

Backbench Business Committee

Representations: Backbench Business

Tuesday 16 October 2018

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Watch the meeting

Members present: Ian Mearns (Chair); Bob Blackman; Patricia Gibson; Nigel Mills; Alex Sobel; Mr William Wragg.

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Representations made

[I](#): Bob Blackman

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[III](#): Mike Wood and Ruth Smeeth

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Bob Blackman made representations.

Q1 **Chair:** Good afternoon and welcome to the Backbench Business Committee. We have four applications in front of us, of which the first is for a debate on settling the debt owed to victims of the Equitable Life scandal. Bob Blackman, over to you.

Bob Blackman: Thank you, Chair, and thank you, members of the Committee, for listening to this application.

I co-chair the all-party parliamentary group for justice for Equitable Life policyholders. My co-chair, Fabian Hamilton, sits on the Labour Front Bench, so unfortunately he cannot present the application with me. Layla Moran and Jim Shannon also send their apologies, although they may join us later.

This is a unique case, in which the regulator, the company involved—Equitable Life—and the Government connived to prevent people who had saved towards their pensions from getting justice. It was a Ponzi scheme: the elderly were encouraged to pay into pension schemes by people who knew that the total amount to be paid out would never be covered by what was coming in.

EMAG, the group that supports Equitable Life policyholders, challenged the Government through the courts and eventually secured a report from the parliamentary ombudsman, which condemned the Government, the regulator and Equitable Life. I have to say that Equitable Life has changed dramatically since those days.

On their election in 2010, the then Government decided to compensate the people who had suffered. The then Chancellor, George Osborne, accepted that the total bill for what was owed to policyholders was £4.3 billion. He later corrected that figure to £4.1 billion after checking, but the Government only allocated £1.5 billion.

Three sets of policyholders are involved. The first is the trapped pre-1992 annuitants; it is alleged by the Government that although those individuals could not have known about the con that was going on, they do not qualify for compensation. A second set of annuitants was given 100% compensation. However, the vast majority of those who suffered as a result of the scam got 22.4% of their losses.

We have had a series of debates about the matter in each Parliament, and in each debate Parliament has passed a motion that full compensation should be provided to all policyholders who lost out under the scheme. This is a request for such a debate. The then Government decided that because of the state of the economy and the public finances, they could not provide full compensation. However, public spending is now much better under control. It is therefore right that we give full consideration to those who have suffered losses under the scheme.



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I invite the Committee to allow us to have this debate. Once again, I reiterate our position. Things have changed dramatically over the years. One thing that has changed is that the APPG now has 237 members, many of whom are Labour Members elected in 2015 or 2017, who do not bear the legacy of the past and are therefore very supportive of the principle involved.

I believe there will be a voting majority in the House for full compensation for policyholders. I want to give the Government the opportunity to provide that compensation, but if not, we will force it.

- Q2 **Mr Wragg:** Thank you, Mr Blackman, for your application on this very worthy subject. I notice that two of the Conservative Members on your comprehensive list of speakers have been elevated to the dizzying heights of Parliamentary Private Secretary: Mr Masterton and Mr Graham. Have those names been removed?

Bob Blackman: They will be. This application started during the summer recess, before those individuals were promoted to their current positions.

Mr Wragg: Thank you.

- Q3 **Chair:** Bob, as we know, Chamber time is at a premium, and we are not likely to get any until possibly the week of the mini-recess in November. If we were offered the Tuesday of that week, would you accept that?

Bob Blackman: Most certainly. I am sure we would have plenty of people wanting to speak.

- Q4 **Chair:** If we could not offer you that, would you take Westminster Hall?

Bob Blackman: No, this needs to be a resolution of the House.

- Q5 **Chair:** Is there any particular time sensitivity?

Bob Blackman: Obviously, I would be delighted if the Chancellor stood up on 29 October and announced that this is no longer required. However, I am not that confident that he will do so, so we will need to encourage him.

