Meriden gap, which is a vital thoroughway, through which wildlife migrate every year. It is known as the west midlands’ lungs, but is actually the lungs for the whole United Kingdom. As the new national planning policy framework comes forward, will the Government take into account areas of vital importance, such as the Meriden gap? My right hon. Friend the Member for East Hampshire mentioned national parks, and I do not want to see the burden on the council increased because other parts of the green belt have to be affected. Through no fault of its own, it has areas of real importance to nature.

The second reason I wanted to raise is that my constituency is specifically affected by High Speed 2. We have a station just by the National Exhibition Centre and Birmingham airport. Balsall Common has had to take a huge load; it has been ripped open many times over, and is also taking on additional housing—there is a significant amount already, with thousands of homes. Hampton in Arden, a beautiful part of my constituency, is now starting to see the effects of HS2. This is critical national infrastructure, and the sacrifice my constituents are making in terms of their green belt should surely be taken into account. Currently, I do not see anything in relation to that. By the way, I posed the same challenge to the previous Government, and I stand by it.

I am conscious of the time, but I just wanted to pose those questions to the Minister. I am more than happy for him to visit my constituency, and I will happily show him around, in the spirit cross-party working, so that he can deliver some good news to my constituents.

3.9 pm

**Jim Shannon** (Strangford) (DUP): It is a pleasure to serve under your chairship, Ms Jardine; I did it last week and I have done it this week as well, so we are on a roll. It was a pleasure to hear the right hon. Member for

East Hampshire (Damian Hinds) clearly setting the scene in his constituency. The debate is about housing targets in rural areas, and I will set the scene in mine.

The hon. Member for Caithness, Sutherland and Easter Ross (Jamie Stone) said this is a devolved matter, and it is a devolved matter for Northern Ireland as well. However, it is important that we come along to contribute to the debate and wholeheartedly support the theme the right hon. Member for East Hampshire put forward.

I represent the constituency of Strangford, which is very rural. The issue of housing in rural areas comes up all the time, and I will explain why in my contribution. There have been numerous calls for better housing provision and a better level of housing—in other words, houses that are up to the standards that people want. So I wholeheartedly echo what the right hon. Member for East Hampshire said in his opening comments about housing provision in his constituency.

From private housing to social housing provision, there are real challenges with the number of properties available. That is something that my staff and I witness daily in the office. We have countless—I use that word on purpose—ongoing social housing cases where people in rural areas need to be rehomed, for different reasons, but the stock is not there. That is the issue that all hon. Members have tried to illustrate.

Last month, the Communities Minister back home announced the launch of the housing supply strategy 2024 to 2039, which provides a 15-year framework for the development and delivery of policies and actions needed to meet our housing supply needs. There are a series of challenges that must be addressed, and that will require a collaborative approach from all stages of Government. Again, I want to sow into the debate what we are doing in Northern Ireland, to hopefully support the right hon. Member for East Hampshire and the Minister. The Minister is always constructive in his answers to our questions; we appreciate that very much, and I look forward to his contribution.

The Northern Ireland Housing Executive is of major importance when it comes to the housing stock, especially in rural areas. The Housing Executive has also released a rural strategy specifically for Northern Ireland. Evidence from the 2016-20 draft rural strategy highlighted successes in the rural housing sector in Northern Ireland. For example, the Housing Executive invested approximately £204.13 million in rural communities, and just under 18% of that was for housing stock. Work commenced on 425 new build social homes in rural areas, helping to address social housing needs and to support the growth of those communities. So there is a strategy, a policy and a way forward, and approximately £82.4 million was invested in the maintenance and improvement of our rural housing stock.

That work highlights the importance of funding our rural areas, which are a massive part of the housing sector, but there is still a long way to go. The social housing lists in my two constituency offices—one in Ballynahinch and one in Newtownards—illustrate that figuratively and statistically. As of June 2023, over 45,000 individuals were on the Housing Executive's waiting list, with more than 32,000 classified as being in housing stress, indicating an urgent need for accommodation. That is not solely the responsibility of the Housing Executive, as the money we get to fund our Departments and sectors comes from this Government through the block grant.

There is more to do to take the immense pressure off families by making housing more affordable, accessible and safe.

The housing backlog comes from an increase in property prices. Some of the greatest house price rises in the United Kingdom of Great Britain and Northern Ireland have been in Northern Ireland. The standard monthly rental price is between £600 and £700—far above the headline.

I am conscious of the time, so I will conclude with this point. More needs to be done to preserve and maintain housing stock, and housing prices are hitting a record high, so I look to the Minister for direction on his plans to support the devolved institutions as much as he can. It is always understood that these issues are devolved, but there is a moral responsibility to ensure that no family is left behind, and that our Executive have the support they need from central Government right here.

3.14 pm

**Greg Smith** (Mid Buckinghamshire) (Con): It is a pleasure to serve under your chairmanship, Ms Jardine. I congratulate my right hon. Friend the Member for East Hampshire (Damian Hinds) on securing this important debate. I fundamentally want to talk about fairness. The Labour party used to use fairness a lot to try to define itself. I have had exchanges with the Minister regularly on this subject, not least when we both sat on the Levelling-up and Regeneration Bill Committee back in 2022. Many people remember 2022 politics for other reasons—we remember it for the nine months of the Levelling-up and Regeneration Bill Committee. I put it to this House and to the Minister that when we look at the differential between what rural communities, such as those that I am lucky enough to represent in Mid Buckinghamshire, and our towns and cities are being asked to build, that fairness just is not there.

Let us look at the example of Buckinghamshire as a county. We were already starting from a pretty punchy base and from the point of an expectation to build some 61,000 new homes over the coming decades. The new ask of Buckinghamshire under this new Government looked, from a starting base, like it would be 91,000 new homes, which would be a 42% increase plus the mystical 5% deliverability. The latest published number is a whopping 95,000 new homes expected over the next couple of decades. With the extra 5% added on, that is a nearly 50% increase, which does not include the proposals for new towns of more than 10,000 properties that may well come through. Buckinghamshire could well be looking at yet another Milton Keynes. I gently put it to the Minister that Buckinghamshire has already taken its hit on building a new town; that town is now the city with a population of 250,000 people that is Milton Keynes, which took away a huge chunk of rural Buckinghamshire.

Buckinghamshire council has always been reasonable in its proposals. We have actually built tens of thousands of new homes in my constituency alone since the start of the century. Villages such as Haddenham are unrecognisable as a village after the level of development, and the developers keep piling in. There are more controversial proposals on agricultural land and on farmland being considered right now, just in the village of Haddenham. This issue comes up at door after door;

[Greg Smith]

people are fed up with the loss of farmland and our rural identity, and with making our countryside more urban.

The reason I will talk about fairness is that when we compare and contrast what Buckinghamshire is being asked to do with what the Mayor of London is being asked to do, he is being let off on his housing targets by 20%. That is in our great capital city of London, where there are oodles of brownfield sites crying out for regeneration, and people crying out to be able to buy homes—starter homes through to family homes and everything in between. Why is Labour London being let off on those housing numbers when our rural communities in Buckinghamshire are being asked to take the pain?

If I expand that argument on fairness, it is a reasonable expectation—as my hon. Friend the Member for Meriden and Solihull East (Saqib Bhatti) has said is relevant to his constituency—that development from housing must be side by side with the other asks that are taking away our landscape, our nature and our agricultural land, which presents a challenge to food security. Those additional asks come on top of housing. There are the countless solar industrial installations that my constituency sees, from Rosefield in the Claydons through to Kimblewick and many others. The battery storage facilities that we see being proposed are again in the Claydons, and another one of them has popped up in recent weeks near Little Missenden in the south of my constituency.

Like my hon. Friend the Member for Meriden and Solihull East, we have the great destroyer, HS2, which has devastated mile upon mile of the Buckinghamshire countryside for no benefit whatsoever to my constituents. I ask the Minister to reflect on the point of fairness and, when he considers housing targets on rural communities, to look at the other projects going on—many of them state sponsored, such as HS2—that have an impact on those rural communities.

My last point is that many services cannot cope with the residents we already have, be it GPs or hospital services. Let us take the Chiltern line, for example. The population growth is such that at Haddenham and Thame Parkway station, people are regularly being left behind on the platform in rush hour. That is not the fault of Chiltern Railways: it is because of the sheer growth in demand without anything to make up for it. I ask the Minister to reflect on fairness, and on the multiple demands on our rural communities, and to think again about the balance between rural and urban.

3.20 pm

**Andrew George (St Ives) (LD):** It is a pleasure to serve under your chairmanship, Ms Jardine. I congratulate the right hon. Member for East Hampshire (Damian Hinds) on securing this important debate. It is interesting to follow the hon. Member for Mid Buckinghamshire (Greg Smith). His constituency is a different environment, with a different set of conditions. It is interesting that he presented this as a question of fairness, in the sense that house building is an imposition rather than an opportunity for local communities. I will explain why I say that later.

Planning should fundamentally be about meeting need, not greed, but it is too often driven by greed rather than need. That underlies the wrong dynamic, which is creating

a lot of the ill feeling towards the kind of development that the hon. Member for Mid Buckinghamshire and others have described. The Prime Minister has created a false dichotomy by saying that he is backing

“the builders, not the blockers.”

My fear is that it is putting greed before need, but by proxy, if it is handled wrongly.

The fundamental failing of decades of setting housing targets in the ways that successive Governments have is that they are both wrongly conceived and based on the naive delusion that private developers would be willing to collude with the Government in driving down the price of their completed product. That is a naive delusion that, I am afraid, has adherents in all political parties. They have adopted the view for decades that if we build enough, the price will come down and the developers will co-operate with us in doing that. That has simply not happened.

The fundamental problem with setting house building targets is that house building is a means to an end. The end is meeting housing need. The targets could be to reduce housing need and planning applicants would have to demonstrate how their developments would address that need and reduce the need on an annual basis, rather than simply building to their commercial advantage. In places such as Cornwall, they build to meet the requirements of property investors, second home owners and holiday lets. We do not get the kind of developments that are there to meet local housing need. That is why house building targets are a means to an end, not the end. We see them as a proxy for what we are trying to fundamentally achieve. That is why they are both ill conceived and a naive delusion.

Cornwall is one of the best examples of where that policy has fundamentally failed because it has almost trebled in size. Like Buckinghamshire, it is proportionately one of the fastest-growing places in the United Kingdom. It has almost trebled its housing stock in the last 60 years, yet the housing problems of local people have got worse. I am not saying that we should not build houses and therefore will meet need; I am simply saying that setting house building targets has created an environment in which the wrong type of housing has been developed.

I have to declare an interest: during my nine-year sabbatical away from this place, I was a chief executive of a registered provider, a housing association. I therefore worked in the sector and know how the dynamics of the system work. I know how one battles with landowners, who have massive hope value—expecting that they can get 100 times the agricultural land value on the edge of their town and village if they can get away with it. That is just human nature; it would apply to any of us.

Nicholas Ridley, who was the Environment Secretary back in the early '90s, introduced the rural exceptions policy, which was the first break from a planning policy that was based purely on use rather than the user. The policy meant that if a development met a local housing need in perpetuity, it would be allowed as an exception. The hon. Member for Bury St Edmunds and Stowmarket (Peter Prinsley) mentioned that the policy needs to be expanded, and indeed it should. In Cornwall, where the policy is well founded, much affordable housing development is delivered through rural exception sites. It is quite a powerful policy.



**Richard Foord** (Honiton and Sidmouth) (LD): It is fascinating to hear my hon. Friend talk about the success of rural exception sites in Cornwall, but elsewhere only 14 of 91 local planning authorities that have a policy of using rural exception sites have actually built houses using the policy. Why does that discrepancy exist?

**Andrew George:** Well—

**Christine Jardine (in the Chair):** Order. I remind the hon. Member that we have less than two minutes before we have to move on to the Front-Bench spokespeople.

**Andrew George:** I beg your pardon, Ms Jardine—I ran away with myself. As far as my hon. Friend's question is concerned, a range of reasons make it extremely difficult to deliver on rural exception sites. One of the difficulties, which I have expressed to the Minister, is that the viability thresholds are quite difficult for housing associations to meet, particularly if the thresholds are based on a cost to value ratio. If the value of properties in a particular location is low, we get into the absurd situation in which the development cannot proceed under that formula. That has counterproductive consequences: the bigger the targets, the bigger the hope value on the edges of communities. It sounds counterintuitive, but the best way of meeting housing need in rural areas is to draw the development boundary tightly and not allow development around it, and to have a very strong rural exceptions policy.

We also need to build in the ability to deliver an intermediate market, by which I mean part-sale or discounted-sale homes that are available in perpetuity for all subsequent local occupants who meet a local first-time buyer requirement. We need to control second homes in rural areas, as well as addressing all the other issues relating to affordable housing need.

3.28 pm

**Charlotte Cane** (Ely and East Cambridgeshire) (LD): It is a pleasure to serve under your chairship, Ms Jardine. I congratulate the right hon. Member for East Hampshire (Damian Hinds) on securing the debate. I refer hon. Members to my entry in the Register of Members' Financial Interests: I am a district councillor.

Everyone deserves a decent home and should be able to find that home near family, friends and work, but young adults in rural areas do not have that opportunity. The Campaign to Protect Rural England reports that in the five years to March 2023, rural homelessness increased by 40%. From my work as a district councillor, and indeed from my MP casework, I know that much existing rural housing suffers from damp, is poorly insulated and relies on oil or bottled gas for heating.

The Liberal Democrats know that development can benefit rural communities, but only if those communities are fully involved in the decisions about that development. We welcome the priority given to housing. As well as building more houses, we must ensure that they are high-quality homes. The Conservatives let developers get away with building to poor standards and without the GPs, schools and community infrastructure that are so badly needed, especially in rural areas. They also let developers off the hook for leaving land for housing unbuilt and new homes empty.

Liberal Democrats would build 150,000 new social homes to tackle the housing shortage crisis, and give renters a fair deal by immediately banning no-fault evictions and creating a national register of licensed landlords. We welcomed those measures in the Renters' Rights Bill. We want housing development that is community led, by integrating infrastructure and public services into the planning process. With proper community engagement, local amenities such as GPs, schools and public transport will be built alongside the new homes.

