Tackling Fraud and Preventing Government Waste

12:49:00

Rachel Reeves (Leeds West) (Lab)

I beg to move,

That this House agrees with the remarks of Lord Agnew of Oulton in his resignation letter that the Governmentâ€™s record on tackling fraud is lamentable; recognises the vast amount of taxpayersâ€™ money that has been lost to waste and fraud since the start of the coronavirus pandemic, including the estimated Â£4.3 billion recently written off from Treasury-backed Covid business support schemes; notes the Governmentâ€™s unacceptable record of poor procurement over the last decade, including Â£13 billion wasted on defence projects; further notes the warnings the Chancellor received in 2020 regarding the serious weaknesses allowing for public funds to be diverted to criminal enterprises; calls on the Government to set out a strategy to recover all taxpayersâ€™ money obtained by criminal groups and to fully engage with a thorough National Crime Agency investigation into all issues related to the fraudulent exploitation of the covid-19 support schemes; and further calls on the Chancellor of the Exchequer to make a statement to this House before 31 March 2022 detailing how much taxpayersâ€™ money has been successfully retrieved.

Millions across our country are facing a cost of living crisis, but while many are worried about soaring energy and food bills, the Government are preparing to hike taxes for working people and businesses. It will be the biggest tax burden in 70 years, yet while the Government are delving into peopleâ€™s pockets for their hard-earned cash with one hand, they are throwing it away with the other. With endemic waste and fraud, taxpayersâ€™ money is being poured down the drain. We see billions of pounds of waste on vanity projects, crony contracts and poor procurement. Basic checks and measures on who was handed covid support are completely ignored. We have had Â£4.3 billion in fraud written off by the Chancellorâ€”that is a third of the tax hike that the Conservatives are about to impose on working people and the businesses that employ them.

The truth is, that is only the tip of the iceberg. That is why Labour has brought this motion before the House, calling on the Government to come back by 31 March with a clear answer on the true extent of fraud in their covid support schemes and to report back on how much taxpayersâ€™ money has been clawed back from the criminals. It is because the Chancellor has lost a gripâ€”and he seems to have fled the sceneâ€”that the motion calls on the Government to allow the National Crime Agency full access to investigate all aspects of fraud within covid support, not just the mere 13 cases that the Chancellor suggested they are looking at.

Dame Angela Eagle (Wallasey) (Lab)

Was my hon. Friend as surprised as me not only by the terms with which Lord Agnew, the Minister in the Lords, resignedâ€”the â€œschoolboy errorsâ€ madeâ€”but to learn that the National Crime Agency was shooed away by the Treasury when it offered help to try to get back some of the fraudulently taken money?

Rachel Reeves

It was nice to see a Government Minister with a bit of integrity doing the right thing and resigning because of the errors that the Government are making.

Let us look at the details. On 12 January, the following details were published on gov.uk: Â£5.8 billion of fraud, withâ€”yesâ€”Â£500 million already retrieved and up to Â£1 billion to be clawed back by the end of 2023. That leaves an outstanding Â£4.3 billion of fraud written off by the Government. The grants number refers to the assessment of the losses made by Her Majestyâ€™s Revenue and Customs from just three schemes: the coronavirus job retention scheme, which was Â£5.3 billion; the self-employment income support scheme, which was Â£493 million; and eat out to help out, which was Â£71 million. That fraud adds up to a combined Â£5.8 billion. In addition, page 121 of the Department for Business, Energy and Industrial Strategyâ€™s annual report states that bounce back loan fraud is estimated to be 11% of the total. When the Minister comes to the Dispatch Box, will he tell us whether he recognises those figures? Does he understand what an affront that is to taxpayers and to those who were excluded from Government support during the pandemic?

Catherine West (Hornsey and Wood Green) (Lab)

The shadow Chancellor is making an excellent speech. Does she agree that not only is it a disgrace to write off all those billions, but, to add insult to injury, working people will have to pay for that with the national insurance tax rise and through a lack of help on energy bills, which is another worry for households all around the country?

Rachel Reeves

My hon. Friend is exactly right. The Government say that they need to raise taxes to fund public services, and yet at the same time they are writing off billions of pounds-worth of taxpayersâ€™ money. That is why I say it is an affront to taxpayers and to all those businesses who were excluded from Government support when they most needed it. They now know that criminals got their hands on the money while genuine businesses and self-employed people could not get a penny.

Dame Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op)

Given the rate of return for every pound spent by HMRC in compliance, is my hon. Friend puzzled about why money is not being invested to get back furlough fraud?

Rachel Reeves

My hon. Friend is absolutely right that it is good value for money to invest in HMRC to get that money back, but the truth is that it did not need to be like this in the first place. The Government could have avoided these enormous levels of waste and fraud, but they set up the covid support scheme without proper checks and balances. It is not beyond the wit of Government to direct money where it is needed without giving it to organised criminals and fraudsters. It is incredible that the Government were dishing out lump sums of Â£50,000 to businesses that were not even trading at the start of the pandemic. It just does not make any sense. The Treasury did not even require checks with Her Majestyâ€™s Revenue and Customs to see that self-certifying businesses had made a tax return as proof that they were genuine. What on earth was going on in Government? Those checks take just a matter of minutes. The result of those failures was that criminals created fake companies to receive public money and that is a disgrace.

Stephanie Peacock (Barnsley East) (Lab)

My hon. Friend the shadow Chancellor is making an incredibly powerful speech on the eye-watering sums that have been wasted by this Government. The amount of funding that has been lost in Barnsley since 2018 is Â£30 million. In that context, is it not outrageous that the Chancellor, who cannot even be bothered to turn up today, has wasted so much public money?

Rachel Reeves

As an hon. Member mentioned earlier today, this morning was the first we had seen of the Chancellor at the Dispatch Box since the beginning of Decemberâ€”perhaps we were lucky to see him today.

Disturbing reports of court cases are now emerging. They reveal how an organised crime leader, with no less than 48 previous criminal convictions, was handed Â£50,000 of taxpayersâ€™ money. If only that were a one-off case. The same judge had seen, two months prior, a case where a drugs gang had been given a Â£25,000 Treasury bounce back loan. Well, good for them to bounce back! What about those who were excluded?

Emma Hardy (Kingston upon Hull West and Hessle) (Lab)

I thank my hon. Friend for making an incredible speech. What we cannot forget are the stories we have heard, like the one from a woman in my constituency who had set up a business as a driving instructor. The rules the Government set meant that she was entitled to no compensation and no support whatever. She was left with no income and had to rely on food banks. As my hon. Friend says, at the same time that drug barons were being given taxpayersâ€™ money, people in my constituency were given absolutely nothing and were forced to rely on charity. It is a disgrace.

Rachel Reeves

My hon. Friend speaks powerfully. I would like the Minister to explain, at the Dispatch Box, why drugs gangs got tens of thousands of pounds of taxpayersâ€™ money when my hon. Friendâ€™s constituents could not get a penny.

The Chancellor and other Ministers were warned repeatedly about the risk of fraud. In June 2020, the Chancellor was advised by the Fraud Advisory Panel, Transparency International, Spotlight on Corruption and the former director of the Serious Fraud Office that there were

â€œserious weaknesses that enable fraudsters and corrupt insiders to exploit the bounce back loan scheme and the covid business interruption loan scheme.â€

and that that would create a â€œrisk to the taxpayerâ€. They offered to provide the Chancellor with information, advice and support to improve the control of the funds, yet it seems the Government were not interested in that advice.