- Q6 **Patricia Gibson:** Even with the removal of the one or two individuals William referred to, three hours does not seem very long for the considerable number of speakers you have. I know Chamber time is very short, but given the seriousness of the case you have made, did you consider applying for a six-hour debate?

Bob Blackman: I know from my experience of this Committee how difficult it is to get Chamber time, which is why we have a waiting list for applications. We are being appropriately modest in allowing three hours to explore the subject and give as many colleagues as possible the chance to put their case on the record. I am sure many people will want to put their constituents' problems on the record, particularly as more than 1 million people are covered by this scandal.

Chair: Thank you very much, Mr Blackman. Would you like to bring your nameplate and rejoin the Committee? I point out to the watching public

that Bob will not take part in any of the deliberations on his own application.

Lucy Powell, Robert Halfon and Mr William Wragg made representations.

Q7 **Chair:** The second application is for a debate on the sustainability of maintained nursery schools.

Lucy Powell: Thank you very much for hearing us. For those of you who do not know—the Chair is very familiar with them, as he represents some and is involved in the APPG—our maintained nursery schools are a very special and unique part of the early years ecosystem. They provide very high-quality early education, particularly supporting those with SEND and other high needs. Most of them are located in areas of very high deprivation—exactly where we need extra quality early education to narrow the attainment gaps that are already prevalent at the age of five.

There is a lot of cross-party support in Parliament and elsewhere for the maintained nursery school sector. We recently sent Ministers a letter about this issue signed by 75 Members of Parliament from across the parties—many Conservatives, as well as Labour Members and others.

The future of maintained nursery schools is in great jeopardy. The new early years funding formula, which was brought in three years ago, removed local authorities' power to give the extra quality precept that those nursery schools required. In recognition of that, the Government allocated £60 million of transitional funding for maintained nursery schools while they and we worked out what the sustainable future was going to be. That transitional funding will come to an end in the next financial year. Because the comprehensive spending review kept being kicked into the long grass due to elections and that kind of thing, there will now not be the crossover in timing that the maintained nursery schools need—that spending review will come after many of their budgetary decisions. We really need to put extra pressure on the Government about the future of maintained nursery schools.

Colleagues may be aware that there was a massively over-subscribed Westminster Hall debate on this subject last week. Colleagues keep stopping me in the corridor to ask what we are doing next. We have had a lot of media coverage—the issue has been covered by the “Today” programme, *The Observer* and *The Guardian*. It is gathering quite a lot of attention, but we need the opportunity to show Ministers that there is broad and deep cross-party support in the House so that they—we hope—bring forward some of the decisions that really cannot wait until next spring.

Robert Halfon: Lucy has said most of what needed to be said in terms of the policy. We often get into an argument of public or private, but this is a significant example of the state working in the way that it should, with 95% of nurseries being good or outstanding.

This application is backed by Members of all parties, including two former Education Ministers—myself and Tim Loughton. We have got Members of

the Education Committee also supporting this, and William is here on the platform with us.

The Government have indicated in a letter that they are listening. We need to use the debate, if we are granted it, as a part of the consultation process and also possibly to push through an open door, but we need to demonstrate that there is significant support from MPs from all parts of the House of Commons, if we are to get the Government to give the commitment of funds that the nursery sector needs.

Q8 Chair: William, would you like to add your two pennyworth?

Mr Wragg: Very briefly, Mr Chairman, if I may. I was pleased to add my name to the far more estimable characters who have backed this debate, as Rob alluded to. To draw on the experience that I have had within Stockport of the standalone nurseries there, they are excellent and quite often serve areas of high levels of deprivation.

I would emphasise the cross-party nature of the application and the fact that there was a very heavily subscribed debate in Westminster Hall last week. We would like to take this debate forward in the House to get it the greater attention that it deserves.

Q9 Alex Sobel: You've got 20 names. You've got two very prominent, esteemed Government-side Members with you, Lucy, but there are only three Government-side MPs listed, which obviously is not enough for a three-hour debate. Do you think you would be able to get more?