We believe that local authorities should have greater powers to build their own homes and hold developers to account. Local authorities, not central Government, are best placed to know what developments are needed in their area. In my Ely and East Cambridgeshire constituency, Bottisham parish council has been exemplary in working with developers to identify sites to deliver affordable housing and maintain a strong sense of a village community.

Land for housing is in limited supply, yet land with planning permission is often banked by developers. The Government must unblock the thousands of permitted homes that are not being built, and allow councils to buy land at current use value, rather than an inflated hoped-for value, so that more social and affordable homes can be built.

None of this housing should come at the expense of our environment. The Government must deliver house building and protect our environment. South Cambridgeshire district council has an excellent record on that, with Cambourne and Trumpington Meadows in Cambridge both delivering housing and open space for wildlife and recreation, in partnership with the local wildlife trust. In my constituency, the development of Waterbeach also has green space at its core.

For the planning process to be run effectively, our local authorities need strong planning departments, which takes money. As well as the Government providing more funding, local authorities should be able to set their own fees, so that they have the capacity to consult appropriately and assess each case fully and promptly.

Finally, houses do not build themselves, and we do not have enough qualified construction workers. Further education colleges need sufficient long-term funding to set up the courses to train those workers, and we need to look at the qualifications required to teach the courses. Some older, experienced construction workers are not eligible to teach because they have older qualifications. We need to review whether their existing qualifications and experience are sufficient, or they can be fast-tracked to achieve the new qualifications, so they can teach the next cohort of bricklayers, plumbers and other construction workers.

**Jim Shannon:** I commend the hon. Lady for bringing up an important point about apprenticeships. In my constituency, where there is a tradition of service in the construction sector, there is a shortage because there is better pay for those outside the sector. Does she agree that if there is to be a change, with maybe a three-year apprenticeship, there needs to be a better pay structure, to incentivise people into the construction sector?

**Charlotte Cane:** I agree with the hon. Member, and we need to look at the salaries for the trainers as well.

[Charlotte Cane]

We stand ready to support the Government to get more houses built, including in rural areas, but the planning reforms must work with local communities, not cut them out of the process. Local authorities must be resourced and empowered to ensure that developers build the houses, with adequate GPs, schools, shops and other infrastructure, and green space for people and nature at the heart of all developments. We must ensure that most of those houses are the social and truly affordable homes that so many people in rural areas desperately need.

3.33 pm

**Paul Holmes** (Hamble Valley) (Con): It is a pleasure to serve under your chairmanship, Ms Jardine, and to respond to this debate, secured by my close constituency neighbour, my right hon. Friend the Member for East Hampshire (Damian Hinds). He is my former boss—I was his special adviser—and as you can tell from this afternoon, Ms Jardine, I was never allowed to write his speeches because he is so brilliant at orating in the Chamber. He is a doughty champion for his constituents in East Hampshire and I congratulate him on securing the debate.

In December 2024, the Government published their reforms to the national planning policy framework, which included the reintroduction of mandatory house building targets. As of March 2025, some local authorities will face an overwhelming fivefold increase in new housing targets, dictated by central Government. These targets will hit many rural areas' councils hardest, as my right hon. Friend outlined, and they are to be imposed with little regard for local people.

We firmly believe that building more homes is a necessity. As my right hon. Friend and Members from all parties have said, for too long the dream of home ownership has felt out of reach for many hard-working families. We must make that dream a reality for as many people as possible. A property-owning democracy in which people in different areas can own a house is vital to giving maturing and succeeding generations a stake in the society in which they live. Although I am supportive of the Government's ambitious goal to build 1.5 million new homes, I must stress that those homes must be the right homes built in the right places, by a method that ensures that the voices of local communities are listened to.

The troubling reality is that the Government's housing targets are, frankly, unrealistic—and they know it. The chief executive of Homes England has cast doubts on whether the Government can realistically meet their goal of building those homes. In a Select Committee hearing last year, the Minister himself said that it will be hard and virtually unachievable for them to build 1.5 million homes in the lifetime of this Parliament. A recent County Councils Network survey found that nine in 10 councils cited a lack of infrastructure as the main reason why they could not support the new targets, with the delivery of new schools, doctors' surgeries and other social infrastructure lagging behind the delivery of housing.

The targets are not just unrealistic and unpopular; the methodology behind them seems to represent a cynical gerrymandering exercise of political opportunism.

For example, take east Hampshire, the New Forest and Fareham—these areas are being told to build more houses than Manchester, and the New Forest and north-east Hampshire include a national park and areas of outstanding natural beauty. Meanwhile, cities such as Labour-run Southampton, Nottingham and Coventry see their targets slashed by as much as 50%. It does not add up. The Government's new method punishes Opposition councils for their success and rewards Labour local authorities for failure.

Why have the Government reduced housing targets in urban areas, where it is easier to build due to existing infrastructure, population density and the availability of brownfield sites? Instead, Labour reforms to the NPPF have resulted in top-down targets that will silence local voices. They have chosen to prioritise building in rural areas and on the green belt rather than on focusing where the demand for housing is greatest: in our cities and urban centres.

Under the Government's proposals set out in the NPPF, councils and county areas will have to deliver at least an extra 64,769 homes per year, equating to 1,240 homes per week. That is seven times higher than the targets for large towns and cities governed by metropolitan authorities. It rewards city councils such as Labour-run Southampton city council, which has consistently underdelivered on its targets. Having been required to deliver 1,473 houses in the 2023-24 period, the council built a mere 261. In response, the Government have opted to ensure the council is spared further humiliation for failure by having its target cut by 12%. It is a similar story across the country. In some rural areas, housing targets will increase by 113%, while in urban settings the increase will be a mere 1%—if indeed there is an increase at all. How does that make sense?

The Minister will know that I am no fan of Liberal Democrat-run Eastleigh borough council, which is building double the number required because of its excessive borrowing and failure to run a decent council. But his policies are unfair to councils like that, too. Eastleigh is facing a 42% increase in its house building requirement, from 645 houses a year to 922, but it has consistently overdelivered on its housing targets over the last five years. Where is the retrospectivity that should be delivered to successful councils that have overdelivered on their promises and housing targets over the last period?

**Richard Foord:** Did I just hear the hon. Gentleman describe his local Liberal Democrat council as successful?

**Paul Holmes:** No. The hon. Gentleman is grasping at straws. The Liberal Democrat-run administration in Eastleigh is anything but successful if we look at value for money and the £750 million of debt that its leader has accrued for the people of Eastleigh. The council's method of paying off that debt was to build beyond the expected targets while destroying green areas in my constituency. But it is still not fair that my local council is being asked to deliver more homes despite having delivered more than was required. That is my point. There needs to be retrospectivity for councils that have delivered on those conditions.

The issue is the same in east Hampshire where, as my right hon. Friend the Member for East Hampshire noted, the target will rise by 98%, from 575 to 1,142. Fareham, which covers half of my constituency, will see a 62%

rise, from 498 to 800 houses. Why are councils that have built more than their required share of housing being punished for their success, whereas the pressure has been taken off the Government's political allies—generally Labour councils—despite their continued failures to deliver? It is beyond belief that rural areas, which are already struggling with infrastructure and a fragile environment, are being handed inflated housing targets while urban areas, with a far greater demand for housing, are seeing their targets reduced. That is not just poor planning; it is unfair.

Protecting the green belt and preserving our natural environment are non-negotiable, yet under the new policies we are seeing parts of the green belt reclassified as grey-belt land for development, as my hon. Friend the Member for Mid Buckinghamshire (Greg Smith) said. We cannot allow unsustainable urban sprawl to destroy what we have worked so hard to preserve, including national parks, as my right hon. Friend the Member for East Hampshire and my hon. Friend the Member for Meriden and Solihull East (Saqib Bhatti) outlined.

One of the most disheartening aspects of the debate is the way in which the Government have cut key programmes such as the right to buy and first-time buyers' stamp duty relief, while simultaneously reducing the number of affordable homes for purchase. That is not the way to help people on to the property ladder, it is not the way to address the housing crisis, and it certainly should not come at the cost of rural England—and Labour MPs agree. Indeed, 14 Labour Front Benchers have campaigned against house building in their own constituencies, which contradicts the Prime Minister's pledge to have a Government of builders, not blockers. If Labour cannot even get its own party to back its housing targets, how can it expect its Labour council leaders to do so?

**Joe Morris:** One of my first visits as a new constituency MP was to Allendale parish council, in one of the most rural areas of my constituency. The council told me that it recognises the need for housing, so it is rather cynical to say that it would be the death of rural England to build more houses.

**Paul Holmes:** The hon. Gentleman is right in that he should have devolution, and the Government have brought that forward. His Labour leader may want to build more houses, but the Government's algorithm is making it easier to build huge numbers of houses in rural England, where the infrastructure is harder to deliver, while generally Labour councils in urban centres are having their targets cut. *[Interruption.]* The Minister shakes his head, but I have just outlined the figures that show that that is the case, including in London. The Minister really needs to go back and re-look at the algorithm, as colleagues on this side of the House have asked him to.

In conclusion—many will be pleased to know—the road ahead is challenging, but it is not insurmountable. We can build the homes we need if we listen to communities, respect local voices and commit to sustainable development. The Government should rethink their house building algorithm to depoliticise the policy, and do local authorities the courtesy of not punishing their hard work on meeting previous targets. I stand with the Minister ready to come up with an algorithm that works for rural and urban areas. If he takes up that offer, the Conservative

party will be committed to helping to deliver the 1.5 million homes he has outlined. Let us work together to ensure that the dream of home ownership remains within reach for everyone, and do so in a way that respects our environment, our countryside and our way of life.

**Christine Jardine (in the Chair):** Before I call the Minister, I ask him to ensure that we have two minutes at the end for the right hon. Member for East Hampshire (Damian Hinds) to wind up.

3.43 pm

**The Minister for Housing and Planning (Matthew Pennycook):** I note your stricture on the two minutes at the end, Ms Jardine. It is a pleasure to serve with you in the Chair.

I begin by congratulating the right hon. Member for East Hampshire (Damian Hinds) on securing this important debate. I also thank him for so clearly articulating his concerns about the implications of housing targets for his constituency. As he might expect, I take issue with a number of the arguments he made, for reasons that I will come to, but no one can be in any doubt as to his commitment to forcefully representing the views of those he represents. I also thank the shadow Minister and other hon. Members for their contributions in what has been a thoughtful and well-informed debate.

I must make it clear at the outset that I am unable to comment on individual local plans or local planning applications, or, for that matter, on how individual local planning authorities may interpret national planning policy. That is due to the quasi-judicial nature of the planning process and the potential decision-making role of the Deputy Prime Minister. I can and will, however, make general comments as they relate to the various matters raised, and I will touch on each of the three specific points raised by the right hon. Member for East Hampshire in his opening speech.

I do not think any Members present would dispute that England is in the grip of an acute and entrenched housing crisis, and we have heard several arguments to that effect. The crisis is blighting the lives of not just those at the sharp end in temporary accommodation, but the many families out there desperate to buy a first home of their own. It is also hampering economic growth and productivity, and consuming ever-larger amounts of public money in the form of the rapidly rising housing benefit bill.

The crisis has many causes, but among the most important is a failure, over many decades, to build enough homes of all tenures to meet housing demand in both rural and urban areas. The Government are absolutely determined to tackle it head on, which is why our plan for change commits us to an ambitious and stretching—I have never been anything other than candid about the fact that it is incredibly stretching—milestone of building 1.5 million new homes in this Parliament. I gently say to the shadow Minister that it is not enough to will the ends; we have to will the means as well. That is why we have instituted various reforms to date, and we are planning more.

Planning reform is integral to meeting that manifesto commitment, which is why we have already overhauled the national planning policy framework to reverse the anti-supply changes made by the previous Government



[Matthew Pennycook]

in December 2023, and to introduce a range of measures that will enable us to build the homes and infrastructure that the country needs.

We believe in a plan-led system. It is through local development plans that communities shape decisions about how to deliver the housing and wider development that their area needs, and those plans must remain the cornerstone of our planning system. However, we are clear that local decisions must be about how to meet housing need, not whether to do so at all. That is why we have restored mandatory housing targets, as the manifesto on which we stood and won a decisive victory last July committed us to doing. That means that local authorities must use the standard method as the basis for determining housing requirements in their local plans.

However, we made it clear that a mandatory method is insufficient if the method itself is not adequate to meet housing need. That is why our revised NPPF implements a new standard method for assessing housing needs, which aligns with our ambitions for 1.5 million new homes in this Parliament. We think that the new standard method strikes the right balance. Indeed, we adjusted it from the proposals we consulted on last July in response to significant feedback from experts, developers and local authorities across the country, much of which pressed us on the fact that the formula we consulted on was not sufficiently responsive to affordability demands. The revised NPPF that we published on 12 December contains the adjusted method.

The new method better responds to affordability pressures by using a higher affordability adjustment in its calculation. That recognises the importance of housing affordability in assessing housing needs, and helps direct more homes to where they are most needed and least affordable. It also provides greater certainty to the sector through more stable and predictable housing numbers compared with the previous approach, which, as the shadow Minister will know, relied on out-of-date demographic projections and unevidenced and arbitrary adjustments.

The right hon. Member for East Hampshire raised a specific concern about how the standard method translates into local plan making. Although local authorities are expected to use the standard method to assess housing needs, they are able to justify a lower housing requirement than the figure set by the method on the basis of local constraints on land availability, development and other relevant matters such as national landscapes, protected habitats and flood risk areas. Local authorities will need to consider these matters as they prepare their plans, but we expect them to explore all options to deliver the homes that their communities need. That means maximising brownfield land, densifying available brownfield sites, working with neighbouring authorities on cross-boundary housing growth, and, where necessary, reviewing the green belt.

**Damian Hinds:** Does the Minister accept the point that local councils do not want to end up in legal proceedings? They can cost an awful lot of money, and there is an awful lot of weight placed on knowing that the plan is sound. A council takes a risk by deviating from the standard method. Yes, the guidance says that it can deviate as long as it can prove—well, I am genuinely not sure what the guidance says, but whatever it says is

not totally clear to people. It leaves a great deal of nervousness that deviation would leave councils exposed to potentially very high costs, which are ultimately borne by local people. Could the Minister look at clarifying the advice on how one can deviate from the method?