Richard Fuller (North East Bedfordshire) (Con)

Stripping away the political rhetoric, the hon. Lady is making some very serious points for the Government to consider. However, on reflection, does she now think it was wrong for her Labour colleagues in 2021 to call so readily for the Government to use taxpayersâ€™ money to support GFG Alliance, which was subsequently investigated by the Serious Fraud Office?

Rachel Reeves

I understand that MPs want to represent businesses employing people in their constituencies, but it is the role of the Chancellor and the Government to make sure that money goes only to people who deserve it, not fraudsters. The hon. Gentleman was a member of the Business, Energy and Industrial Strategy Committee, which I chaired. The Committee did ask the Government to get money to businesses that needed it, like those mentioned by Labour Members, but basic checks that could have been done in a matter of minutes were not done. He will know, because of this Governmentâ€™s tax rises and the increase in energy prices, that an average household in his constituency will, from April, be Â£1,378 worse off.

Kim Johnson (Liverpool, Riverside) (Lab)

Does my hon. Friend agree that the Â£4.3 billion that has been written off is a disgrace, given that the austerity that local authorities have suffered over the past 12 years has had a major impact on the people they serve and our communities?

Rachel Reeves

My hon. Friend makes an important point. Her council in Liverpool and all our councils have lost money, and this Government are handing it out to criminals. Billions of pounds of taxpayersâ€™ money has been written off, but it was not the Chancellorâ€™s money to write off; it is the publicâ€™s. The Government have clearly lost their grip. We must restore faith and confidence in how taxpayersâ€™ money is spent.

We have a National Crime Agency in our country for a reason: to tackle serious and organised crime. It should be the National Crime Agency that the Government ring first on such occasions, but instead there are reports that they do not even want it to look into the matter. The Chancellor said earlier that just 13 cases are being looked at by the National Crime Agency. That is why Labour has brought our motion to the House today: to call on the Government not only to come back by 31 March with a clear answer about how much of their money has been clawed back from criminals, but to allow the National Crime Agency full access to investigate all aspects of fraud within covid support. The Government should not be resisting any effort whatever to retrieve taxpayersâ€™ money and to hold people responsible. We need to know how it is so easy for organised criminals to steal from right under the Treasuryâ€™s nose.

Kevin Hollinrake (Thirsk and Malton) (Con)

As a point of correction, the hon. Lady says that the Chancellor said that only 13 cases were being looked into by the National Crime Agency, but what he said was that 13 people have been arrested. Many more cases have been looked into.

I think the hon. Lady is in danger of missing the point. Lord Agnew actually said that the Government did a very good job of rolling out the schemes; his problems were with the checks and balances afterwards on banks drawing on the guarantee. Two banks were responsible for 81% of claims on the guarantee. That is where our attention should be focused: what are the banks doing about getting the money back?

Rachel Reeves

Lord Agnew did not resign from the board of a bank; he resigned as a Government Minister because of

â€œschoolboy errorsâ€¦indolence and ignorance.â€â€”[Official Report, House of Lords, 24 January 2022; Vol. 818, c. 20-21.]

How does the hon. Gentleman explain to constituents in Thirsk and Malton that they will be Â£1,175 worse off in April because of the energy price hike and the tax increases from this Government, who all the while are giving money away to criminals? That is why Labour has brought our motion to the House.

Fleur Anderson (Putney) (Lab)

The shadow Chancellor is giving an excellent speech exposing the systemic problems with the Governmentâ€™s schemes. Does she share my concern that the emergency procurement procedures and the crony contracts given out for personal protective equipment meant that Â£280 million-worth of substandard masks were contracted for, with Â£100 million on unusable gowns and Â£200 million to Conservative party friends and donors, yet those shady and untransparent emergency procurement procedures are still being used?

Rachel Reeves

My hon. Friend is absolutely right. What we are talking about would be appalling even if it were a one-off example of waste, but it has become the hallmark of this Government that they waste money and treat taxpayersâ€™ cash with a lack of respect: Â£13 billion was wasted on failed defence procurements, including Â£4.8 billion of taxpayersâ€™ money handed out for cancelled contracts. If that waste of public money had been avoided, more money would surely have been available for our armed forces, whose budget was cut by the Chancellor in October.

As my hon. Friend says, that just scratches the surface. Some Â£3.5 billion went on crony contracts, Â£300,000 went from the levelling-up fund to save a Tory peerâ€™s driveway and Â£500,000 went on the Foreign Secretaryâ€™s flight to Australia, ignoring her own advice from 2009:

â€œEvery public sector worker should feel personal responsibility for the money they spend and the money they save. They should spend taxpayersâ€™ money with at least the care they would give to their own.â€

I do not know what care the Foreign Secretary gives to her own money, but I would not spend Â£500,000 of taxpayersâ€™ money like that. Some Â£900,000 was spent on working out whether a bridge between Scotland and Northern Ireland was remotely viable and cost-effective. I could have given that advice for nothing.

It all adds up to a total disrespect for taxpayersâ€™ moneyâ€”and it all matters, because if a Government Minister wastes money by letting it slip through the net into the hands of fraudsters and wastes huge sums of taxpayersâ€™ money on vanity projects, they have to raise taxes to find the money. The fact that taxes are at a 70-year high is the other side of the coin from the waste that we are talking about. With one hand, the Government raise taxes; with the other, they throw away taxpayersâ€™ money.

Labour would treat taxpayersâ€™ money with respect. We care about value for money because we respect taxpayers and we respect our public services, which have been starved of funds by 12 years of Conservative Governments. We want to break our economy out of the cycle of low growth and high taxes. We will build a stronger economy, in which prosperity and security are enjoyed all across our country. That is why we will tax fairly, spend wisely and get our economy firing on all cylinders. People are facing a cost of living crisis. Labourâ€™s answer is not to dip into their pockets even more or waste their money on vanity projects or fraud. As the Conservatives ask families and businesses to pay even more, the very least the Government can do is try to get their stolen money back. That is why I urge all Members to support the motion.

13:05:00

The Paymaster General (Michael Ellis)

This is a Government who have been relentless in their efforts to protect lives and livelihoods throughout the pandemic, taking unprecedented steps to see the country through what have been difficult times for us all. It goes without saying that we took and continue to take our responsibilities to taxpayers extremely seriously. They rely on us to make decisions on their behalf in their best interests, and that is exactly what we do. As a Government, we have been consistent in doing exactly that, acting, in the words of the Chief Secretary, â€œquickly, effectively and responsiblyâ€.

Michael Ellis

I will just make some progress.

I am sorry that Lord Agnew chose to resign from his position as a Minister in the Treasury and in the Cabinet Office, and I want to take this opportunity to thank him very much for the important work he did while he was in government. The Government have been working to achieve better quality government for citizens, with relentless focus on outcomes, ensuring every Â£1 of taxpayersâ€™ money is spent well; ensuring policy making reflects the communities we serve through, for example, the movement of civil service jobs away from London to Darlington, Stoke, Preston and elsewhere; driving the post-Brexit procurement rules reform to make procurement more transparent, provide better services to citizens and deliver social value; and procuring ventilators at the beginning of the pandemic. We have focused on value for money and supporting the taxpayer.