Lucy Powell: Yes, we just wanted to get in for last Thursday, because of timing and so on. Of the 75 MPs who co-signed the letter, for example, off the top of my head, more than 20 were from the Government side. There is a lot of support on the Government side for this. I can certainly get those names to you. How many names from the Government side do you normally need for that?

Alex Sobel: Five or six.

Lucy Powell: Yes, that's fine. I can get those to you later today. I just wanted to get this in last Thursday so that we could get here today.

Robert Halfon: There is no doubt in my mind that from our side of the House there is a lot of support for this.

Q10 Chair: You probably heard the line of questioning when Bob was in the hot seat. If we were able to allocate time in the week of the mini-recess—5 and 6 November—would you be able to accept that?

Lucy Powell: My daughter has an exam on the Tuesday, and I have half-promised her I would be there because it is a horrible pressure for her. If that is the case, I will let my daughter down, as usual. Otherwise, yes, whenever.

Q11 Chair: We've got debates already pre-allocated for the 18th. We have been told we are unlikely to get the 25th and, of course, 1 November,



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which is a Thursday, will be the end of the Budget debate, so we are not going to get that Thursday. It may well be a few weeks before we can actually allocate this.

Lucy Powell: There's a possibility there may be an announcement on this in the Budget, in which case we would come back to you at that stage if there is no longer the need for the debate, but we are assuming not, so we will take whenever you want to allocate.

Chair: All right. Thank you very much indeed.

Mike Wood and **Ruth Smeeth** made representations.

Q12 **Chair:** Moving swiftly on, the next application is from Mike Wood and Ruth Smeeth, on beer taxation and pubs. Mike, over to you, please.

Mike Wood: Thank you, Chair, and thank you, members of the Committee, for hearing this application. My apologies if I am a bit loose on the procedure; this is the first application that I have made to this Committee since I was elected three years ago.

I am appearing as chair of the all-party group on beer—which, as members of the Committee might know, is the largest APPG in Parliament—to ask for a debate on the Floor of the House on the broad system and levels of taxation around the brewing and the pub sectors. We clearly now expect this debate to take place after the Budget and so we want to address some of the longer-term issues facing the two sectors.

As Members will know, both industries are extremely important economically. It is calculated that, between them, they provide about £13 billion a year in revenue to the Treasury. They employ approaching 1 million people, across every single constituency in the country. Around half those employees are aged under 25, so the sector is also one of the largest providers of youth employment. These are not only holiday jobs or casual jobs or zero-hours contracts. Our pubs and breweries offer an almost unparalleled opportunity for young people to progress into successful careers at a very early age.

I had the pleasure of helping to judge the Young Pub Chef of the Year competition, which the APPG co-sponsored, at the start of this year. A number of the entries were from chefs who run their own pubs. With very little capital, they were now running multimillion-pound businesses before the age of 25. In terms of the opportunities available from beer and pubs, it goes a long way beyond what people would recognise as bar jobs.

There is also, of course, the community contribution that our pubs in particular make. Brewing has had a comparatively successful few years. Although overall beer consumption is down nationwide, the number of breweries has almost exploded over the last couple of decades, supported by the small breweries relief scheme introduced by the last Labour Government. The picture for pubs has been much more difficult in recent years. Many, many pubs are closing every year. We are still looking at several hundred closing since the summer recess. At the root of a lot of



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the problems facing the sector, and one of the reasons why the smaller brewers are not expanding as quickly as we might hope, and why so many of these pubs are finding themselves closing their doors for good, is the way that they are taxed and the levels at which they are taxed.

Both sectors are taxed at far higher levels than in most other major European countries and most other comparable developed countries. While a lot of the focus is around the headline rate on beer duty, what is increasingly becoming apparent is the problems with business rates, and the way that business rates are calculated differently for pubs, restaurants and other hospitality businesses than for most other businesses.