**Matthew Pennycook:** I will reflect on the concerns that the right hon. Gentleman raises about the clarity of the guidance, but local planning authorities can and do prepare, develop and submit local plans, arguing that those constraints exist and that their housing requirement should therefore be lower than the standard method indicates. They are expected to evidence and justify that approach to planning for housing in their local plan consultation. Ultimately, at plan examination, that will be scrutinised by a planning inspector to determine whether the constraints are justified and whether the plan is sound.

The right hon. Gentleman and others mentioned the balance between rural and urban housing targets. We recognise that the targets we introduced are ambitious and mean uplifts in many areas. However, we believe that the significant and entrenched nature of the housing crisis in England means that all areas of the country, including rural areas, must play their part in providing the homes that their communities need. That will enable us to deliver 1.5 million homes.

I strongly reject the idea that, through the new formula, we are reducing the number of houses that need to be built in urban areas. The new formula directs housing growth to our large urban areas. It does not do so on the basis of an arbitrary 35% urban uplift like the one the previous Government applied to the 20 largest cities and urban centres. Instead, across all city regions, the new standard method increases targets by an average of 20%, and through it housing growth is directed towards a wider range of urban areas—smaller cities and urban areas, as well as the core of large cities. We think that is a better method by which to proceed.

Several hon. Members mentioned the green belt. The manifesto on which the Government were elected was clear that the green belt has an important role to play, and that a number of its intentions, including preventing urban sprawl, have served our towns and cities very well over many decades. The Government will always look to brownfield first; ours is a brownfield-first approach. We took measures in the revised NPPF last year to strengthen that approach to brownfield land. We are consulting on a brownfield passport to make it easier to prioritise and accelerate delivery on brownfield land.

We have also been very clear that there is not sufficient land on brownfield registers across the country, let alone enough that is viable and in the right location, to build all the homes we need, so we need to take a different approach to the green belt to ensure that it better meets the needs of the present generation and future generations. Our changes are intended to ensure that we go from the haphazard approach to release and development under the previous Government—plenty of green belt was released haphazardly—to a more strategic and targeted approach that ensures that, where we are releasing the green belt, we release the right parts of it, such as lower-quality grey-belt land, and that golden rules apply so that communities have the quid pro quo of sufficient affordable housing, access to nature and good infrastructure.

**Andrew George:** On greenfield development, whether it be in the green belt or outside it, rural housing developments often take place in green locations. In the light of that, will the Minister ensure that the Government strengthen local authorities' ability to use the rural exception policy? We would rather pay 10 times agricultural value than 100 times agricultural value, because we cannot deliver affordable homes on land at that price.

**Matthew Pennycook:** I will come on to rural exception sites, but the hon. Gentleman draws attention to an important point. Under the revised NPPF, it will be for local authorities to make these decisions and conduct green-belt reviews to identify the grey-belt land in their areas. The Government will provide guidance and support with the methodology, but ultimately local areas will make these decisions through the reviews they carry out. We have ensured that the sustainability of sites in the green belt is prioritised. No one wants isolated and disconnected development, which is why our policy asks local authorities to pay particular attention to transport connections when considering whether grey belt is sustainably located.

I want to touch briefly on infrastructure. The Government recognise that providing the homes and jobs we need is not sufficient to create sustainable, healthy places. Our communities also need to be supported by an appropriate range of services and facilities, as the right hon. Member for East Hampshire made clear. National planning policy expects local authorities to plan positively for the provision and use of shared spaces, community facilities and other local services to enhance the sustainability of communities and residential environments, taking into account local strategies to improve the health, social and cultural wellbeing of all sections of the community.

The revised NPPF also includes changes intended to ensure that the planning system supports the increased provision and modernisation of key public services infrastructure such as health, blue light, library, adult education, university and criminal justice facilities. Local authorities should use their development plans to address the needs and opportunities for infrastructure. They should identify what infrastructure is required and how it can be funded and brought forward. Contributions from developers play an important role in delivering the infrastructure that mitigates the impacts of new development and supports growth. The Government are committed to strengthening the existing system of developer contributions to ensure that new developments provide appropriate, affordable homes and infrastructure. We will set out further details on that matter in due course.

Before winding up, I want to touch on housing targets and national parks. The right hon. Member for East Hampshire knows I am well aware of the concerns about housing targets in his constituency and the particular challenges of setting those targets for East Hampshire, given the boundary overlaps with the South Downs national park. As part of our package of reforms in December 2024, we set out further guidance for local authorities on that very matter, and we provide flexibility in policy for those areas when calculating housing needs and setting targets.

The right hon. Member knows that this is primarily related to the availability of appropriate data for those areas. Officials in my Department regularly engage with officials from the Office for National Statistics and other stakeholders on a range of matters, including the data and statistics available to make decisions on housing needs. We will continue to do so as we drive forward our planning reforms. Although we expect all areas to contribute towards our housing ambitions, we recognise the unique role of national parks. That is why national policy is clear that within national parks, new housing should be focused on meeting affordable housing requirements and supporting local employment opportunities and key services.

We expect rural exception sites to come forward wherever possible. Policy helps local authorities meet the local housing needs of rural communities, enabling local people, those with a family connection or those with employment connections to live locally and help sustain thriving places. We want to go further in this regard to better support and increase rural affordable housing. We sought views on this issue specifically as part of the NPPF consultation last summer. We are committed to considering further measures to support affordable housing in rural communities as part of the work that is under way to produce a set of national policies for decision making next year.

I thank the right hon. Member for East Hampshire once again for giving the House an opportunity to discuss these matters and other hon. Members for taking part. If anyone has particular constituency concerns, I am more than happy to meet them, but I appreciate their putting their views on the record in this debate.

3.57 pm

**Damian Hinds:** We have had a good debate; it has been constructive and thoughtful. I sincerely thank the Minister, who is a thoughtful Minister; he does listen, and he engages very positively. I also thank the Opposition spokesman, my hon. Friend the Member for Hamble Valley (Paul Holmes), and all colleagues who have taken part in the debate. We all recognise that we need more housing—and we need more housing everywhere. Every part of the country has to play its part. We need a shift to the sorts of homes, of all tenures but including in the open market, that allow first-time buyers and young families to get on the housing ladder. The targets need to be realistic, given the availability of materials and people to build them, and they need to be accompanied by the critical infrastructure and services that people mention all the time at our surgeries.

We also need to make sure that the balance is right between urban and rural areas. I hope the Minister will reflect further on some of what has been discussed today, which is not made as a nimby-type argument, but is about making sure we can maintain our countryside—that is important for town dwellers as well as for rural dwellers—and helping the Government to deliver on their correct objectives on economic growth and decarbonisation. Thank you, Ms Jardine, for presiding over the debate.

*Question put and agreed to.*

*Resolved,*

That this House has considered housing targets in rural areas.

## Cadet Forces

4 pm

**Peter Swallow** (Bracknell) (Lab): I beg to move,  
That this House has considered the role of cadet forces.

It is an honour to serve under your chairship, Ms Jardine. On Remembrance Sunday, I stood alongside other Bracknell residents at our war memorial in the town centre and reflected on the service of our armed forces and the sacrifices that they have made to protect us, including, of course, the ultimate sacrifice. It was an honour to stand there as Bracknell's MP in my first year in the role. The ceremony concluded, and we processed to the church for a service of remembrance. There were proud veterans and proud military families marching with us, as well as a very large number of young people from Bracknell's local cadet forces, all turned out in their uniforms on a Sunday morning to take part and honour our armed forces. I know that the picture was the same in services up and down the country.

**Wendy Morton** (Aldridge-Brownhills) (Con): I am grateful to the hon. Member for bringing forward this debate. I will mention the representation that our cadet forces make in our local communities, because I too see it week in, week out, particularly on Remembrance Sunday. I think of the 1444 Brownhills squadron, the 425 Aldridge squadron and T.S. Vigo in Walsall Wood—there are many of them, but I will mention just a few. As a Member of Parliament, they make me incredibly proud when I see them. I hope that we can continue to support those groups up and down the country as well as all the people who work behind the scenes—the volunteers and the families—to support them in the work they do to serve our communities.

**Peter Swallow**: I will touch on many of the points made by the right hon. Member, but her intervention really shows that the commitment to our cadets and the volunteers who support them is felt across the House.

**Mr Tanmanjeet Singh Dhesi** (Slough) (Lab): I thank my hon. Friend for securing this debate on cadet forces. In Slough, we have the Sea Cadets, Air Cadets and Army Cadets, which provide a fantastic development and learning opportunity for young people as well as playing an invaluable part in community events and services. Does my hon. Friend agree that we need to ensure that the cadet expansion programme is sufficiently funded, so that more young people can benefit from the amazing opportunities provided by being a cadet?

**Peter Swallow**: My hon. Friend speaks with great weight on this topic as the Chair of the Defence Committee. In that role, it is important that he recognises the huge contribution of not only our armed forces, but the cadets, so I welcome him taking part in this debate.

I will come on to the cadet expansion scheme later in my speech, but it is really important that we think about expanding all cadet forces, not just Combined Cadet Forces, although they are important. The cadet expansion scheme is very much targeted at CCF, so I would like to see it being well funded and looking across the five cadet forces.

**Jim Shannon** (Strangford) (DUP): I commend the hon. Gentleman on bringing forward this debate. Cadet forces have featured very much in my life and in Northern Ireland. I declare an interest as a former soldier for the

Ulster Defence Regiment and for the Royal Artillery for some 11 and a half years. Across Northern Ireland, some 200 cadets and 50 adult volunteers, representing both the 1st and 2nd battalion Army Cadet forces, marched proudly through the streets of Ballyclare when they were first established back in October last year.

In Northern Ireland, the cadets bring both communities—the Protestants and Roman Catholics; the nationalists and the Unionists—together to serve in uniform. That is really important. We in Northern Ireland are very aware of that far-reaching goal, which they achieve. Everyone should be able to serve in the British Army, the Air Force or the Royal Navy without fear of attack from anyone. The cadet forces play their part in Northern Ireland. Does the hon. Gentleman, like me, very much welcome their reorganisation?

**Peter Swallow**: I really welcome that intervention, which demonstrates the role that the cadets play in every corner of the United Kingdom and shows how important it is that opportunities for young people are shared across our regions and nations.

I return to the Remembrance Sunday service in Bracknell, which I was proud to attend. There I saw young people who had given up their Sunday mornings and woken up far earlier than any teenager wants to at the weekend to do something important: to remember. In October, I visited the Bracknell Army Cadets, alongside my hon. Friend the Minister for Veterans and People and Councillor Georgia Pickering, Bracknell Forest council's armed forces champion. I hope that the Minister will not mind my saying that he offered deep inspiration to the young people he spoke to, sharing his own personal stories of service, bravery and sacrifice in the armed forces. I hope he will also not mind my saying that I believe that the cadets, in turn, inspired him with their stories, their drive and their thoughtful questions.

In November I was privileged to visit Brackenhale school and meet its combined cadet force contingent. It was a real pleasure to see how staff, students and volunteers are rightly passionate about the impact that CCF has in creating a sense of belonging and teamwork among students, as well as supporting their wellbeing. There is an assumption that only private schools have CCFs; Brackenhale, however, is a state school. To challenge another stereotype, almost half of cadets in Berkshire are female.

It is crucial that the benefits of participation in the cadet forces should be open to all. As of April last year, almost 150,000 young people were involved in the cadets across the country, with 90,000 in the Army, Air, Sea or volunteer Cadets and 50,000 in the CCF. In the south-east, our cadet forces are supported brilliantly by the South East Reserve Forces' and Cadets' Association, or SERFCA. I pay tribute to its outstanding work in supporting the cadets and the community of Bracknell. Its commitment to defence is truly inspirational.

The cadets provide a range of unique opportunities for young people to gain qualifications for CV enhancement, skill acquisition and personal development. For many, membership of the cadets had been a lifeline, providing positive guidance in times of crisis. For others, it is simply a fun thing to do and an opportunity to try new experiences with friends.

**Richard Foord** (Honiton and Sidmouth) (LD): I received some correspondence from John McMillan from Sidmouth. He and his two brothers joined the Air Training Corps



in the 1970s. Two of them went on to serve with the Royal Air Force and John himself went on to become a commercial pilot with British Airways, despite there being no previous connection to aviation whatever in his family. Does the hon. Gentleman recognise the value of the cadets to social mobility and providing opportunities?

**Peter Swallow:** I absolutely agree. In fact, in 2021, the University of Northampton published an independent report into the cadet forces, led by Professor Simon Denny. Based on data gathered from more than 5,500 cadets, the report highlighted the strong benefits of cadet membership, including improved career prospects and, as the hon. Member said, social mobility.

The report stressed that the positive impact of the cadets was particularly strong for those who suffered economic and other disadvantages. Cadets tend to have a higher sense of self-esteem, heightened aspirations, a heightened sense of social responsibility and a higher respect of authority than their peers. Participation in CCF, the Denny report states, is also associated with improved school attendance, preventing serial absenteeism and changing young people's life outcomes in the long run. It has also proven to boost communication, resilience, leadership and social skills, all of which businesses and employers look for in young people. That, in turn, makes the cadets a wonderful tool of social mobility, supporting children from different backgrounds with different needs, including those with special educational needs, and breaking down barriers to opportunity. The Denny report found that cadets eligible for free schools meals had higher self-confidence than their non-cadet peers.

Crucially, cadet forces ensure that young people, and the country as a whole, are more familiar with the fantastic work of our armed forces. It is important to remember that the cadets are not a recruitment tool for the services, but it is certainly true that, by expanding an understanding of what it means to serve in the armed forces, the cadets give more young people the opportunity to consider whether a forces career might be for them. The armed forces face a recruitment and retention crisis, with targets missed every year out of the past 14. I cannot emphasise enough that cadets are not a recruitment tool, but when we are facing such a significant challenge, anything that can be done to raise awareness of what it means to serve must surely be part of the overall solution.