Andy McDonald (Middlesbrough) (Lab)

The Minister is talking about good stewardship of public money, but was he as concerned as I was to read in the press that, under the Tory Tees Valley Mayor, the public share of the joint venture to develop and secure major industrial opportunities, which has had tens of millions of pounds of taxpayersâ€™ money invested in it, has been transferred to JC Musgrave Capital and Northern Land Management? Does that not raise major questions about how public moneys have been spent? Does he agree that, given wider concerns about governance and the vested interests of political donors, what is needed is an independent inquiry into the governance of the Tees Valley Combined Authority and the South Tees Development Corporation?

Michael Ellis

What I do know is that Ben Houchen is an excellent Mayor and Labour wishes that it had mayors like him.

Fraud is unacceptable wherever and however it is perpetrated. The Government remain determined to stamp it out. I can say that as a Minister and a former Attorney General, and as someone who prosecuted such cases in an earlier lifeâ€”

Michael Ellis

I will make a little progress, if I may.

As the House will be aware, since March 2020, the Government have delivered a comprehensive multi-billion pound package to support households and businesses. Before I turn to specific measures that we are taking and have taken to combat fraud, it is worth reminding ourselves of three key facts. First, with regard to the covid schemes that we introduced, the vast majority of people did the right thing. They understood what the schemes were for and accessed them in a way that was wholly appropriate. Secondly, this was a once-in-a-generation event and I ask the House to accept that. Businesses were on the brink of collapse. They needed support really quicklyâ€”something that the Labour party understood and Labour Members were screaming about at the time. We were able to deliver that support, and to do so properly, in record time and in a way that the world was envious of.

Thirdly, the support worked. Many thousands of jobs were saved, and today we have a thriving labour market, with record low unemployment, the economy returning to its pre-pandemic size faster than expected, and you know what, Mr Speakerâ€”the fastest-growing economy in the G7.

Alexander Stafford (Rother Valley) (Con)

Clearly, the Government have given unprecedented levels of support to people, especially those in Rother Valley. So would the Minister condemn, as I condemn, Labour-run Rotherham Council, which handed back millions of pounds of discretionary funding to the Government because it could not get the money distributed fast enough? That is a waste of taxpayersâ€™ money and giving the money back to the Government was a scandal.

Michael Ellis

That is a very peculiar happenstance that my hon. Friend rightly mentions. Other local authorities around the country made good use of that generous provision, and I think Rotherham have questions to answer.

Nick Smith (Blaenau Gwent) (Lab)

On Lord Agnew of Oulton, who resigned over the fraudulent covid business loans, the good, decent Lord said that there was â€œzippo of detailâ€ on how the Government plan to deal with the issue of business loans. Can the Minister say how the Government will claw back the Â£77 million loss on the eat out to help out scheme from the missing Chancellor?

Michael Ellis

If the hon. Gentleman will allow me to make some progress, he may hear about what the Government have been doing, and will continue to do.

The Governmentâ€™s priority at the time was to get financial support to businesses. That was the alpha and omega of everythingâ€”it was to get that financial support to businesses, and their employees by extension, and as quickly as possible, to protect jobs and livelihoods. In total, we made available over Â£100 billion of loans and grants to over 1 million businesses, through bounce back loans, the coronavirus business interruption loan scheme, the coronavirus large business interruption loan scheme, and business grants. There were myriad schemes that we were using.

Emma Hardy

The Ministerâ€™s defenceâ€”that this was a pandemic and the Government had to act quicklyâ€”does not seem to hold any water when we know that back in 2014 there were problems with Companies House. There were problems with international fraud and money laundering, and problems with how easily businesses could be set up through Companies House, yet the Government have dragged their feet; they have not taken action. That was years before the pandemic hit the United Kingdom. Had the Government taken action when they knew about the problems with Companies House, we probably would not be dealing with the amount of fraud that we are right now.

Michael Ellis

As it happens, we have given, as a Government, over Â£60 million to Companies House to continue its necessary reforms and we have undertaken myriad measures to prevent the problems that the hon. Lady refers to.

The first lockdown came into force on 23 March 2020. By 24 May, just a couple of months later, we had already paid out almost Â£28 billion in loans, rising to Â£80 billion by the time that the schemes closed on 31 March 2021â€”astronomical support.

Kevin Hollinrake

Much has been made of Lord Agnewâ€™s resignation and we should take his resignation points very seriously. We should also acknowledge that he described the bounce back loan scheme, in his resignation piece to the Financial Times, as an â€œimportant and successful interventionâ€. Is not his real point that we need to make sure that checks and balances have been followed by all banks who were given the responsibility of distributing these loans?

Michael Ellis

I agree with my hon. Friend on that, and also on Lord Agnew, who is a noble man and was an excellent Minister. The sheer volume of schemes introduced and the speed with which they were designed and implemented meant it simply was not possible at the time to prevent every instance of fraud and error, and I accept that. Howeverâ€”

Michael Ellis

I must make some progress. The measures that we implemented to minimise fraud and error were robust and comprehensive. Some Â£2.2 billion of what were deemed potentially fraudulent bounce back loan applications were blocked through up-front checksâ€”Â£2.2 billion that the Labour party has not said anything about. Lenders were required to make and maintain appropriate anti-fraud, anti-money laundering and â€œknow your customerâ€ checks. Specifically, they were required to use a reputable fraud bureau to screen against potential and known fraudsters and, if an application failed the lenderâ€™s fraud checks, the lender was unable to offer a loan.

There were measures in place: those lender checks, with the duplicate loan check, incorporation date check and change in director check that were put in place in the following months, were the most impactful of all the checks implemented. The minimum standards were agreed following consultation with PwC and lenders on what would have the biggest impact on preventing fraud while still meeting the policy objective of delivering finance quickly.

It is true that PwC originally estimated the extent of fraud relating to bounce back loans at Â£4.9 billion, but last December it revised that figure down to Â£3.3 billionâ€”so, as usual, the Labour party has its figures wrong. We will not be taking lectures from a party that, I seem to recall, left a multi-billion-pound black hole in the Defence budget the last time it was in government.

Dame Meg Hillier

I should just pick up on that point. As the Paymaster General knows, those figures are all still highly uncertain. Around Â£17 billionâ€”another highly uncertain figureâ€”of the Â£47 billion of loans may never be paid back. Some of that will be fraud and some because businesses have gone under. However, the key point is that he says checks and balances were put in place. He knows that was not the case: they were dropped for speed. We all lobbied for speed but, as my hon. Friend the Member for Leeds West (Rachel Reeves) said, it was the Treasuryâ€™s responsibility to ensure that the checks were in place. Why were 61% of loans by value out of the door before checks were introduced in June so that people could not apply twice? That is a simple thing, and the door was shut after the horse had bolted.

Michael Ellis

The hon. Lady has fairly said that she and others on the Opposition side did push for the Government to take action. They are right to accept thatâ€”and they were right to do so. This Government did take the precautions and, if we had waited any longer, businesses would have gone under. They would have gone down.

I suggest to the House that the news has been good in other ways too. In 2020, a National Audit Office report contained an estimate that as much as 60% of the sums lent might never be recovered. In fact, nearly 80% of the loans are being repaid or have already been repaid, and we are keeping up the pressure. For instance, we have given the Insolvency Service and Companies House new powers to prevent rogue company directors from escaping liability for their bounce back loans. So far, that has been used in respect ofâ€”

Dame Meg Hillier

On a point of order, Mr Speaker, I am reluctant to make a point of order in a debate, but it is important to reflect on what the Paymaster General has just said and he may wish to correct the impression that he gave. Those loans are 10-year loans, so it cannot be the case that 80% of them have been repaid at this point. He may want to look again at his notes and perhaps correct the impression he gave.