We want the debate to focus on, first, the levels of beer duty and, secondly, how much pubs have to contribute through business rates. Both are extremely topical issues and will remain topical whatever is announced in the Budget on 29 October. As you may have seen in the last week, there has been national press on both issues, ranging from the *Daily Star* to *The Observer* and more or less every type of newspaper in between. Some 105,000 people have now signed the Long Live the Local petition, which calls for reductions in taxation on UK pubs, and nearly 44,000 of those have now emailed their Member of Parliament saying that they want the issues addressed.

We have applied for a half-day debate, and we have little doubt that we could comfortably fill the full-day debate, based on our experience last year, when more than 30 Members spoke on a similar topic in Westminster Hall shortly before last year's Budget. The discussion we have had so far indicates that we would be likely to have more than that wishing to speak in a debate on the Floor of the House, depending on dates and timings.

Q13 Chair: In terms of Chamber time, we would give precedence to an application that had a votable motion, and you don't have a votable motion. What do you want the Government to do?

Mike Wood: There are four main issues that we would like the Government to address. The first is to introduce a freeze on beer duty for the remainder of this Parliament. The second is to commence a review of the business rates system to give a fairer deal to pubs and hospitality. The third is to address the issue of small breweries relief and its market-distorting effects. While there are different views on that issue, I think the best place to settle those discussions is on the Floor of the House. Finally, we want the Government to now start considering beer and pubs—one of the biggest employers in the country—from the perspective of the Brexit negotiations and the opportunities that are offered after Brexit, such as to restructure beer duty in particular to offer greater support for community pubs by offering them potentially a differential rate of duty, so that they pay less tax than on beer sold through supermarkets, to recognise the particular social and employment contribution that is only provided through pubs and bars.

Q14 Chair: Thank you. Ruth?



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Ruth Smeeth: I will keep it short and sweet and focus on the relevance to all of us and our constituencies and why this is so incredibly important. I have over 800 people in my constituency employed directly in pubs, and I have 71 pubs. My constituency would be typical of most of ours, in terms of the importance and the relevance to our local economy—not only the financial economy, but our cultural economy. The other part that is incredibly relevant, as we look to Brexit, is that in the city of Stoke-on-Trent, my brewer and my pubs pay more in taxation than Amazon UK. The idea that one city's contribution to the Exchequer is more than one company's is extraordinary. This is both timely, as we look at taxation and regulatory models post-Brexit, and important, but I also think that there is demand. We saw it last year, but we continue to see it every day. I have just left the parliamentary launch of Long Live the Local, and there was a queue of MPs waiting to have their photo taken. It is an important part of who we are and of our local communities and I think everyone will want to make that argument.

Q15 **Chair:** You are a bit short on potential speakers.

Ruth Smeeth: We won't be.

Mike Wood: We certainly won't be. I can provide that this afternoon.

Q16 **Chair:** You need to add to the list.

Ruth Smeeth: Okay. We will send them over.

Chair: You have outlined what you want the Government to do, Mike; if you could turn that into a substantive motion, we could put that before the House and have a vote on it.

Q17 **Nigel Mills:** Did you say there was a petition that had now got over 100,000 signatures?

Mike Wood: It is not a House of Commons petition. It is the petition organised by the Long Live the Local campaign, and 105,000 people have signed, of which nearly 44,000 have as a result also emailed their Members of Parliament on that issue.

Nigel Mills: So you are not expecting a Petitions Committee-led debate on the same thing.

Q18 **Patricia Gibson:** You're talking about taxation in pubs. Does that mean that this is time-sensitive before the Budget?

Ruth Smeeth: Ideally, it would be a debate that we would have before the Budget, but we appreciate that that is impossible. This is an ongoing issue that we have every year. One of the main arguments with Government is looking for a long-term solution to these issues—as opposed to going cap-in-hand about the price of beer just before every Budget. It is about looking for a proper review of the regulatory and taxation framework around the industry.