Whatever path cadets take after they leave their troop, it is undoubtedly a good thing that they have come to understand more deeply the important role our armed forces play in keeping this nation safe. For example, two recent graduates of the Bracknell Army Cadets have gone on to become paramedics, and are looking to come back as adult volunteers after they have completed their paramedic training.

As we recognise the incredibly positive impact of cadet forces on young people, it is also critical to acknowledge the adult volunteers who make the whole thing run. The volunteers are instrumental in mentoring young cadets and instilling in them the values that go on to shape their futures. Their contribution to the lives of these young people is truly invaluable, and we simply could not run the cadets without them. Some of the volunteers I spoke with during my visits to local cadet forces had military backgrounds themselves, but many had no prior experience with the armed forces; they were simply

interested in supporting young people, or were volunteering because of the impact that the cadets had had on their route to adulthood.

More than 26,000 adult volunteers work across the five cadet forces. To be an adult volunteer requires a huge commitment, which is too often overlooked. As the Denny report found, adult volunteers each provide around 400 hours of volunteering per year—a total of 10.4 million hours a year for all volunteers. Many of the volunteers I spoke to spend their weekends running activities for the cadets while undertaking training so that they can perform in their roles better. Running regular sessions each week also takes up much time, and many struggle to juggle their commitment to the cadets with their jobs. That is all in the context of performing a highly complex role, working with children, with all the issues around safeguarding that they need to stay on top of.

I ask the Minister: what more can be done to ensure that the valuable role of adult volunteers in the cadets is recognised, through awards, recognition and other policies? What more can be done to ensure that they can more easily balance their work and other commitments with their dedication to the cadets? As I say, without adult volunteers, cadet forces cannot run. In these challenging times, with the rising cost of living, volunteers are too often forced to deprioritise their commitment to volunteering because they are being pulled in too many directions. In CCFs, school staff are already under significant pressure in their day jobs, so what can be done to ensure sufficient numbers of volunteers to support our valuable cadet forces?

The funding of the five cadet forces is complex, and each is independent of the others, but it is estimated that the Ministry of Defence spends around £180 million on the cadet forces annually. The Denny report notes:

“There is no single figure that can be said to identify the return on investment. However, where calculations of financial return can be carried out based on models produced by HM Government, their sum is vastly more than the annual cost of the Cadet Forces.”

The report concludes:

“Spending c. £180 million a year on the Cadet Forces is an excellent use of taxpayers' money.”

With that in mind, will the Minister set out more clearly how the five cadet forces are funded and to what extent the funding has kept pace with inflation over time? The Department for Education recently ended a £1 million scheme that aimed to support school staff instructors in state schools. What has that funding cut meant for CCFs on the ground? Given the broader context of the funding pressures that have been affecting each of the combined forces over the last decade, will the Minister set out what continued support there is for CCFs? Under the previous Government, much emphasis was placed on expanding access to school-based CCFs. Will the Minister say whether similar schemes have been looked at to support the other cadet forces, to drive an increase in the number of cadets serving in the Army, Air, Sea and volunteer Cadets, as well as in CCFs?

As I have already stressed, although cadets are not a recruitment tool into the armed forces, they are an incredibly important tool for expanding social understanding of the military. Has the Minister looked at the role of the cadet forces in raising awareness of the value of our armed forces and the indirect impact they have on

[Peter Swallow]

addressing the retention and recruitment crisis? I ask all of this in the context of the review into the cadets that he is conducting. Will he please set out further what the review is looking at, and how it will tie into the strategic defence review? The Minister is a proud champion for the wider armed forces community, including the cadets, so I very much look forward to hearing him speak on this important topic.

4.15 pm

**The Minister for Veterans and People (Al Carns):** It is an honour to serve under your chairship, Ms Jardine. I welcome this debate, and thank my hon. Friend the Member for Bracknell (Peter Swallow) for securing it. I also thank him for inviting me to his constituency, where I met his cadet force. The questions I was asked by the cadets were as difficult to answer to those we get from the Opposition. It was inspiring to see such young people, who were full of life and energy, holding me to account when I went down to visit. I thought it was absolutely superb.

I say to my hon. Friend the Member for Slough (Mr Dhesi) that there are a couple of statistics that are really useful at outlining the social benefits of cadets to the UK and the youth of the nation. If the cadet experience helps to change the life outcomes of just 1% of cadets a year, so that they are in employment, education or training, the annual costs of the cadet forces would be covered. That is a fantastic statistic, which shows that this is a spend-to-save model.

In terms of health and wellbeing alone, participation in cadet forces produces an average annual return of between £90 million and £120 million each year. Each year, it is estimated that the lifetime value of vocational qualifications gained by the most disadvantaged cadets is well over £130 million. When we start racking and stacking those costs, the benefits of cadets far outweigh some of the effort and energy to get it moving in the first place. Finally, adult volunteers, who the cadets rely on so heavily, benefit from being in the cadet force and can gain qualifications that can generate a total increase in potential lifetime earnings of around £50 million. When we pool all that together, the impact and benefits of cadets are definitely not lost on me or the Government.

As one of the largest voluntary uniformed youth organisations, with roughly 130,000 people across the country, the cadet forces have two particular compelling benefits. First and most importantly, they transform young people's sense of purpose and—I agree—boost their life chances. Secondly, cadets play a vital role connecting defence to society, at a time when there is perhaps more distance between the two than there has ever been in the past. That is crucial at a time of rising threats to Britain's security. As my hon. Friend the Member for Bracknell mentioned, we must really understand what service means.

Let us consider the first of those two points. Independent research has shown that cadets benefit in multiple ways from membership. Not only do they find it engaging, challenging and fun, but taking part in activities and gaining new experiences can be life changing. I recently went to see the Sea Cadets in my constituency with the professor from the university, and we talked through some of the benefits and really got into the weeds. I was encouraged not only by the individuals and children I

saw going through that process, but by the amazing instructors. When we combine the two, the magic happens. That is the fundamental principle of the cadets.

Taking part in the activities and gaining new experiences can also be life changing for many. They improve, for example, their mental and physical wellbeing—an area where we know there is an increasing need across society. Cadets develop the self-confidence to achieve things they would otherwise never have attempted, or never had the opportunity to attempt. Perhaps even more valuably, if they do not achieve their objectives immediately, they develop the resilience to keep on going despite that. In the process, they might discover individual talents and attributes that may otherwise remain dormant.

For some, particularly those who may be struggled at school, participating in cadet forces improves their educational chances of success. School attendance and behaviour tend to improve among cadets, and they are far less likely to be excluded from school. Those who come from economically disadvantaged families are among the greatest beneficiaries.

Let us not forget those who step forward as the adult volunteers, as my hon. Friend mentioned. They are dedicated people who are the inspiration behind the cadet forces' success. The volunteers, too, gain from the experience and learn new skills that can benefit their careers.

As I have said, cadets play a vital role in connecting defence with society. The membership of the cadets is significantly more diverse and geographically spread out than that of our armed forces. Young people become more aware of career options at an early age, and because cadets are more likely to have a wider spread of skills tested, they are better positioned to choose their future direction as they move forward. The cadet experience plays an important part in boosting awareness of the armed forces in both communities and schools, and this often encourages individuals to pursue a career in the military—although I restate that it is definitely not a recruitment tool. It broadens their experience, opportunities and options.

More than one third of service personnel spent time in the cadet forces, interestingly enough, and they are more likely to go on to lead, and to serve longer than other recruits. A large proportion of the regimental sergeant majors in the Army were cadets or came through Harrogate. The cadet forces give young people and adult volunteers a sense of service, a feeling of belonging, and pride in our country and national institutions, which is really important.

**Wendy Morton:** The Minister, like all of us here, is a great advocate for the cadet forces. On that basis, will he continue to make sure that they receive the funding that they need to keep the units alive and kicking and up and running?

**Al Carns:** I thank the right hon. Member for that comment. I am absolutely committed to ensuring that the funding for cadets continues, but also that funding is broadened out and going not just to certain schools, but to state schools and the more disadvantaged across society. Interestingly, I went to a state school and always wanted to join the cadets, but there was no cadet force available for me to join, so we have to spread the opportunity as well as possible. Interestingly, because of covid, and indeed a variety of other reasons, cadet funding

went down from 2019 to 2024. It has stabilised now. We are doing a review of the cadets, which will be wrapped into the strategic defence review when it comes out. There will be more to follow in that case.

That is probably a good segue into some of the challenges. Establishing and running a cadet unit, either in the community or in a school setting, is not always easy, as my hon. Friend the Member for Bracknell mentioned. There are issues with funding and human resources. With cadet numbers growing, attracting and retaining enough capable and motivated individuals to deliver the cadet experience is an ongoing challenge. We continue to work to encourage adults to join the cadets. We have recently made it an essential criterion for those companies that wish to achieve the gold standard of the employer recognition scheme that they show support to cadets and cadet force volunteers. Similarly, through the Cadet Vocational College, there is a range of opportunities for adult volunteers to gain nationally accredited vocational qualifications.

I would like to come to some of the questions posed by my hon. Friend. The role of adult volunteers, in addition to the other commitments that they have, piles a lot of pressure on some adult volunteers, but it is offset in some cases by the qualifications and benefits they can get. However, we need to do much more work to attract more people into the system. I was really interested and proud to see many of those volunteers receive MBEs in the last set of honours. All the uniformed adult volunteers are eligible for award of the Cadet Forces Medal after 12 years of service, and I saw many people wearing it with pride when I went to see the Sea Cadets in my constituency.

We are looking at whether there are sufficient numbers of volunteers, and I would like to see a process whereby we make it more attractive to be a volunteer. How can we ease that burden? How can we help them to balance their personal or professional life and their volunteer service? We will work on that in the future—it is coming out in the review. This is an issue that came out really strongly from the Army Cadets, the RAF and the Navy. How do we make it more attractive and how do we get more veterans, for example, to support the cadet services?

We are talking about the funding of cadet forces, and I mentioned broadening it out from private schools to state schools and the more disadvantaged areas and making it slightly more targeted to ensure better social mobility, and, importantly, looking at more innovative ways to support the funding and linkages to local units and support organisations that are close by. My hon.

Friend also mentioned the cuts to CCF as a whole. I would reflect on the overall spending, which has stabilised—it has gone down over £11 million since 2019. We are looking at ways to ensure that there are more cadets and more opportunities for those who take part, but that will come out in the strategic defence review in due course. If my hon. Friend is content, I will move on to my closing remarks.

This Government are convinced—and I am convinced by what I have seen when visiting cadets all over the country, with Members from both sides of the House—that the benefits of the cadets are absolutely non-debatable. The benefits—not only for the young people who participate, but for the volunteers and society as a whole—and the statistics show that it is a spend-to-save programme.

The cadet forces represent excellent value for money. The research has found that defence expenditure on them results in a significant return on investment, not only in monetary terms but through the broader societal benefits. Although they are sometimes difficult to gauge, the analysis suggests that those benefits—for society, defence, and the young people and adult volunteers involved—are absolutely unequivocal. Therefore, while maintaining our current ambition to increase the number of cadets in schools, we are also looking to significantly grow the number of community cadets and broaden the programme to support youngsters throughout the UK to enrich their lives by choosing to join the cadets.

**Richard Foord:** In November last year, the Department for Education announced that it would end its £1.1 million grant for the expansion of cadet forces. Will the Ministry of Defence backfill, or make good on, the £1.1 million that the DFE intends to cut?

**Al Carns:** I thank the hon. Member for that question. I have had multiple discussions with the DFE about how, when the SDR comes out, we can ensure that there are opportunities for cadet forces across all schools, or as many as possible. That is definitely at the forefront of my mind, and it is included in the broader wrap of defence spending that will be pushed out in due course, after the strategic defence review.

To summarise, by providing as many opportunities as possible, we can support youngsters throughout the UK whose lives are enriched by choosing to join the cadets. It is a spend-to-save model, which, at a time of societal and geopolitical uncertainty, helps us to do our part by building community coherence and reconnecting Britain with its armed forces.

*Question put and agreed to.*



## Road Safety: Schools

4.30 pm

**Aphra Brandreth** (Chester South and Eddisbury) (Con): I beg to move,

That this House has considered road safety around schools.

It is a pleasure to serve under your chairmanship, Ms Jardine, and to have secured this debate on such an important topic. On 12 November last year, a young boy left school at the end of the day, stepped into the road directly outside his school and never returned home. That terrible accident took place at a school in my constituency. Investigations remain ongoing and, therefore, I will not go into specific details of what happened, but at the heart of this is an 11-year-old boy, a student at the nearby school and a much-loved son. He was crossing Wrexham Road, a busy arterial road into Chester, where the speed limit is 40 mph. Tragically, he did not make it home that night; I cannot imagine what his parents have gone through. It is every family's worst nightmare. I am incredibly grateful to his parents for meeting me, and for their work in their son's memory to do all they can to ensure that no other family has to face such a tragedy.

That accident has shaken the community to its core. The family, friends, school and wider community, many of whom have voiced concerns about speeding and road safety before, are determined to make a change. But it is clear that this is not just about this tragic incident, for which the investigation remains ongoing, nor is just about that school and that road. It is about every child's journey to and from school, and the value we place on their safety and security.

I have spoken to many constituents who want to see a meaningful change. I want to mention the Make Wrexham Road Safe campaign and the team from the 20's Plenty for Us campaign, who have met me and been so helpful in raising support and interest. Like them, I want to see long-lasting, effective changes to make roads outside schools safer. I am also grateful to the hon. Member for Chester North and Neston (Samantha Dixon), my neighbouring MP, who also met me about this subject.

In Chester West and Chester, there are 19 schools located on 30 mph roads. There are four that have speed limits of 40 mph. Shockingly, one is located on a road with a 60 mph speed limit. As I understand it, current legislation allows a degree of subjectivity to speed limits and how local authorities seek to implement them. According to Department for Transport guidance, updated on 17 March 2024, a speed limit of 20 mph may be put in place for

“major streets where there are—or are likely to be—significant numbers of journeys on foot, and/or where pedal cycle movements are an important consideration, and this outweighs the disadvantage of longer journey times for motorised traffic”,

and

“residential streets in cities, towns and villages, particularly where the streets are being used by people on foot and on bicycles, there is community support and the characteristics of the street are suitable”.