Mr Speaker

I think that is more a point of clarification than a point of order, but it is now on the record.

Michael Ellis

It is not worth answering that point, Mr Speaker.

As I said, we have given the Insolvency Service and Companies House new powers to prevent rogue company directors from escaping liability for their bounce back loans. So far, that has been used in respect of almost 62,000 companies holding loans worth Â£2.1 billion. We are giving the Insolvency Service new powers to disqualify rogue company directors and we have already introduced regulations that allow for greater scrutiny of pre-pack administrations.

Crucially, newspaper reports that the Treasury has written off Â£4.3 billion in fraudulent covid support payments are simply not true. The Â£4.3 billion is not a figure produced or recognised by HMRC. As the Chancellor of the Exchequer has said, we are notâ€”I repeat, notâ€”ignoring money relating to fraud in our covid support measures and we are definitely not writing it off. We were and remain determined to crack down on fraud wherever it arises. That is why, for instance, we invested more than Â£100 million in a taxpayer protection taskforce. At the March Budget last year, we created a taskforce of more than 1,200 HMRC staff to combat fraud in our coronavirus loan schemes. To hear the Opposition, they would deny the existence of those 1,200 staff, who are busy working away to combat fraud. The taskforce is expected to recover up to Â£1 billion from fraudulent or incorrect payments.

Richard Fuller

Can my hon. Friend take us back to the points that Lord Agnew made and clarify whether I have it correct? In putting out much-needed money, the Government relied on intermediaries, and therefore much of it went through the banking system. I think I heard Lord Agnew say in the other place that many of the issues related to two banks out of the seven. It looks to me that a lot of the concerns raised by Opposition Membersâ€”validlyâ€”relate to processes within some of the banks. Can my hon. Friend clarify whether I am right on that, and the Governmentâ€™s intentions regarding that?

Mr Speaker

May I suggest that there is plenty of space if the hon. Gentleman wishes to speak? These are becoming speeches, rather than questions. I am more than happy to put him on the list if he wishes. We have plenty of room.

Michael Ellis

As Mr Speaker says, a more detailed response can be given to my hon. Friendâ€™s question in due course, but he is quite right to focus on the point about banks. More than 75,000 people have been contacted and could face criminal prosecutions and financial penalties. HMRC has already recovered more than Â£500 million through other robust measures, including: building automated controls into the digital claims process, to prevent more than 100,000 mistaken claims; blocking more than 29,000 claims through pre-payment checks based on risk and intelligence; using cut-off dates around scheme eligibility; and requiring customers to be registered for pay-as-you-earn online and self-assessment. Nor is HMRCâ€™s work done; work to recoup fraudulently obtained funds continues. Those identified face repaying up to double the amount they actually received, plus interest; in more serious cases, they risk criminal prosecution.

The motion also refers to public procurement, another area in which the Government take our responsibility to the taxpayer extremely seriously. In the case of personal protective equipment, our focus was on saving lives and protecting our healthcare workers. That was the top priority, and I make no apologies for that. But again, that did not mean, either then or now, that we were lax in our approach to procurement. We acted swiftly to secure and deliver more than 17.5 billion pieces of PPE to the frontline. The vast majority of the PPE we orderedâ€”in the region of 97%â€”was suitable for use, either in the NHS or other non-medical settings.

My right hon. Friend the Health Secretary explained in a written statement to the House that the need to procure PPE at incredible speed necessarily involved a change in risk appetite. However, I am also clear that, at all times, the principles set out in â€œManaging Public Moneyâ€ continued to apply, even under the pressures at the time. The Health Department took decisions on the basis of sound commercial advice. All transactions were approved by the Cabinet Office and the Department of Health and Social Care clearance board. Treasury Ministers and officials made a calculated judgement that the costs of expediting normal processes were outweighed by the benefits to the health of the country. The health of our healthcare workers came first.

Importantly, as with alleged fraud relating to the covid support schemes, this is not over: the Government will pursue any contracts where there has been a technical failure or breach. I said that approximately 97% were okay, but we are pursuing those that were not, in line with the resolution process referred to in each contract.

Emma Hardy

On the issue of PPE procurement, which I have raised several times, it is frankly astonishing that the Government could not google â€œleading PPE equipment suppliersâ€ and come up with the name Arco, which is a world leader in safety and PPE equipment. When it offered its services to the Government, it says that it was cold-shouldered and ignored, and that the Government went straight to those with connections to the Conservative party. It is disgraceful that the Government ignored a high-quality, world-leading company such as Arco.

Michael Ellis

I think the hon. Lady forgets that, at the time, the whole world was googling for PPE. There was a desperation for PPE. I do not know anything about the company that she mentions, but the reality is that there was a massive desperation to secure PPE for our healthcare workers.

The Government absolutely reserve the right to take legal action against suppliers where that is required, and the Treasury will continue to support the Department of Health and Social Care in doing whatever it needs to protect taxpayer money where there was a breach of contract. The House may also be interested to know that in cases where there is a significant surplus of PPE, we are passing that equipment to schools and public transport workers in this country, or we are donating it to other countries in need, alongside other efforts to sell or repurpose it.

The motion also refers specifically to defence projects. The Ministry of Defence is delivering some of the most complex and technically challenging programmes across Government. There is no doubt that defence acquisition has faced and continues to face some challenges, but we are working hard to address them. The National Audit Office has recognised that we are making progress. For example, in its March 2020 report, it noted that the MOD has reduced delays to delivering programmes over the last 10 years. We are determined to continue to build on that.

The financial settlement awarded to defence at SR20 has been a crucial opportunity for the MOD to move to a sound financial footing, and we are working hard with it to strengthen mechanisms to drive value for money, implement improvements in programme delivery and ensure that it can manage complexity, risk and the pace of technological change in a way that is rigorous and affordable.

This is not just about what we have already done; it is about constantly refining and improving the tools we have at our disposal. That is why we are committed to delivering reforms in the economic crime plan as well as those set out in the upcoming fraud action plan. The combination of last yearâ€™s spending review settlement and private sector contributions through the economic crime (anti-money laundering) levy will provide economic crime funding totalling nearly Â£400 million over the spending review period.

Importantly, the Government counter-fraud function is leading a review into counter-fraud workforce and performance, delivered jointly with the Treasury. The aim of the review is to map the counter-fraud workforce and capability across central Government and selected agencies to identify current resources and how that links to each Departmentâ€™s ability to prevent, detect and recover fraud and error losses.

To conclude, the purpose of the debate seems to be to try to talk down all that the Government have done on behalf of the taxpayer in the last two years, but I am afraid that the facts paint a different picture. We understand our responsibilities as a Government and will never take them lightly. We will act at all times quickly, effectively and responsibly.

13:28:00

Alison Thewliss (Glasgow Central) (SNP)

â€œLamentableâ€, â€œwoefulâ€, â€œarrogance, indolence and ignoranceâ€â€”the words of Lord Agnewâ€™s resignation should still be ringing in the Ministerâ€™s ears, as should the fact that the disconnect and disinterest in a range of Departments were part of the problem that he outlined. His words should prompt the Government to take action to fix the scandal of taxpayersâ€™ money walking out the door.