Mike Wood: We did request a Westminster Hall debate, but the Speaker chose not to allocate the time before the Budget for such debates. As



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Ruth says, this will allow us to address the longer-term issues, separate from particular Budget fiscal decisions. There are some big questions that Members need to address, and there is widespread interest across all parts of the House.

Ruth Smeeth: And it is really starting to have a knock-on effect on the sector, which is one of the biggest aspects of tourism in Britain and which is a huge part of our identity. The sector is now starting to struggle again, having started to thrive.

Chair: So the Speaker turned you down for a debate? What would they think about that in The Dog and Duck? Thank you very much.

Andy Slaughter made representations.

Q19 **Chair:** Last up this afternoon is Mr Andy Slaughter with an application on the future of legal aid. Andy, over to you.

Andy Slaughter: Thank you very much, Chair. I was meant to come here as the able assistant of Alistair Carmichael; I thought the Urgent Question in the House was ending, but he is still stuck in that—he sends his apologies.

This is perhaps no surprise, but you will see that we have gathered a long list of supporters—I think there are 27—in a very short time and from, I think, five parties. This is always a popular topic; I venture to suggest that that is probably because Members feel the impact of this. I don't know about members of this Committee, but probably half the cases in my surgery now involve people who 10 years ago would have been getting Green Form, Early Help or other forms of legal or quasi-legal advice under legal aid or related schemes, who now find it very difficult to do so.

There are two aspects to the topicality. We are expecting the LASPO review—the Legal Aid Act review, five years after enactment—to report within the next couple of months. Specifically, there is something called Justice Week, which is sponsored by the professions but is basically about promoting public legal education and pro bono work and the need for legal aid and advice, and which begins on 29 October. I realise that is Budget week, so we are looking for any time you have available during that week, or as close to it as possible, ideally in the Chamber and for long as possible, because there is always a lot of demand. However, we will take what we are given, because we're more interested in it being somewhat time-sensitive.

There are very active APPGs on this issue. Karen Buck chairs the all-party group on legal aid, for which I am the vice-chair. I think that Alex Chalk, who I'm sure will want to take part, still chairs the public legal education and pro bono group. They both had extensive Members from all parties—I have no problem saying that it will be an oversubscribed debate. As I say, we will take whatever time is available.

I don't know if I need to say much more about the issue; it is probably pretty familiar to people. There are a number of issues. One is about eligibility for financial assistance, which goes across into criminal legal aid



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as well. Another is around family legal aid and the big delays and inequalities of arms in the family courts. Probably the most pressing is around social welfare legal aid, which is the whole raft of housing, education, immigration, benefits, debt and so forth—the bread and butter of the legal aid system. In some cases, we now have such advice deserts that there may be only one solicitor who offers that service in a whole county.

I do not feel that I need to say much more about this issue, because I suspect all Members have had this experience either through lobbying from the professions and other interests or, more likely, from constituents who are looking for places to go.

Q20 **Chair:** You are very short on Government Members.

Andy Slaughter: We are; I noted that. I think that is just because of the speed of putting this application together. We have got a lot of people to sign up. I genuinely do not anticipate a difficulty in that, because I know the activity of Government Members in the APPGs and so on.

Q21 **Mr Wragg:** You mentioned Alex Chalk. Of course he is a PPS so he could not appear on the application, but he will probably be happy to speak.

Andy Slaughter: Yes.

Q22 **Chair:** The one thing I would say is that we are very short of time. On the week beginning 29 October there might be a possibility of a Westminster Hall debate, but that is all we would be able to offer because that is Budget week.

Andy Slaughter: Obviously, there is no Chamber time that week. If you have got Westminster Hall time that week, one-and-a-half hours would not really do justice to the demand, but we would take it because of the timeliness. Ideally, we would be looking for a longer slot soon after that.

Q23 **Chair:** It would more likely be after the November recess.

Andy Slaughter: If that is the case, so be it.

Chair: Thank you very much indeed. That concludes our public deliberations. We will now go into private session.