Needless to say, for every school, there are significant journeys made on foot and on bicycle. Where this tragic incident occurred, on one side of the 40 mph road is a school for children aged seven to 18, and on the other side, a new residential estate that will have approximately 1,500 new homes, many of which have already been built.

There are also proposals to build an additional new school to support the development. Further down the road is a nursery, all within half a mile of each other.

As our housing needs have grown, developments have sprung up everywhere, yet the surrounding roads often do not reflect their new residential setting. It is clear that there are a significant number of journeys on foot and on bicycle. The guidance asks that this

“outweighs the disadvantage of longer journey times for motorised traffic”.

In this instance, there are 15,000 people who have signed a petition and who clearly believe it does outweigh the disadvantage.

The school, the residents' association for the neighbouring housing development and I have been inundated by correspondence from parents and residents asking me to do what I can to campaign for a speed limit reduction outside schools. Therefore, with regard to the balance of advantage and disadvantage, I do not think that anyone would mind slowing to 20 mph around a school if it means that children are safer.

Let me be clear: I am not calling for a Wales-style blanket 20 mph limit, but for Wrexham Road and the many roads outside schools across the country, a reduction to 20 mph seems perfectly rational and appropriate. I therefore suggest that a reasonable compromise could be that local authorities are directed to have a default 20 mph limit outside schools, and that any deviation from that—any increase to the limit—would need to be for a justifiable reason, subject to the context of each case. The onus would be on justifying greater speeds, not on justifying why 20 mph is appropriate. That would better protect against and mitigate needless tragedies, and manage speed outside schools for the good of our children.

As a mum of teenage children, I know the reality is that children do not always assess risk or concentrate as we might want. Primary school-age children, in particular, can make mistakes and miscalculations when crossing roads. Sadly, they are sometimes distracted by phones or friends, or they may simply be daydreaming. Of course, teaching them about road safety is also vital. We all remember being taught to stop, look and listen. I know that the local schools, including where the accident took place, and our fantastic local police have already been doing so much to teach and encourage children to stay safe on our roads.

However, we are talking about young children, who can be easily distracted and may make mistakes. Reducing speed can make a huge difference to the severity of an accident involving a vehicle. There is a 2.5% chance of a fatality if a pedestrian is hit by a car travelling at 20 mph. That increases drastically to a 90% chance of a fatality if the car is travelling at 40 mph. Given such a stark contrast in outcomes, surely a 20 mph limit outside schools is suitable and sensible.

Added to that mix is the fact that many schools are now located in areas that are far busier, with many more cars and lorries using the road system than it was originally designed for. Wrexham Road is a clear example of that. As mentioned earlier, a significant development has taken place, and there are more people and road users living in the area than before. That road would once have gone through gentle Cheshire fields and farmland, but is now in a major urban area. Wrexham Road leads to a business park, the main A road that joins Chester

to Wrexham, and the M53, which runs to Merseyside. We have become more reliant on cars, and the transport system has therefore changed to meet the demands of drivers. Outside schools, however, the primary focus ought to be not on how swiftly how we can get past, but on the children, who are at greater risk.

I am fortunate to have many amazing schools in my constituency. Although not all of them border a large housing development or an arterial road, Chester South and Eddisbury has a very large rural community, which brings different challenges that we must mitigate to prevent accidents outside schools. Country lanes and roads are by nature more dangerous than roads in urban areas. Often, they are narrower, have blind bends and their condition is worse. Delamere Church of England primary school and Eaton primary school have a 20 mph road directly outside the entrance, but a busy 60 mph road adjacent that pupils have to walk along or across. Three schools in my constituency, Bickerton Holy Trinity Church of England primary school, Bridgemere Church of England primary school and Calveley primary academy, have 60 mph roads directly outside their grounds, with a 20 mph limit only when lights show. I do not consider that sufficient mitigation.

We rightly encourage children to travel to and from school by bike or on foot—it is good for them and for the environment—but many parents do so with trepidation, because they are concerned that the conditions outside school are too dangerous. I am a mum, so I share the concerns of so many parents across Chester South and Eddisbury, and indeed the country, that their children are at greater than necessary risk when walking to school. That ought not to be the case.

It is worth noting that in many cases, we in the United Kingdom are the exception when it comes to traffic management outside schools. In the US and many European countries, strict laws regarding speed, including school zones, mean that speed can be reduced significantly. We can learn and implement lessons that will help us to reduce incidents outside schools and reassure parents, teachers and pupils that it is safe for them to go to and from school.

In concluding, I reiterate a point to which I alluded earlier: when considering speed restrictions and mitigations around school, the overriding focus should be the safety of the children. Slowing down to 20 mph outside a school is such a small change to make to prevent the life-changing consequences that we in Chester South and Eddisbury sadly know all too well. We can and must do more to ensure that every child returns home after school. They are at the start of their lives, with so much potential, and their safety is paramount. We can do good by revising policy and rethinking speed limits for them and their families.

**Several hon. Members** *rose*—

**Christine Jardine (in the Chair):** Order. I remind Members that they should bob if they wish to be called in the debate. I ask them to limit their speeches to around four minutes.

4.42 pm

**Chris Vince** (Harlow) (Lab/Co-op): Thank you for your chairmanship today, Ms Jardine. I sincerely thank the hon. Member for Chester South and Eddisbury (Aphra Brandreth) for securing the debate, and for her

passionate and powerful opening remarks. The hearts of everyone in this Chamber go out to her constituent's family. That was an unbearable thing to have happened, and the hon. Lady is right that, sadly, it was not an isolated incident; unfortunately, across the country, incidents like that happen far too often.

I want to refer to an incident that happened at a school in my Harlow constituency, Pemberley academy, on 17 September 2023. A car, breaking the 30 mph speed limit, came around a corner far too quickly, came off the road and went straight into the perimeter fence of the school. Fortunately, that happened on a weekend; if it had happened on a weekday, there would have been severe casualties, because it took place where the parents and their children line up to get into school.

Despite a petition led by the teachers at the school and signed by all the parents and local residents—including one local councillor at the time—nothing has been done to remedy the situation. This is not a political criticism—I recognise that Essex county council wants to do more—but there is so much red tape that it takes too long for communities and community groups, such as those mentioned by the hon. Lady, to make the changes that they want in their communities. I hope that a benefit of the English devolution Bill will be that power is given back to local communities, so that they have a greater say on what changes they can make to tackle this issue.

I want to add something positive and pay tribute to the work done by Essex county fire and rescue. The hon. Lady mentioned the importance of education, although she is right that education alone is not everything. We recognise that, with all the will in the world, children—especially young children, when we talk about primary schools—are not always going to look both ways and use the techniques that we have mentioned.

I pay tribute to the work of Essex county fire and rescue. Its FireBreak scheme at Harlow fire station teaches young people how to be fire officers and looks at road safety as well. It has visited Harlow college and other educational institutions in Harlow to talk about road safety education. It is important that you can never be too young or too old for road safety education. Although we often talk about how important it is to teach young ones, the hon. Lady made the point that teenagers and older children can be distracted too.

I welcome this debate and the ongoing conversation with the Minister and shadow Minister, who will be bored of me talking about this topic, because I spoke on it yesterday as well. We need to look at how we can give power back to local communities who know best how to ensure that the areas around their schools are safe.

4.46 pm

**Jim Shannon** (Strangford) (DUP): Again, it is a pleasure to serve under your chairship, Ms Jardine. I thank the hon. Member for Chester South and Eddisbury (Aphra Brandreth) for securing this debate. Every hon. Member's contribution will be constructive, but I want to tell those present in Westminster Hall what we are doing in Northern Ireland, because we are doing the very things that the hon. Lady has asked for.

Road safety is a topical subject. I am a vocal supporter of the 20 mph speed limit near schools in Northern Ireland. I pushed for that in my constituency and have been successful in getting those schemes.

[Jim Shannon]

Schools have also been promoting the walk to school scheme. One of my local schools, Victoria primary school in Newtownards, has been taking part in a phenomenal scheme where children get points for their house team if they walk, cycle or scoot to school. For those who have to drive, there are points for those who park on the main road and walk a section. That is an exciting way of getting children to incorporate exercise into their daily life and into their mindset. The key question for parents is: are my children safe walking to school? They will not consider walking if cars are zooming by at 30, 40 or 50 mph, as the hon. Lady referred to.

It is enough that the benefits of a safe school environment mean that no child is needlessly injured, or worse, when heading to school, but there are other benefits that we need to consider. In Northern Ireland, we have managed to save half a million pounds in a year from families doing the school run on foot, scooter or bike instead of by car, with schools participating in the Sustrans Active School Travel programme.

At the end of 2023, the number of children travelling actively to participating schools increased from 30% to 42%, the number of pupils being driven to school fell from 60% to 47%, and the number of children completing physical activity for at least 60 minutes each day increased from 29% to 46%. This is not just a road safety issue; it is an educational issue as well.

I am pleased to see the Minister in her place; she always responds positively to our requests. The matter is devolved, but I am trying to put forward what we are doing in Northern Ireland as a suggestion for what needs to be done to back up the hon. Member for Chester South and Eddisbury, who secured this debate. My colleague Michelle McIlveen MLA played a massive part in that scheme in her position on the Committee for Infrastructure and as a Minister. She and I represent the same constituency in different places: she in the Assembly and me here.

A vehicle travelling at 20 mph would stop in time to avoid a child running out three car lengths in front. The same vehicle travelling at 25 mph would hit the child at 18 mph. That is roughly the same impact as a child falling from an upstairs window to the ground—probably, in most cases, concrete. The greater the impact speed, the greater the chance of death. A pedestrian hit at 30 mph has a significant—one in five—chance of being killed. If the speed goes up to 35 mph, that chance is one in three. My point is that the lower the speed, the more the chance of surviving.

We need to ensure that safety is paramount. When we can encourage more people to consider not driving to school, it is better for the environment, better physically, and better for wee minds. Ultimately, the hon. Member for Chester South and Eddisbury put forward a case to make it safer for children outside schools. I support her and wish her well in the campaign. I very much look forward to the Minister's contribution, and that of the shadow Minister, the hon. Member for Mid Buckinghamshire (Greg Smith), as well.

4.49 pm

**Tristan Osborne** (Chatham and Aylesford) (Lab): It is a pleasure to serve under your chairmanship, Ms Jardine. I thank the hon. Member for Chester South and Eddisbury

(Aphra Brandreth) for securing this debate. It is such an important topic, and the data has cross-country significance. She gave a powerful testimony about her own constituent and the impact on their family. That situation is replicated for many of us across our constituencies.

It is deeply depressing that according to Department for Transport statistics, 14% of child fatalities on Great Britain's roads occur during the morning school run between 7 and 9 o'clock, and 23% happen after school between 3 and 5 o'clock. Even insurance companies are now taking that account. With a 43% reduction in road collisions during the school holidays, we know that it is a significant factor impacting our constituents.

I am a former teacher. The schools I have visited in my constituency, including St Katherine's school in Snodland, Aylesford school and Walderslade grammar school, have all expressed, through their youth voice, concerns about the dangers associated with getting to school. My hon. Friend the Member for Harlow (Chris Vince) mentioned safety, but there are broader concerns around the school run. I want to talk briefly about them, but also about some of the solutions that my council has looked at.

The hon. Member for Chester South and Eddisbury is absolutely correct. Speed is a concern around schools, and I wholly endorse the 20 mph speed limit. We have introduced that around many of our urban schools across Medway, and we have seen a significant reduction in accidents. However, it is not just about speeding. It is also about the conduct of parents when they are picking up and dropping off their children. In some cases, the conduct of those picking up their children is below the standard that would be expected in any other situation, which has led to other safety concerns about, for example, vehicles mounting the pavements and aggression shown towards staff in many schools, with parking assistants sent to resolve the issue. That is an increasing concern, as is the amount of pollution outside schools.

Medway council has looked at a couple of schemes related to the safer streets initiative that was introduced under the previous Government. The council won £300,000 to introduce a school streets initiative. That initiative has not yet been mentioned, but in short, it restricts access to school streets completely during pick-up and drop-off times by using automatic number plate recognition camera technology, which reduces the volume of traffic to only the residents and businesses using that street. It dramatically improves road safety, reduces pollution and encourages active transport, so it serves as a real boon to getting kids out of the car and into a more active transport mode.

**Matt Rodda** (Reading Central) (Lab): I commend the hon. Member for Chester South and Eddisbury (Aphra Brandreth) for her work on this important issue, and I offer my condolences to the family of her constituent. My hon. Friend is making an excellent point, and there are examples of such schemes around the country. There are several in Reading, and we have certainly benefited from exactly that type of measure. However, I gently suggest that the wider area needs to be considered. There can sometimes be a build-up of traffic on the edge of the school streets zone. My experience of the Reading examples is that integrating such schemes with other measures, such as the 20 mph zone, can help to reduce the risk of accidents and pollution. Does my hon. Friend agree with that point?



**Tristan Osborne:** I absolutely agree. In fact, the next part of the school streets programme is about increasing awareness and education within schools to ensure that they are aware that the scheme is not just about moving traffic to somewhere else, but part of an active transport strategy.

Medway has introduced that initiative, which has worked very well among 12 primary schools. Kent county council has introduced a similar scheme to promote education. It encourages cycling awareness and the use of high-visibility key fobs and other items for cyclists to wear. Again, increasing education is critical.

This is an important issue for many schools. I have been working with schools in my constituency to promote their knowledge and awareness of the school streets initiative, so that they can apply to the council and ask for involvement. Will the Minister make some of those examples and case studies of school streets more widely known about to encourage our local councils to pursue that agenda so that we can see a significant reduction in accidents? Would the Minister also be keen to promote the ideas of many of our leading councils around the country about education and cycling provision, and some of the benefits of those programmes, to ensure that our children are not getting in the car every morning when they go to school?

4.55 pm

**Richard Foord** (Honiton and Sidmouth) (LD): It is an honour to serve with you in the Chair, Ms Jardine. I pay tribute to the hon. Member for Chester South and Eddisbury (Aphra Brandreth), not just for securing this debate, but for speaking powerfully and sensitively on this delicate subject; I offer my condolences to the family who she represents.