In Lord Agnewâ€™s resignation letter, he said:

â€œAs the Minister for Counter Fraud, I have been asked today to publicly defend in Parliament our track record in countering fraud across Government. Unfortunately I am simply not able to do that given the lamentable track record that we have demonstrated since I took up this post nearly two years ago.

It has certainly not been through want of trying, but the Government machine has been almost impregnable to my endless exhortations.â€

That is certainly a condemnation of the Government. The Paymaster General has become the Minister for defending the indefensible in the House, as he does yet again today. Perhaps if other Front-Bench Ministers and Conservative Back Benchers took the example of Lord Agnew and his attitude to them, many of them would learn something and resign too.

We are in a cost of living crisis, yet the sums of money that could go to help people now lie in the offshore bank accounts of crooks and fraudsters. Let us not forget that HMRC has stated that the levels of fraud in the covid support schemes are in line with its original planning assumptions. Planning for Â£4.3 billion-worth of fraud is absolutely breathtaking. The money that was committed in the Budget came far too late because these problems have been known about for years. The bounce back loan scheme, about which Lord Agnew was denied information as a Ministerâ€”that should really worry us allâ€”is of course a UK Government-backed scheme, with an estimated Â£4.9 billion lost to fraud. Just look at the loans paid out to companies that were not trading. Lord Agnew indicated that 26% of losses are estimated to be attributed to fraud rather than to credit failure. This cannot be fobbed off to the banks, because the Treasury asked them to do this and they did it because the loans were Government-backed.

Let us put these figures into some context, because they are massive amounts of money. Scotlandâ€™s entire devolved social security system is forecast to cost Â£4.1 billion in the next financial year. The Institute for Fiscal Studies has calculated that a one-off Â£500 stimulus cheque for those on universal credit could cost Â£3 billion. A 5% pay increase for all the NHS staff in England would be Â£1.7 billion. This is money that could have been much better spent had it not walked out the door and into the hands of fraudsters.

We cannot deny that the money needed to go out the door quickly in the pandemic. I remember, during those early days, hearing on the Treasury Committee from banks and Treasury officials about how concerned they were about the fraud risk. Some of the checks that could have prevented this fraud are simpleâ€”a national insurance number or an HMRC referenceâ€”but others speak to a long-term systemic failure that the UK Government have been warned about repeatedlyâ€”the system of registration at Companies House. That is not an issue of reform, as some have tried to point out; it is an issue of legislation and an opportunity that this Government have missed time and again.

Richard Fuller

I am looking forward to hearing the hon. Ladyâ€™s recommendations on reforming this important area. She mentioned her role on the Treasury Committee. Did she, at the time, have concerns about the use of the British Business Bank for the delivery of loans to businesses?

Alison Thewliss

The British Business Bank being a relatively new mechanism, of course there were concerns about that. We took a lot of evidence on the concerns that existed around loans and other things that were going out the door, but that does not mean that things could not have been put in place to prevent this, and we did hear evidence to that end.

Richard Fuller

roseâ€”

Alison Thewliss

I have a lot to get through. If the hon. Gentleman wants to make a speech later on, I am sure we will all be incredibly interested to hear what he has to say.

I have spoken at every opportunity, and Ministers have heard me at every opportunity, on the need for reform of Companies House, and it still baffles me why the Government are so lackadaisical about this clear open door to fraud. Companies House remains a repository of information, not a checking service. It is not an anti-money laundering supervisor. In answer to me at Treasury questions earlier, the Economic Secretary to the Treasury referred to the 2018 Financial Action Task Force report, but that still means four years of inactivity in this House. In 2018, as he will remember, we also had the Sanctions and Anti-Money Laundering Act 2018, a further missed opportunity to have closed this door and locked the fraudsters out.

Companies House has no connection with the UK Governmentâ€™s Verify scheme, which is required for a passport, a driving licence or a tax return. For a minimal fee of only Â£12, someone can set up a company in the UK with no checks on who they are and what they intend to do with that company. Compare this with, for example, the Â£1,012 for a child to take up their right to citizenship. The money involved is absolutely baffling. Last year, in This is Money, Martin Swain, director of strategy, policy and external communications at Companies House, admitted:

â€œEven though, sometimes, we know that the information is incorrect or potentially fraudulent, the registrar is legally required to register it.â€

The Companies House website even has a disclaimer at the top that says:

â€œCompanies House does not verify the accuracy of the information filedâ€.

Why is this being allowed to continue? Even a simple drop-down menu in the registration process would stop people putting in things like â€œAnytown, Anywhereâ€ rather than a place that really exists.

Emma Hardy

The hon. Lady is making an excellent speech and pointing out all the problems with Companies House. At the moment, as it says, it would take over 10 years, on the pace of change that we have from the Government, to see action taken on this, and all the time people are setting up these fraudulent companies.

Alison Thewliss

The hon. Lady is absolutely correct. The rate at which people are doing that should be causing the Government real fear, and it is not. This makes no sense at all. Every day that the Government allow it to continue, the register becomes more and more useless and more and more full of junk informationÂ and fraudulent transactions, and they should be embarrassed by that.

It has been a matter of public record for years that the Companies House register is utter guff. It contains names such as â€œHoly Jesus Christâ€, whose nationality is listed as â€œangelicâ€, residence as â€œheavenâ€ and profession as â€œcreatorâ€, and â€œAdolf Tooth Fairy Hitlerâ€, listed as one of the clearly invented directors of a company calling itself Spypriest Ltd. There are also some highly precocious company directors who are only a few months old. Research by Global Witness in 2018 identified 4,000 listed beneficial owners under the age of two, including one who had yet to be bornâ€”talk about being born yesterday!â€” as well as five beneficial owners who controlled more than 6,000 companies. This is just not credible, and the Government know it.

During the past week, the Companies House expert Graham Barrow has been monitoring in real time the construction of a network of companies using real names but fictitious addresses. This leaves real people affected, but often unaware that their names are being abusedâ€”and difficult to contact, because the addresses are not real. It also affects the counter-fraud efforts to which the Minister referred. The people setting up those fake companies cannot be traced and chased down, and are allowed to get away with it.

It gets worse, however, because this open door at Companies House allows dirty money to be laundered through the UK. Oliver Bullough is one of many who have pointed out that kleptocrats from around the world have been abusing UK corporate structuresâ€”including Scottish limited partnershipsâ€”for years to shift their ill-gotten lucre. There are pressing implications for the current situation in Ukraine, but this is not new; it has been going on for years, completely unimpeded. The news that the National Crime Agency has today been able to seize Â£5.6 million from an Azerbaijani MP based in London is of course welcome, but that is short of the Â£15 million that the NCA wanted to seize. It is the tip of a massive iceberg. Duncan Hames of Transparency International has said that it estimates that the ruling elite of Azerbaijan own Â£700 million worth of property in the UK, and that about Â£2 billion has been shifted around Europe, some of it through our corporate structures. That makes the delaying of a registration of overseas entities Bill even more unacceptable, and even more baffling.