If only the incident that the hon. Lady described was unique, but it is not—it is sadly multiplied many times across the country. According to the charity Brake, five children are seriously injured or killed on UK roads every day. In south-west England, 442 children were injured on roads near schools in just one year—an utterly unacceptable situation. I will use my limited time today to talk about prevention and one town that I represent, Ottery St Mary, where a small intervention, through infrastructure and regulation, could help to prevent accidents and awful consequences in future.

In Ottery St Mary, there is a pedestrian bridge, Coleridge bridge, where many schoolchildren can avoid the roads and cross the river—at least, they could. Last year, a tree blew on to the bridge and made it impassable for pedestrians. I looked into why the repair work on that bridge is so slow and discovered that one reason is the Environmental Permitting (England and Wales) Regulations 2016: priority is being given to the salmon spawning season on the River Otter over the safety children going to and from school.

I appreciate that the Minister is answering for the Department for Transport and not for the Department for Environment, Food and Rural Affairs, but she should know that I have written to DEFRA about the issue and had a most unsatisfactory reply about the regulations. I am seeking an exception to the regulations on salmon spawning where the safety of children and vulnerable people is at stake.

Coleridge bridge is just one example of a rigid policy designed for another public policy imperative having unintended but serious consequences for public safety. As one Ottery resident put it to me in an email,

“do we have to wait for there to be a serious incident involving a child or an elderly resident for prompt action?”

It has been over a year, and I understand that no work will begin until at least next summer. Given that our local authority, Devon county council, has the money and is ready to do the work, I urge that we in this place do our job to make the regulations more flexible to look after the safety of young people.

4.58 pm

**Joe Morris** (Hexham) (Lab): It is a pleasure to serve under your chairship for the second time this afternoon, Ms Jardine. I congratulate the hon. Member for Chester South and Eddisbury (Aphra Brandreth) on securing this important debate on road safety around schools, which is an issue that regularly comes up in my mailbox.

I have raised the issue of safety of children travelling to and from school in a debate on school transport in this place before. Every child in Northumberland deserves safe access to the best education; no child's safety should ever be jeopardised in the process of achieving that. From Queen Elizabeth high school in Hexham to Haydon Bridge high school, Haltwhistle primary academy, Sele first school and Darras Hall primary school, every child in my constituency and beyond travelling to, from and around school should be safe. Yet between 2019 and 2023, some 1,414 young pedestrians and cyclists in the north-east were injured. Of those, 286 were seriously injured and six were fatally injured.

I will use my time to highlight one particular situation. There are three schools situated on Callerton Lane in Ponteland: Ponteland high school, Ponteland community primary school and Henry's Hut pre-school. Insufficient signage on Callerton Lane to indicate the school zone in which there are not one but three schools continues to jeopardise the safety of students, teachers, parents and local residents. I am sure that every single Member from any party can agree that traffic calming measures, better road surfaces and clear signage should be one of the greatest priorities in local areas.

In rural regions with a higher rate of car ownership, the need for better signage and road conditions is even more pressing. Conducting speed surveys is a necessary first step, but, as is the case for Callerton Lane, they must be done in the correct place and the correct manner to ensure complete accuracy. I have urged and continue to urge Northumberland county council to reconduct some of the speed surveys around Callerton Lane to achieve total accuracy in determining accurate speed limits for the local schools of Ponteland.

Road safety education is just as important as improving road safety around schools and children should receive a comprehensive education to improve road awareness. I acknowledge the vital work of Road Safety GB North East and its new campaign to improve awareness on road and traffic safety for young people. I am pleased to see the pledge to fix 1 million potholes and give vital funding to improve our roads and elements of the travel journey to and from school. Through those local campaigns to raise awareness, urgent attention to the condition of my roads, which has already been pledged by this

[Joe Morris]

Government, and improvement to the signage around schools, our young people can receive the safety and security that they need and deserve.

I will briefly highlight one of my constituents, Rory, who wrote to me. He is very concerned about road safety on his street near his first school after his garden wall was knocked over by an Asda van. I will be writing to his local council to ask that signage on his street is improved.

5.2 pm

**John Slinger** (Rugby) (Lab): It is a pleasure to serve under your chairship, Ms Jardine. I congratulate the hon. Member for Chester South and Eddisbury (Aphra Brandreth) on securing this important debate and on her excellent contribution.

One key aspect of road safety around schools is drop-off and pick-up time, as my hon. Friend the Member for Chatham and Aylesford (Tristan Osborne) has mentioned. I took action on that issue previously as a councillor—I continue to take action on it as an MP—working with fellow councillors, the local authority, the school leadership, the police and residents at Oakfield primary academy, where there had been problems the likes of which have been alluded to.

In Warwickshire, Eastlands primary school in my constituency was the site of a county council school street pilot scheme. Prior to that, there was what the council described as “inconsiderate parking”, “congestion”, and sometimes “complete gridlock” and a “threat to safety”. As I am sure we can all agree, that is a perennial problem, but the school street approach can help. In the case of the pilot scheme, restrictions were introduced using a traffic order. Two park-and-stride car parks gave parents alternative places to park and a new school crossing patrol on a busy road was implemented, all of which helped.

My experience in this space has led me to some observations, which the Minister will perhaps consider. Far more people are driving their children to school now than ever before. We may be able to do things with more public transport, safer cycle paths and more active lifestyles and walking, which are relevant to Government priorities for the NHS and transport in the long term. Some schools are in tightly packed residential streets, and that cannot be overcome in the short, medium or perhaps even long term. More children are attending schools away from their home address through either parental choice or local authority allocation. That can have an effect, because more journeys are being taken, so perhaps more work can be done on capacity.

Council enforcement can be done only when traffic regulation orders are in place, and they can be created only when a proper survey has taken place. Again, resources will then be an issue. I have spoken about this to the police, to which the public often turn. It can enforce only in some cases, and, with the best will in the world, it will never be able to enforce in this matter regularly. It is therefore vital that a partnership approach is used, whereby the school leadership liaises with parents and educates students, local residents are involved in discussions so that their frustrations are heard, the council and local councillors are aware and active, and

the police are kept informed. I have tried to use that approach, and I have liaised with local residents. In the case of Oakfield primary, in my constituency, I encouraged a local business, Cemex, to pay for cartoon signs—I am sure we have all seen them around schools—designed to prevent people parking on grass verges or kerbs near the school. That has helped, as well.

More broadly, schools can consider other innovative options, such as arranging for students in some areas to walk to school. However, I am acutely aware that we need not to overburden hard-pressed teachers with additional responsibilities. They are already, quite understandably, reluctant to become quasi-traffic enforcement officers when dealing with people who are, after all, the parents of their students. I therefore welcome the Government's renewed guidance, helping councils to deliver school streets that work for schools and local communities. I also commend the Government's Active Travel England agency for recently releasing guidance to local authorities to help them implement school streets. It is important work.

In conclusion, there is no panacea, sadly, but more can definitely be done. I am glad that Warwickshire county council, working with local borough councils, hopes to introduce more school street schemes, focusing on primary schools. Those schemes can have a profound effect on improving the health of young people, reducing the risk of disagreements between parents and local residents, and, most importantly, making our schools much safer for our young people.

**Christine Jardine (in the Chair):** Would the hon. Member for Rossendale and Darwen (Andy MacNae) like to make some remarks? We will then move on to the Front Bench at eight minutes past.

5.6 pm

**Andy MacNae** (Rossendale and Darwen) (Lab): I very much appreciate you allowing me to speak, Ms Jardine, given that I was late to the debate. I thank the hon. Member for Chester South and Eddisbury (Aphra Brandreth) for securing it.

I have not prepared, so I will just make some broad points. I acknowledge everything that has been said today, and I would like to pick up on a few issues. In my constituency of Rossendale and Darwen, virtually all the primary schools are on key trunk roads, which unfortunately makes it difficult to consider school street schemes. Big wagons are passing continually and people are rushing to work. While each school might have a 20 mph zone outside it during school times, it is regularly and repeatedly ignored. Without enforcement and without recognition that there are consequences for people's actions, it seems that we will have continual close calls in and around those schools. I ask the Minister—as I have asked her before—the extent to which we should be driving for the adoption of average speed cameras around primary schools as a way of embedding enforcement in the areas around schools on main roads, such as those in my constituency.

I would also like to touch on the point made by a couple of Opposition Members about not waiting until people are killed or injured before we act. Far too often, when local people raise a clear risk or threat—as my hon. Friend the Member for Hexham (Joe Morris) did—or

when anyone around knows an accident is waiting to happen, they are told, “We have to wait for someone to be killed or injured before we act.” It is ridiculous, it is outmoded and it does not meet international best practice. We have to move to a community-led, risk-based approach that looks to prevent and predict accidents, rather than respond and react.

5.8 pm

**Wera Hobhouse** (Bath) (LD): First of all, I want to congratulate the hon. Member for Chester South and Eddisbury (Aphra Brandreth) on securing this important debate. She spoke powerfully about the fact that our road safety has to be children-centred. I agree with her that 20 mph zones around schools should be the default position, and any council would then have to make an application stating why it should not happen.

We have heard from the hon. Member for Harlow (Chris Vince), the hon. Member for Strangford (Jim Shannon), the hon. Member for Chatham and Aylesford (Tristan Osborne), my hon. Friend the Member for Honiton and Sidmouth (Richard Foord), the hon. Member for Hexham (Joe Morris), the hon. Member for Rugby (John Slinger) and the hon. Member for Rossendale and Darwen (Andy MacNae). I hope I got all their constituencies right. All the hon. Members told heartbreaking stories and gave sensible suggestions about how we can make roads around schools safer for children.

Road traffic accidents devastate families and communities and too many children are killed or injured where they should be safest. Every death is a tragedy, but it is not inevitable. Although there has been a reduction in the number of road fatalities in recent decades, particularly for children, there is still much more we can do. Over the past six years an average of 1,190 children have been injured each month within 500 metres of their school.

A third of road fatalities are caused by speeding. Bath community speed watch in my constituency, a bunch of highly dedicated and motivated people who stand for hours in all weather, have caught over 80,000 speeding vehicles. The volunteers do truly lifesaving work to reduce speed and dangerous collisions in Bath. I have talked to them, and as we have heard already, they often get abused for doing a job that saves lives. Speeding kills. Better enforcement of existing laws has been central to reducing death on our roads, and I was surprised to learn that almost half of traffic accidents occur between 3 pm and 6 pm, when children have already finished school. Bath community speed watch are therefore doing a very important job. They are also going into schools and educating young children on how to keep safe. I wish the children would then take home the message that the most dangerous thing is speeding cars, and also sometimes the way parents behave outside schools—something I have never understood in all my life as a parent, councillor or MP.

Families need to be less reliant on the car. However, far too many people do not have any alternatives to car travel because we do not have enough good bus services. Many of my young constituents have to rely on very bad bus services. All those things are linked. Young people do not cycle enough. Why? Because they do not get adequate training.

**Andy MacNae:** Will the hon. Member give way?

**Wera Hobhouse:** I fear I do not have time, but I am sure the hon. Member would make an excellent point.

Bikeability is an important scheme that we should all support, but the funding from the Department for Transport is currently not secure.

On average, nine young children are harmed on our roads every day, and 3,402 children aged seven and under were killed or injured on roads in Britain in 2022. There are many brilliant projects and many dedicated people who want to make a difference, but we need to do a lot more. To repeat what the hon. Member for Chester South and Eddisbury said, we need to create road safety that is centred entirely around children. They are the most vulnerable and they are the future generation. We cannot afford to see all those thousands of young people injured and killed on our roads, and 2025 should be the year when we make a big difference to that.

5.13 pm

**Greg Smith** (Mid Buckinghamshire) (Con): It is a pleasure to serve under your chairmanship for the second time this afternoon, Ms Jardine. I congratulate my hon. Friend the Member for Chester South and Eddisbury (Aphra Brandreth) on securing this important debate and the powerful speech she gave. I add my condolences to the family of her constituent who so tragically died outside their school.

Road safety is something that we have to take incredibly seriously. This is the second debate in Westminster Hall this week on the subject of road safety, and I thank all hon. Members who have spoken powerfully in it. One death on the roads is one death too many, and it is particularly painful when the life lost is that of a child, who had so much in front of them and a whole life to live. As my hon. Friend the Member for Chester South and Eddisbury said, in each and every one of them was so much potential.

The risk profile in such accidents involving a child is self-evidently higher, and the impact on the lives of those around them is unimaginable. I do not think any of us—unless any Member has been in that place—can imagine the pain, horror and emotional rollercoaster that people go through in that nightmare scenario.

It is of no solace whatsoever to those families who have lost a loved one, but it is important to reflect that there has been some significant progress in the right direction in recent years and decades. It is welcome that the rate of child pedestrians killed or seriously injured has fallen by nearly 41% since 2010. That is not to say that there is anything good about people losing their lives; every life lost is an absolute tragedy. However, that decrease does show that there is a positive trajectory and direction of travel. We need to get it to zero, but my central point is that we are not in a place where the statistics are going up or the problem is becoming worse. That is not to say that there is not a lot still to do. For child cyclists, the rate of those killed or seriously injured has also decreased by 43% since 2010.

More broadly, the improvements across all road categories mean that, although there is more to do, the UK remains a world leader in road safety. According to the Department for Transport's own figures, released in September last year, Great Britain ranked third out of 33 countries in 2023 for the lowest number of road fatalities per million of the population. That progress is reflected in child pedestrian fatalities, which have thankfully



[Greg Smith]

fallen; having regularly exceeded 100 a year, they are now consistently in the 20s. That is 20 too many, but it is a significant decrease.

However, challenges clearly remain. DFT data equally demonstrates that, up to the age of 11, pedestrian boys are twice as likely to be killed or seriously injured as pedestrian girls of the same age, and among those aged 12 to 15, boys are still 33% more likely to be killed or seriously injured. What discussions has the Minister had with local authorities, schools and the Department for Education, not just about how we solve the overall problem of improving road safety around schools, but about effective approaches to reduce this particular disparity?