Catherine West

Does the hon. Lady agree that while the arrangements relating to foreign entities do need to be a tightened, a culture change is also needed? She will be aware from press reports that the Foreign Secretary dined out at a Tory donorâ€™s restaurant and charged that to the taxpayer although civil servants had said that the restaurant was too expensive. Does she agree that the Foreign Secretary should have to pay the money back?

Alison Thewliss

I agree that there needs to be probity when it comes to that kind of money and that kind of behaviourâ€”particularly the overruling of civil servants, if that has indeed been the case.

When I raised some of these matters in the House last week, Ministers pointed to unexplained wealth orders as a great badge of success, so I tabled a parliamentary question to find out how successful they had been. In 2018, the year in which they were introduced, there were three. In 2019, there were six. I thought, â€œThat is greatâ€”the numbers are going upâ€, but there have been none since then. Is this a measure that is actually effective in tackling unexplained wealth? I am not sure that it is.

Peter Grant (Glenrothes) (SNP)

My hon. Friend will recall that the first ever unexplained wealth order was awarded against someone who was only allowed to become a United Kingdom citizen because of the billions of pounds that she had promised to bring into the United Kingdom. Does my hon. Friend believe that that is an indication that Government policy is fighting against itself? On the one hand the Government want to get people with lots of money into the UK, and on the other hand they do not ask too many questions about where that money has come from.

Alison Thewliss

My hon. Friend is absolutely correct to draw attention to that. It is one of many deficiencies in the Home Office systems as well. It seems that those with money are given a free pass, whereas those who come here with more humble undertakings to begin their lives here, to work and to build a family, end up being penalised and having to pay an awful lot more in fees, and experiencing all the challenges that that brings.

Hon. Members may think that some of these issues with Companies House seem a bit remote from the real world and the real lives of our constituents, but that could not be further from the truth. During lockdown, a company in Glasgow using myriad company structures made claims under the furlough scheme, but employees of that company never received the money that they were entitled to. Even if the company directors ended up being prosecuted, or HMRC ended up getting its money back, those employees would still get nothing. That shows the complete unfairness in the system. I would be interested to know whether the Government have any figures, from when they have chased down these companies, on how many employees never saw the money that they should have got and that they needed to get by.

For those completely excluded from the covid support schemes, this is all the more galling. Limited company directors and pay-as-you-earn taxpayers were left out because they were deemed too much of a fraud risk, and new mothers who had taken time off to have a child in the preceding three years lost out because calculating their maternity leave was thought to be too complex. Yet as they were being told that by Ministers, the real fraudsters were raking it in, with drugs gangs getting payouts, and many of the people who benefited will never be caught.

These most recent examples of the Governmentâ€™s relaxed attitude to the wasting of public funds are by no means the only cases. Best for Britainâ€™s â€œscandalous spending trackerâ€ sets out the following examplesâ€”I will list just some of them; otherwise, we could be here all afternoon, and I am sure that others want to speakâ€”since the current inhabitant of No. 10 Downing Street came to office. It categorises them in three ways: as â€œcrony contractsâ€, â€œduff dealsâ€ and â€œoutrageous outgoingsâ€.

Here are a few highlights: Â£11 million on blue passports; over half a million on chauffeuring Government documents, never mind Government Ministers; Â£56 million contracting to big consulting firms outside tendering processes; Â£29 million on the festival of Brexit; Â£900,000 painting a plane; Â£900,000 researching a bridge to Ireland, which I could have saved the Government money on, because I did a second-year geography projectâ€”at high school, not universityâ€”that could have told them it was a ropey idea; Â£32 million on unusable PPE suits; over Â£38 million on a test and trace contract that was not fulfilled; Â£10 billion on a failed test and trace system; over Â£300 million on expired PPE, and billions more on contracts for friends and family of Ministers and Conservative party donors through the fast-track lane.

All that totalled Â£25 billion, and all of it at a time when the screw was being tightened on those who have the least, with cuts to universal credit, some getting no money at all, and more effort spent chasing down those who happened to wrongly claim child benefit than those who deliberately defrauded the public purse to the tune of billions.

I find it difficult to understand why the Government are so careless with our money and why they do not want to act on fraud and money laundering. The question â€œwho benefits?â€ continues to rattle around in my head. While those on the Government Benches do not like the inference that it was them and their chums, I wonder whether the fact that this coincides with the undermining of the Electoral Commission and the relaxing of the rules on overseas donors is any kind of accident. It is not just me; the Centre for American Progress flagged recently:

â€œUprooting Kremlin-linked oligarchs will be a challenge given the close ties between Russian money and the United Kingdomâ€™s ruling conservative party, the press, and its real estate and financial industry.â€

This should worry us all, but it does not seem to worry those on the Government Benches.

Lord Agnewâ€™s estimate of the total fraud loss across UK Government Departments is Â£29 billion per year. That could go, as he suggested, to tax cuts or, as we on the SNP Benches would argue for, to investment in public services and increases in social security. Either way, there is a cost to this fraud, and it remains absolutely baffling that this UK Government have continued to let it go on their watch.

Kevin Hollinrake

Will the hon. Lady give way?

Alison Thewliss

I am just coming to a close, but I am sure that the hon. Gentleman will have a contribution to make later.

The solution is not difficult if the will is there. We have lost too much time and too many opportunities to bring forward measures in different Bills. If we are to have an economic crime plan, it must tackle all these issues; we must not miss another opportunity. If the Government will not act, they should devolve full powers in this area to the Scottish Parliament and let our colleagues in Edinburgh get on with the job. Scotland has no desire to be tarnished yet further by this grubby excuse for a Government.

13:44:00

Simon Fell (Barrow and Furness) (Con)

I am slightly surprised to be called so early in the debate, but very grateful. It is an honour to follow the hon. Member for Glasgow Central (Alison Thewliss), who spoke a lot of sense about Companies House in particular. I welcome the Oppositionâ€™s use of their time on this debate, as this is an important matter that goes to the heart of competence in what the Government are supposed to deliver: good decision making while acting prudently with the public purse. Let us be clear that fraud and waste of public funds are entirely unacceptable.

Before I continue, I should point to my entry in the Register of Membersâ€™ Financial Interests. For 10 years, before becoming an MP, I worked in fraud and financial crime, and the organisation I worked for chaired the Joint Fraud Taskforce. I should perhaps also start with an apology. I have heard the phrase â€œsingle transferrable speechâ€ a few times in this place, and this might be my opportunity to make one. My hon. Friend the Member for Thirsk and Malton (Kevin Hollinrake) and the right hon. Member for Barking (Dame Margaret Hodge) secured a debate on economic crime, and I will repeat some of the points I made in that debate, if the House will indulge me.

We would be right to be dismayed by some of the unrecovered sums from the various covid support measures, but we should not be quite so quick to jump down the Governmentâ€™s throat. The recovery of such moneys, as the Minister said, takes time, and we must be realistic that the headline figure will look very different in six monthsâ€™ time, let alone 12 monthsâ€™ time. Having spoken to Ministers about this, I am reassured by their determination to drive down those figures further and further, and by the measures that they have already taken, but this is another reminder that we should be considering an economic crime Bill as a matter of urgency.

Here is where the single transferrable speech kicks in. I met the National Crime Agency a few years ago, and it had mapped an organised crime group and followed how it laundered the proceeds of economic crime, picking up money along the way from our constituents who had been defrauded, from people running small boats across the seas, from organised crime and from the dark web. The chain runs from telephone fraud across the channel and to the poppy fields of Afghanistan, and these groups are not rag-tag bunches of criminals; they are organised, they are not chancing their arm and they are deeply successful. They are not paying tax, and there are many of them out there.