Our focus has to be on making every possible move to improve road safety around schools. That is very much on my mind in my constituency, which is entirely rural, through a lens that is slightly different but makes the point well. A proposed anaerobic digester in one village would bring hundreds of additional HGV movements past schools, including those in Long Crendon and Oakley. It focuses the mind to think just how close so many of our schools—particularly those in rural villages—are to the fast-moving lanes and major routes that people use on a daily basis. The prospect of those dangerous, incredibly heavy HGVs being added to those roads focuses the mind even more.

I am very sympathetic to the ideas that my hon. Friend the Member for Chester South and Eddisbury and others have mentioned about specific speed limits in the vicinity of schools. That is always, and has to be, a decision taken locally by local authorities. I do not think there is a definite, one-size-fits-all solution for every single circumstance that central Government should dictate, but it is for central Government to ensure that the framework is there to make it easy for local authorities to put in place such speed limits where they wish to, and to put in place effective enforcement mechanisms.

It is all too often the case in my constituency—and, I dare say, in everybody else's—that when a community comes forward and says it wants a particular change to road safety measures, such as a change in the speed limit to 20 mph, the hoops it has to jump through are so considerable, so difficult and involve so many different agencies that frustration sets in. In too many cases, nothing ever happens, or something a bit half-hearted happens. I encourage the Minister to look at what can be done to ensure that local authorities, when taking decisions on behalf of communities that want those changes, are able to do so easily and without the heavy-handed bureaucracy that too often goes with all these schemes. I encourage her in particular to ensure that schools themselves can go to their local authorities and get those changes made quickly.

I conclude by congratulating my hon. Friend the Member for Chester South and Eddisbury once more on securing this debate. I hope it prompts real and significant action from the Government.

5.19 pm

**The Parliamentary Under-Secretary of State for Transport (Lilian Greenwood):** It is a pleasure to serve with you in the Chair, Ms Jardine. I congratulate the hon. Member

for Chester South and Eddisbury (Aphra Brandreth) on securing this debate, and thank her for raising the vitally important issue of road safety around schools. She spoke powerfully and movingly on behalf of her constituents.

I thank the hon. Member for sharing the devastating story of the fatal collision outside the King's school in her constituency. My sympathies go out to the family of the young person who lost his life, and to his friends, everyone at the school and the wider community. My hon. Friend the Member for Chester North and Neston (Samantha Dixon), who is here, has also met the family, who are her constituents, and is working with them and with her neighbour, the hon. Member for Chester South and Eddisbury—on a cross-party basis, which is wonderful to see—to ensure that local partners work together to improve safety on the Wrexham Road.

I too have met many families with tragic stories of loved ones being killed and seriously injured in road traffic collisions. It is a position that no family should find themselves in: every death on our roads could and should be avoided. Every child has the right to be safe on their journey to and from school, and their parents should know that they will come home safely every day. That is why improving road safety, including the safety of children, is one of the highest priorities of my Department, and we intend to act to prevent road deaths and serious injuries.

A number of hon. Members talked about action to reduce speed, such as lowering speed limits and enforcing speed limits, including with speed cameras. The enforcement of road traffic law and deployment of available police resources are responsibilities of individual chief constables and police and crime commissioners, who take into account the specific local problems and demands that they face.

Local government is the main delivery body for road safety. Under section 39 of the Road Traffic Act 1988, local authorities have a statutory duty to take steps to both reduce and prevent collisions, and they have the power to set speed limits on their roads, including 20 mph limits and 20 mph zones. It is for them to determine what measures are appropriate in individual cases because they have local knowledge of their roads, but any authority that wishes to install such schemes has my Department's full backing.

I understand that resources for local authorities are finite, and it is right that they focus on the areas of highest risk, which may be where fatal collisions have occurred, but there is nothing to stop them implementing road safety measures elsewhere, including places about which local communities have raised concerns, or where there have been near misses. My hon. Friends the hon. Members for Harlow (Chris Vince) and for Rossendale and Darwen (Andy MacNae) rightly highlighted that point.

Local authorities also have the tools to improve safety outside schools, including reduced speed limits, traffic calming measures or, where appropriate, a school street. I welcome the support expressed by hon. Members today and agree that sharing good practice can be very helpful. I will certainly look at what more my Department can do, perhaps with the Local Government Association and others. Local councils want to make decisions about local implementation, in consultation with local communities and the local police. They know their

roads best, and I simply cannot and should not dictate to them from Westminster. However, the hon. Member for Chester South and Eddisbury made a powerful case for lower speed limits outside schools. Both she and the hon. Member for Strangford (Jim Shannon) noted that we all make mistakes, and that collisions at higher speeds are much more likely to have tragic outcomes.

I agree that partnerships are essential, and that they should be looking at local-level interventions to make our roads safer. While local authorities are free to make their own decisions about the design of the streets under their care, provided they take account of the relevant legislation and guidance, they are rightly accountable to local people for those decisions. The Department will look at what more we can do to support them, and we stand ready to work with all those working to improve road safety at the local level.

On the tragic collision involving the young constituent of my hon. Friend the Member for Chester North and Neston, the Department is aware that Cheshire West and Chester council has already indicated that it has commissioned an independent review of Wrexham Road close to King's school, and I am sure that it will listen to today's debate and take note of the community's petition.

Let me turn to some of the wider issues around road safety and schools. This Government are setting our sights high on active travel, whether that means walking, wheeling or cycling. We are committed to promoting greener journeys, no matter how people choose to travel. It is key to improving public health; by preventing illness, rather than just treating it, we can make a real difference. The biggest gains come from helping inactive people to get moving, which is why we are focused on breaking down barriers for those who need it most and do not have options, such as older people, disabled people and children.

For children, early habits matter. That is why, in November 2024, Active Travel England and the Department published school streets guidance. As hon. Members have noted, these schemes do not just make school runs safer; they build lifelong habits of active travel.

**Richard Foord:** Will the Minister give way?

**Lilian Greenwood:** I am afraid not, just because I am so short of time.

Turning to the role of education, alongside delivering paid behaviour change campaigns to support a lifelong learning approach to road safety education, THINK! has a suite of road safety teaching resources for children of all ages. Road casualty data shows that the number of child pedestrian casualties doubles between the ages

of nine and 11—no doubt when they are first allowed to walk to school on their own—and, as my hon. Friend the Member for Chatham and Aylesford (Tristan Osborne) noted, incidents are more likely to happen during school drop-off and pick-up times.

Following research with parents, the 2024 influencer-led THINK! Safe Adventures campaign aims to encourage parents across the country to help their children adopt safe road behaviours as they prepare for independent travel—often when they move to secondary school. I very much agree with my hon. Friends the Members for Chatham and Aylesford and for Rugby (John Slinger) on the importance of parents also behaving safely when they are dropping children off at school. I am sure that all of us have seen some dangerous behaviours in that regard.

The THINK! activity I have just described focuses on the top three risky behaviours, based on the top contributory factors assigned to child pedestrian casualties: failing to look and distractions, finding a safe place to cross, and being in a hurry. I want to draw attention to our THINK! resources. The popular “Tales of the Road” resource is an interactive PDF—downloadable and printable—aimed at children aged three to 12, and it conveys information about how to cross the road safely, the green cross code, and level-crossing advice from National Rail. I was pleased to hear about other local education programmes, including the one highlighted by my hon. Friend the Member for Hexham (Joe Morris).

As I said, I have heard too many heartbreaking stories of loss and serious injury, including those raised today. I want to assure hon. Members that the Government treat road safety with the utmost seriousness, and we are committed to reducing the numbers of those killed and injured on our roads. That is why the Department is developing our road safety strategy—the first in over a decade. We will set out more details in due course.

I thank all hon. Members who have participated in the debate. Even if I have not had the chance to take interventions or respond directly, all of their ideas and suggestions will help to inform our thinking. It is clear that there is a real appetite for change. People want safer roads. I will be pleased to keep in touch with the hon. Member for Chester South and Eddisbury and other Members, and I congratulate her again on securing today's important debate.

*Question put and agreed to.*

*Resolved,*

That this House has considered road safety around schools.

5.29 pm

*Sitting adjourned.*





# Written Statements

*Wednesday 29 January 2025*

## ENVIRONMENT, FOOD AND RURAL AFFAIRS

### Marine Environment

**The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Emma Hardy):** Making Britain a clean energy superpower is one of this Government's five missions. This is critical to our country—to cut bills; to create jobs; to deliver energy security, with cheaper, zero-carbon electricity by 2030; and to meet our net zero target.

This Government have taken immediate action by setting up Great British Energy, a publicly owned company to invest in clean, home-grown energy. We have also already committed to the biggest investment in clean energy in British history.

Offshore wind will play a pivotal role in our achieving clean power by 2030 and accelerating to net zero by 2050—our recently published clean power action plan sets a capacity range for between 43 GW and 50 GW by 2030. The UK is already a world leader in offshore wind technology, and the Great British Energy partnership with the Crown Estate will bring forward new offshore wind developments, with the potential to deliver up to 20 GW to 30 GW of extra offshore wind seabed leases to the market by 2030.

The Department for Environment, Food and Rural Affairs is playing a crucial role in supporting the growth of offshore wind, to help de-risk and accelerate planning decisions for offshore wind while protecting and enhancing the marine environment. The nature and climate change crises are of equal importance, and we must address them together.

To do this, we will implement an offshore wind environmental improvement package. Work is well advanced, and recent and upcoming milestones include:

- underlining our commitment to use the powers conferred in the Energy Act 2023 to ensure that compensatory measures for unavoidable environmental impacts to marine protected areas (MPAs) can be delivered strategically rather than on a project-by-project basis, including through a library of measures that DEFRA is developing in collaboration with stakeholders;

- publication of an updated joint position statement on unexploded ordnance that sets out that low noise clearance should be the default in the marine environment. This has also been published alongside a marine noise policy paper highlighting the further actions we are taking to reduce noise in our seas;

- consulting on an offshore wind piling noise limit in the first half of 2025, followed by a pilot programme in 2025 and 2026, to reduce the risk of project delays because of the need to limit the amount of underwater noise generated;

- consulting in spring 2025 on reforms to the environmental compensation requirements for offshore wind projects, with the aim to bring in legislation by autumn 2025. This will aim to increase the number of measures available to developers to offset the adverse impacts of offshore wind developments, while retaining a robust process that ensures that damage to our precious marine environment remains compensated for; and

- the launch of a marine recovery fund in late 2025 to provide an optional mechanism for developers to fund delivery of strategic compensatory measures.

We are already delivering on the clean power action plan. Today I am announcing an action that my Department will take to help accelerate and de-risk the consent of offshore wind projects while continuing to protect the marine environment.

Multiple offshore wind projects are at risk because there are currently no ecologically effective options that developers can deliver themselves to compensate for their unavoidable impacts on seabed habitats within special areas of conservation and marine conservation zones. Without suitable measures, these projects cannot be delivered. DEFRA commits to designating new MPAs and/or extending existing MPAs in Secretary of State waters to deliver sufficient strategic compensation to compensate for likely environmental effects of offshore wind development. We do not expect this to be available to any project outside the following:

- Projects that received a seabed lease from the Crown Estate under leasing round 3, round 4 or the 2017 extensions round;

- Projects in the current leasing round 5 in the Celtic sea;

- Associated transmission infrastructure projects—for example, those forming part of the holistic network design. We will be working with devolved Governments on how this relates to projects in their waters where cabling will come through English waters; and

- Projects that have already been granted consent but are unable to discharge their consent conditions, or where adaptive management may now be required as the agreed compensation measures have not had the impact expected when consent was granted.

We are also aware that offshore wind projects might sometimes be required to compensate for essential maintenance activities carried out once the wind farm is operational and/or for unforeseen impacts. For this reason, we will aim to deliver additional environmental compensation so that projects eligible to request MPA designation to support project consent—those listed above, in paragraph 7—as well as operational projects delivered in leasing round 2, can access this measure if available and deemed suitable.

In all cases, MPA designations will be delivered by DEFRA. Those designations and associated management will be funded by the offshore wind developers that successfully apply to use this measure through the marine recovery fund.

We anticipate that the total area of new and/or extended MPAs required to compensate for the predicted impacts of offshore wind projects will be small in comparison to the tranches of MPAs previously designated in Secretary of State waters. We will be looking to protect a range of benthic habitats.

Working closely with our statutory nature conservation bodies, potential areas will be identified based on ecological principles. We will be following the established legislative processes for designation and will keep stakeholders, including the fishing industry, regularly informed, as well as providing opportunities for them to share any concerns as regards the proposed sites, so that the views and impacts on affected industries and communities are fully understood.

To avoid the risk that new MPAs designated for compensation might later be leased for energy or other projects that cause damage, we will also be working with the Crown Estate, the Marine Management Organisation and others to explore ways in which we might deliver additional long-term protection from future impacts that will require compensation.

Designating new MPAs and putting management measures in place to protect them will take time. Although work has already begun on this, we are aware that the timelines of some projects mean that they will still be delayed if they are required to wait for MPA designations and associated management to be functioning. Where this is the case, the Secretary of State for Energy Security and Net Zero and the Marine Management Organisation may consider circumstances in which the adverse effect can occur before compensation is in place. However, this would need to be considered against other factors. Where this is permitted, a greater amount of environmental compensation is likely to be needed to make up for the time delay and developers will be required to pay into the marine recovery fund before any adverse effect can occur. DEFRA will also be producing high-level implementation and monitoring plans in advance of final MPA designations to assist developers in providing the necessary information at this stage, with final updated plans being provided once designation has taken place.

We recognise that accelerating development of marine activities, and environmental protection and restoration measures such as the designation of new MPAs, is increasing marine spatial tensions. Though not caused by their actions, these competing priorities and demands for space present a challenge for the fishing industry, particularly as it is unlikely that it will be possible to avoid causing an impact on fishing activities in all cases. Fishing is an incredibly important part not just of the UK's food system, but of our cultural identity as a country—so much so that we will not let these impacts on the industry go unaddressed. That is why DEFRA established, and continues to lead, the cross-Government marine spatial prioritisation programme, working with the Marine Management Organisation, to address this spatial squeeze and ensure that the industry's interests are represented. The Government will ensure that the sector is supported to adapt to increased pressure on space. We will work with the industry to maintain its viability into the future and ensure that it continues to make a significant contribution to coastal communities. The Government are committed to finding ways for different industries to co-exist and benefit from our marine space. We will also work with the Crown Estate and other relevant stakeholders to see how they can help in this process. Food security is national security, and a sustainable fishing industry is an important part of that.