As sure as eggs is eggs, some of the people who have been exploiting these Government schemes are connected to organised crime. They know how to manipulate the system, and they know how to avoid all the very good, robust checks that the Government mandated for the covid schemes. One of the things we need to do is tighten up the system and, again, there should be an economic crime Bill.

Emma Hardy

The hon. Gentleman is making an incredibly thoughtful speech, and so far I agree with all of it. Does he share my concern that the cut in Government aid means the National Crime Agency has had to put on ice its plan to grow the international corruption unit to look at this international form of organised crime?

Simon Fell

I do not know enough of the detail to answer that question responsibly, but what would unlock the power of the NCA is far more access to data and data sharing. If we can get people sharing robust, high-quality information from the public sector and the private sector, the NCA could draw down on some of this economic crime with the tools it already has.

Some of the people responsible for misusing and misappropriating Government funds are engaged in high-level economic crime, but we need to consider the circumstances of the time. These support schemes, as has been said, were set up in very quick order, and they were designed to help people and businesses that were facing a very imminent precipice. I think we all acknowledge that furlough and income support saved thousands of jobs and helped to aid the recovery and the buoyant economy we are now seeing as we leave the pandemic.

The Chancellor has been clear that he will do everything he can to get that money back and to go after those who took advantage of the pandemic, and the taxpayer protection taskforce, which has had a Â£100 million investment, is a welcome measure. It is a good demonstration that the Government are working together and pulling together.

We should also consider what has already been achieved. Last year, the Government stopped or recovered nearly Â£2.2 billion-worth of potential fraud in bounce back loans and Â£743 million in overclaimed furlough grants, but we cannot afford to take our eye off the ball. Fraud is the No. 1 volume crime in the UK. It is an epidemic that is out of control, and we simply do not have enough of a grip on it. I will repeat myself: we need an economic crime Bill to give law enforcement the tools they need to collaborate better with the private sector.

Alex Sobel (Leeds North West) (Lab/Co-op)

The hon. Memberâ€™s experience is really useful in this House. I have found, through a case involving one of my constituents, that the perpetrators of fraud are not being pursued and that the victims of fraud are being targeted, particularly by HMRC, for tax liabilities that should rest with the perpetrators. Does he agree that an economic crime Bill is really necessary to protect the victims of fraud, not just from the perpetrators but from tax liabilities?

Simon Fell

The hon. Member makes a valid point. Too often, people are subject to fraud and they get almost no response whatsoever. That undermines faith in the system and in policing. In some truly terrible cases, it has a huge emotional and psychological impact on the victims.

As I was saying in answer to the previous intervention, we need to give law enforcement, the public sector and the private sector the tools they need to better share information so that they can drive some of this stuff down and start to turn the ship. Prevention is better than cure and, as great as the taxpayer protection taskforce is, we need to invest early on in spending a fraction of the money on stopping the money walking out the door, rather than trying to recover it after the fact. Data sharing is the key to that.

As the MP for Barrow, the home of the national deterrent, it would be remiss of me not to linger on some of the points that have been made by the Opposition on defence spending, which has been called out as an area of waste. I have read the report that this claim is based on, and I have to say that I am somewhat sceptical about some of its claims. It is of course crucial that the Government improve on the procurement of defence matÃ©riel, and on the contracts they sign. Some of the details in that report do raise eyebrows. They relate to accounting adjustments, extensions and overruns, which are not the same as waste, let us be honest. Going into the detail of the report, we see that two of the programmes commissioned by the Opposition account for half the waste being claimed: Nimrod, which accounts for Â£3.7 billion; and aircraft carriers, which had a Â£2.7 billion overspend priced in.

Peter Grant

The hon. Gentleman seemed to cast doubt on the reliability of some of the reports that Opposition Members have relied on. I know that he has a keen constituency interest in the MODâ€™s nuclear activities. The Public Accounts Committee published a report on the management of contracts for defence nuclear infrastructureâ€”the nuclear infrastructure part of the MODâ€”and found a total overspend of Â£1.35 billion. Does the hon. Gentleman accept the reliability of that report, which was unanimously agreed and backed by a Committee with a Conservative majority?

Simon Fell

The hon. Gentleman makes a perfectly valid point. I am not throwing the entire report under the bus, but I think we have to be sceptical of some of the claims that were made in it. When I sit down with the managers in the shipyard in Barrow, it is clear that the programme is moving on and that we cannot look at it as a static object that is being built. The requirements are changing, and what will be delivered is also changing. There is a cost attached to that.

We need to question the constant undercutting of our national deterrent. This is a real concern. To make a political point, which I rarely do in this place, the Leader of the Opposition did not come forward and back the AUKUS deal, which will lead to a considerable number of jobs and skills, and will bottom out the supply chain, not just in my constituency but across the country. That is a tremendous opportunity for us, in partnership with Australia, and we need to support such deals. We need to show across the House that we are backing them. I have digressed, but I hope it was worth it.

I praise the Chancellor and his team for their work to cut down on fraud and waste, but much more can and should be done. I return to my point that we need an economic crime Bill; as the hon. Member for Glasgow Central says, it needs to reform Companies House, make it transparent who owns property in the UK, and introduce an offence of failure to prevent economic crime. That would strike the right balance between shining a light and providing a disincentive of peril to stop bad actors going ahead.

My other point is that there needs to be enhanced data sharing across the public and private sectors and an emphasis on fraud, so that when our constituents are hit by fraudâ€”when they get that phone call or that scam emailâ€”they can be relieved to know that there is support for them and that we will go after the perpetrators. Fraud so badly affects so many of the people we represent. We need to step up and deal with it.

13:55:00

Dan Carden (Liverpool, Walton) (Lab)

It is a pleasure to follow the hon. Member for Barrow and Furness (Simon Fell). He made a worthy contribution, and I did not disagree with anything that he put forward, but from listening to him and the Paymaster General, one would not think that Lord Agnew, the anti-fraud Minister, had resigned in the past few days, saying that there was â€œzippoâ€ detail from Treasury Ministers or officials on how they would deal with covid fraud, and that there was â€œarrogance, indolence and ignoranceâ€ when it came to the Governmentâ€™s fraud agenda.

A Minister resigning on principle is a rare thing to see in politics these days. I congratulate Lord Agnew on standing up to â€œsmash some crockeryâ€, as he put it, and make a noise about all this. Thousands of companies that were not even trading were able to get access to bounce back loans. According to Lord Agnew, the Government will lose Â£29 billion a year to fraud.

The schemes that we are talking about had loopholes and openness to fraud built in. I sit on the Public Accounts Committee, and HMRC and others have come before us. Even since becoming aware of the numbers and the scale of the fraud, with Â£4.3 billion being written off on some schemes, HMRC and Treasury Ministers do not seem to have the appetite to go after itâ€”and that is without even mentioning the billions handed over to Tory friends and donors over PPE contracts or the fast lane that the Government were operating, which was found to be unlawful.

The Chancellor has a very savvy image and the Governmentâ€™s messaging on keeping the public finances in order is very tight, but the reality is that before the resignation of Lord Agnew, the Government were planning to drop the public register of foreign ownership. They rejected proposals and did not plan to bring them forward in an economic crime Bill. They ignored repeated warnings from the fraud advisory panel on the serious weaknesses in business loan schemes.