Alongside designating MPAs for benthic compensation, we will be undertaking a wider review of the MPA network and we will be keeping delivery of the MPA target under review, with the aim of future-proofing the network, for example in terms of climate change adaptation and mitigation, while allowing us to still meet our international commitment to effectively protect 30% of our seas by 2030. A wider network review will also look to provide higher certainty for the fishing industry on the future MPA network.

My announcement today demonstrates this Government's dual commitment to enabling offshore wind and protecting our precious marine environment, while supporting our fishing industry. The fragile state of our natural environment means that we cannot afford to press ahead without considering the impact on nature—we need to address both the climate and biodiversity crises together.

Our action will help unlock the capacity needed to meet this Government's ambitious but achievable target of clean power by 2030, building a home-grown energy system that takes back control and can bring down bills for households and businesses for good.

[HCWS394]

## FOREIGN, COMMONWEALTH AND DEVELOPMENT OFFICE

### NATO Parliamentary Assembly: UK Delegation

**The Minister of State, Foreign, Commonwealth and Development Office (Stephen Doughty):** My hon. Friend the Member for Bolton West (Phil Brickell) has replaced my hon. Friend the Member for Stevenage (Kevin Bonavia) as a member of the United Kingdom delegation to the NATO Parliamentary Assembly.

My hon. Friend the Member for Smethwick (Gurinder Singh Josan) has replaced my hon. Friend the Member for Northampton North (Lucy Rigby) as a member of the United Kingdom delegation to the NATO Parliamentary Assembly.

[HCWS395]

## HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

### Growth Corridor Strategy

**The Minister for Housing and Planning (Matthew Pennycook):** I am today updating the House on the Government's plans to supercharge growth in the Oxford-Cambridge corridor and the high-potential sectors within it, as part of our ambitious plan for change.

The Oxford-Cambridge region is already home to world-leading universities and globally renowned science and technology firms. It has the potential to become one of the most innovative and economically dynamic areas in the world, but numerous constraints, from inadequate transport connections to a lack of affordable housing, prevent it from realising its true potential. This Government are determined to do what is necessary to drive sustainable economic growth in the region to the benefit of local communities and national prosperity.

The Chancellor has today announced the appointment of Lord Patrick Vallance as a champion for the Oxford-Cambridge growth corridor. His extensive experience across life sciences, academia and Government makes him ideally suited to identify and maximise growth opportunities in the region. He will work with me and other Ministers to ensure the corridor makes a significant contribution to kick-starting economic growth.

Working with local partners, Peter Freeman and the Cambridge Growth Company are progressing the development of an ambitious plan for delivering high-quality sustainable growth in Cambridge and its environs. Their work will continue in earnest.

In greater Cambridge, the benefits of decisive Government intervention are already evident. As a result of close working with local authorities and regulators, the Environment Agency has lifted objections to development in the area, paving the way for 4,500 additional homes, new schools and new office, retail and laboratory space to be built.

The Government welcome the University of Cambridge's proposal for a new flagship innovation hub in the centre of the city, which will attract global investment and foster a community that catalyses innovation. The Chancellor has today also confirmed the prioritisation of a new Cambridge cancer research hospital as part of the new hospitals programme, bringing together Cambridge University Hospitals' cancer services, with researchers from AstraZeneca and Cancer Research UK.

To ensure we can realise Oxford's full potential, we intend to take forward a new growth commission to explore how we can best unlock and accelerate nationally significant growth for the city and the surrounding area. The commission builds on the Government's commitment to making Culham in Oxfordshire the country's first AI growth zone as part of the Government's AI opportunities action plan. This is the Government's modern industrial strategy in action.

Across the Oxford-Cambridge growth corridor, we are demonstrating our commitment to investing in the delivery of major transport infrastructure and public services to boost the region's economic prosperity and contribute to national economic growth. The Government are:

- delivering the acceleration of phase 2 of East West Rail, connecting Oxford to Bedford from 2030. The full new railway to Cambridge will support vibrant new and expanded communities. We have already received 18 submissions for large-scale new developments within the corridor, each of which will be considered by the new towns taskforce;

- moving quicker at Tempsford to deliver an east coast main line station three to five years earlier than planned, which will link services directly to London in under an hour;

- committed to upgrading 10 miles of the A428, improving journeys between Milton Keynes and Cambridge; and

- unlocking £7.9 billion investment in the next five years for water companies, by agreeing their water resource management plans. This will improve our water infrastructure and provide a foundation for growth and includes nine new reservoirs, such as the new fens reservoir serving Cambridge and the Abingdon reservoir near Oxford.

We will continue to update Parliament on the work of the Government in the Oxford-Cambridge corridor.

[HCWS396]

## JUSTICE

### Victims and Prisons Act 2024: Commencement of Parts 1 and 4

**The Parliamentary Under-Secretary of State for Justice (Sir Nicholas Dakin):** I am pleased to announce that today the Government have commenced the first tranche of victim-related measures in the Victims and Prisoners Act 2024. This underscores the Government's commitment to ensuring that victims receive the vital information and support they need. As well as provisions that inform the meaning of part 1 of the Act, such as the definition of "victim", we are also commencing the following measures:

First, we have commenced the obligation on those who provide victims code services to comply with the victims code unless there is a good reason not to. This underlines our commitment to ensuring victims receive the service that they deserve under the victims code, and that agencies are held to account for delivering this.

Secondly, we have commenced new measures that will help the Victims Commissioner to better hold bodies accountable for how they are delivering for victims. This includes:

- bringing new bodies into the commissioner's remit, including the criminal justice inspectorates and additional Government Departments;

- requiring that those subject to the code compliance duty in section 5 of the Act to co-operate with the commissioner, for example, complying with reasonable requests for data or access when requested, so far as it is appropriate and reasonably practicable;

- making clear that the commissioner can include recommendations in their statutory reports, whether made annually or to the Secretary of State throughout the year; and requiring that those within the commissioner's remit respond to recommendations made in those reports where relevant to them within 56 days; and requiring criminal justice inspectorates to consult the commissioner when developing their inspection frameworks and programmes.

Together, these measures will enable the commissioner to gain a deeper understanding of the victims landscape. They will also foster greater transparency and accountability between authorities, encouraging good practice and respectful treatment of victims.

Finally, we have commenced the measure that will simplify the complaints process for victims who need to escalate their complaints. Where victims of crime want to make complaints to the Parliamentary Health Services Ombudsman (PHSO) relating to their experience as a victim, this measure removes the so-called "MP-filter" which required victims to make these complaints via their Member of Parliament. The measure also enables those acting on behalf of a victim to bypass the filter and make the victim's complaint directly. This means victims can choose whether to make their complaint themselves, or through an MP or other trusted person if they prefer.

By implementing this initial tranche of measures, we are laying a stronger foundation for victims to have confidence that they will receive the information and support they need and deserve. We will continue to build on this foundation through the Government's manifesto commitments to increase the powers of the Victims Commissioner and introduce independent legal advisers for rape victims, ensuring there is more accountability where the needs of victims are not being met.

[HCWS393]

## TRANSPORT

### Airport Expansion

**The Secretary of State for Transport (Heidi Alexander):** I wish to update the House on the Government's position regarding airport expansion and the transition to greener aviation.

The Government recognise that air connectivity plays a vital role in supporting economic growth across the country, contributing £14 billion to our GDP in 2023 and over 140,000 jobs across the UK in 2022.



However, capacity constraints are hindering the country's ability to reap the growth benefits of aviation. There is a particular capacity challenge in the south-east of England. Heathrow airport—the largest airport in Europe by passenger traffic, the most internationally connected airport in the world, and the UK's only hub airport—plays a critical role in enabling international connectivity for both passengers and freight. This supports productivity and economic growth. Around 75% of UK long-haul flights go from Heathrow and 60% of UK air freight goes through Heathrow. But Heathrow is running at nearly full capacity, which is limiting our potential to compete with major European hubs and holding back growth.

Tackling capacity constraints at Heathrow airport could unlock growth benefits that a world-class aviation sector can provide. That is why the Government support and are inviting proposals for a third runway at Heathrow, to be brought forward by the summer.

Expansion could inject billions into our economy, create over 100,000 extra jobs, strengthen Heathrow's status as a global passenger and air freight hub, and deliver major benefits for passengers, including lower fares and reduced delays.

Once proposals have been received, the Government will move at speed to review the airports national policy statement (ANPS), which provides the basis for decision making on granting development consent for a new runway at Heathrow. Any scheme must be delivered in line with the UK's legal, climate and environmental obligations.

The Government are committed to ensuring that the economic benefits of airport expansions are delivered in a way that considers and addresses environmental and social responsibilities. We are already making great strides in transitioning to greener aviation. Earlier this month, the SAF mandate became law, requiring 2% of this year's aviation fuel supply to be from sustainable sources, with the targets reaching 10% in 2030 and 22% in 2040. SAF is one of the key measures required to reach net zero emissions from aviation by 2050; it reduces greenhouse gas emissions by around 70%, on average, when replacing fossil kerosene—jet fuel.

Today, I am pleased to announce that we will invest £63 million over the next year for the advanced fuels fund, supporting SAF producers across the UK, including in areas such as Teesside. We have also published today the Government's response to the consultation on a revenue certainty mechanism (RCM), which, once implemented, will encourage investment into the nascent UK SAF industry. Next steps on the RCM will be set out imminently.

Taken together, our SAF commitments will support thousands of jobs, bring down our transport emissions, support our energy security and make the UK a clean energy superpower.

[HCWS397]

## WORK AND PENSIONS

### Welfare Cap Breach Response

**The Secretary of State for Work and Pensions (Liz Kendall):** The Office for Budget Responsibility has made a formal assessment that the previous Government's welfare cap and margin for 2024-25 is on course to be

exceeded by £8.6 billion and is therefore not met. Under the terms of the charter for budget responsibility, I am required to lay a paper before the House proposing measures to reduce spending to within the level of the cap or to explain why the breach is considered justified.

The forecast breach, due in particular to expected higher expenditure on universal credit and disability benefits, is unavoidable given the inheritance from the last Government.

The likely scale of the eventual breach has been known since March 2023. No action was taken by the previous Administration to avoid it. While this Government have already shown that they will not shy away from difficult decisions, this breach could only have been addressed through implementing immediate and severe cuts to welfare spending. This would not have been the right course of action.

The forecast breach underlines the previous Government's failure to control welfare spending and failure to bring forward genuine reform to get more people into work. It is a result of the previous Government's legacy of low growth and high inflation, which is driving the cost of living crisis felt by so many. Additionally, growing levels of economic inactivity, exacerbated by the pandemic but never gripped by the last Government, have led to a higher-than-forecast rise in benefit spending, particularly on universal credit and disability benefits. It is a symptom of a failed approach to employment support and a broken health and disability benefits system that does not incentivise or support people who could work into work and is not geared up to deal with the fact we are an older, less healthy nation. It is also a symptom of previous failures to think across public services and to establish shared goals across health, training and skills and social security.

The UK is the only G7 country whose employment rate has not returned to pre-pandemic levels. A total of 2.8 million people are locked out of the workforce due to poor health. Millions are stuck in low-paid, insecure work. Some 420,000 more households are predicted to claim universal credit health benefits by the end of the decade, increasing from a third to a half of all universal credit claims. Nearly one in eight of all our young people are not in education, employment or training. All of this has contributed to a higher welfare bill and the breach of the welfare cap.

It is not just the economic cost of this failure that is unacceptable, but also the human cost to individuals and communities denied the opportunity to improve their living standards through work.

That is why, with our ambition to achieve an 80% employment rate, we are delivering radical reforms to drive up employment and living standards, getting a grip of the benefits bill and making the system fairer.

Our "Get Britain Working" White Paper is transforming the DWP from a Department for welfare into a Department for work and devolving funding and powers to mayors and local leaders to drive down economic inactivity in their areas.

In the spring, we will bring forward a Green Paper on reforming the health and disability benefits system to put spend on a sustainable footing and ensure disabled people and those with health conditions have the same rights as everybody else, including the right to work. We

will shift the focus to early intervention to support people into work and respond to the complex and fluctuating nature of today's health conditions.

Alongside these radical reforms, we are also bringing forward the biggest welfare fraud and error package in recent history, including our new, recently announced powers to identify, prevent and deter fraud in the welfare system.

Our welfare system does not exist in isolation. Much of the increase in welfare spending is influenced by wider policies such as health, housing and education. For this reason, my Department will be working across Departments to deliver our key goals, including creating a more sustainable welfare system.

The new charter for budget responsibility establishes a new welfare cap for this Parliament and the Department will, later this year, also publish a new annual report on welfare spending, which sets out the Department's plan to ensure welfare spending is on a sustainable path as well as progress against the cap.

This Government are committed to working more closely between Departments on common goals, particularly supporting people into work, safeguarding taxpayers' money and delivering value for money for every pound, which is why we are building a fairer and more sustainable social security system.

[HCWS398]





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**Pavement Parking [Col. 328]**

*Motion for leave to bring in a Bill—(Marsha De Cordova)—agreed to*  
*Bill presented, and read the First time*

**Arbitration Bill [Lords] [Col. 331]**

*Motion for Second Reading—(Sir Nicholas Dakin)—agreed to*  
*Read a Second time*

**Charter for Budget Responsibility [Col. 344]**

*Motion—(Darren Jones)—agreed to*

**Welfare Cap [Col. 364]**

*Motion—(Alison McGovern)—agreed to*

**A432 Badminton Road Bridge [Col. 388]**

*Debate on motion for Adjournment*

**Westminster Hall**

**Outsourcing: Government Departments [Col. 109WH]**

**Youth Mobility Scheme: EU [Col. 134WH]**

**Rural Housing Targets [Col. 143WH]**

**Cadet Forces [Col. 167WH]**

**Road Safety: Schools [Col. 175WH]**

*General Debates*

**Written Statements [Col. 9WS]**

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