This is about more than the figuresâ€”the billions and millions that have been handed over to Tory friends and donors and lost through fraud. We have had the Panama papers, the Paradise papers and the Pandora papers. What we have learned from the past few months, whether from the Downing Street parties or from the lenient attitude to public money, is that there is a belief in this place that there is one rule for those at the topâ€”they can party and break the rules, and if they have money it usually means access to more money and that the rules can be bent.

The importance of all this is that it goes to the heart of the kind of country we are. I think the public know that there is a stink. They deserve much better.

13:59:00

Jerome Mayhew (Broadland) (Con)

Like my hon. Friend the Member for Barrow and Furness (Simon Fell), I am rather surprised to be called so early. I am grateful to Her Majestyâ€™s loyal Opposition for securing this debate, because fraud and the efficient use of public resources is a topic that we in this place should always be discussing and hold close to our hearts. I could have started with a mutual blame game, where we look back to the Blair years and point to fraud. A couple of my examples have already been drawn to the attention of the House, so I will not do that, save for one issue that is particularly close to my heart, because I remember feeling so angry about it at the time: the private finance initiative scheme, so beloved by Tony Blair and Gordon Brown.

The Centre for Health and the Public Interest has recently come out with a report that has calculated that, for the benefit of Â£12.4 billion of hospital assets, the taxpayer will now be paying Â£80 billion by the time those assets expire in 2050. If we are talking about waste of public money, Labour is late to the party, and I am not sure there are many lessons to be learned from that.

Siobhain McDonagh (Mitcham and Morden) (Lab)

I know the hon. Gentleman is giving a speech about a popular view of the private finance initiative, but I wish to make him aware of the Atkinson Morley wing at St Georgeâ€™s Hospital, which is a brilliant neurological centre that cost Â£50 million through PFI. It was built in the late 1990s, and it has saved hundreds and thousands of people. It is a building, and an opportunity to have a service, that was not coming any other way. I give thanks for that PFI deal, and I give thanks for those people who have been saved by it.

Jerome Mayhew

I am grateful for the hon. Ladyâ€™s intervention. I was not suggesting that the assets should not be built; it is about the way they were financed. Think how many more hospitals we could have built, and how many more people who could have been helped, if we had taken a more responsible approach to PFI.

Turning to the meat of todayâ€™s debate, we have heard a lot of speeches about the covid response and the fraud that has been associated with it, and it is right that we focus on fraud. However, there seems to be a case of partial amnesia about this, because if we cast our minds back to the early months of 2020â€”it was not that long agoâ€”the conversation was expressly about the trade-off between speed and the level of security needed to protect the public purse from fraud. That was not an after-the-event discussion; that discussion was going on, certainly on the Government Benches, at the time of the innovative and brilliant polices brought in by the Chancellor and the Government to support our economy and the people working in it. This was a deliberate trade-off, but it was not â€œget the money outâ€ with no defence against fraud. We have heard in a number of contributions that there were a significant number of effective protections against fraud, including for business bounce back loans, and more than Â£2 billion of applications were caught by that protection.

We must recognise, in the fullness of our hindsight, the urgency of need. I refer to my entry in the Register of Membersâ€™ Financial Interests, because I used to be the managing director and a significant shareholder of a company that employed about 1,200 people in a leisure centre. On 23 March 2020, it was ordered to close by the Government. That was its week of minimum cash flow for the entire year. It is substantially closed during the winter, and it employs another 750 to 800 people at the start of the season and trains them up ready for Easter. By ill chance, the lockdown, which started on 23 March, coincided with that planned dip in cash flow. Without quick public support, that business would have had a very high chance of going under. It did not, because it was able to take advantage of the Governmentâ€™s coronavirus business interruption loan scheme, and also the furlough scheme, which was enormously important as well. As a result, on 4 July 2020, when the economy was substantially reopened and recreation and leisure was reopened, those jobs were saved. The business was still going, and it has gone on to thrive. That is just a simple example of how the speed at which the Government acted was effective in saving jobs.

We can expand that out to the national economy, because hon. and right hon. Members will recall that the economists were predicting an unemployment rate of 12% in response to the covid closure. We forget that now, because in fact the unemployment rate nationally today is 4.2%. That is millions of jobs and millions of familiesâ€”hundreds of thousands of families, certainlyâ€”whose economies and lifestyles have been protected by the very speed at which the Government acted, but there was a partial cost to pay for that.

I accept, and it was accepted at the time, that with speed necessarily comes a reduced ability to follow up on every single aspect of fraud prevention. Given that, it is noteworthy that the estimated percentage fraud rate is about 7.5% for the bounce back loan scheme and much less for CBILS. That compares with a national average for Government contracts of about 5%. To my mind, given the necessary need for speed, the differential between those two rates is surprisingly small, and it is coming down month by month in estimates from such bodies as PwC. We have already heard reference to the reduction in the estimates of overall fraud.

What is more worrying to me is not the headline rate of 7.5%, but the ongoing long-term rate of 5% for estimated fraud in Government contracts. That is a scandal, and I strongly encourage my hon. Friend the Economic Secretary to the Treasury to take that enormously seriously, because we need to focus on the real costs to the economy and to society that Lord Agnew ably demonstrated in his resignation speech. He highlighted the economic costs as being about Â£29 billion a year, or 1% off the cost of income tax. That is enormously important. We could do a huge amount with that money should we not choose to return it to its rightful owner, the taxpayer.

Arguably the greater damage to our society is if we as a society and a Government accept that fraud is one of the costs of doing business. That should never be the case. The morality of our society and the realistic expectation of our constituents is that people who do right are stood byâ€”that is terrible English, but I hope the House understands what I am trying to say thereâ€”that fraudsters are not tolerated, and that we go after them and there is an ongoing war against fraud.

I commend Lord Agnew for having highlighted the need for a renewed focus on this issue. I do not accept that there are huge lessons to be learned from Labour on this, but I look forward with interest to the Governmentâ€™s renewed long-term focus on fraud throughout the economy. I also adopt the multiple pleas from my hon. Friend the Member for Barrow and Furness for an economic crimes Bill.

14:09:00

Ben Lake (Ceredigion) (PC)

It is a pleasure to follow the hon. Member for Broadland (Jerome Mayhew). I agree that we should not accept fraud as a cost of doing businessâ€”indeed, there is a moral imperative for us to pursue fraudsters for any losses to the public purse as a result of fraudulent activity. When we come to have further discussions about taxation and increases in taxation, it is even more important that any losses are pursued, as he described, with vigour and that those who commit fraud in such a way are brought to justice.

I thank the shadow Chancellor, the hon. Member for Leeds West (Rachel Reeves), for bringing forward the debate. I intend to keep my remarks brief by focusing on some of the startling figures already raised in the debate, foremost among which is that about 26% of public money unlawfully taken from covid-19 schemes is likely not to be recovered by HMRC, so Â£4.3 billion of the total Â£5.8 billion stolen from covid-19 support schemes will be in effect written off.

It is important to put the figures in some context. In doing so, I would like to us to consider another large figure: Â£3 billion. That, at just over half the cost of the moneys lost to fraud, is the cost of increasing working-age benefits and pension credit by 6%â€”the likely inflation rate by Aprilâ€”rather than the planned 3.1%. That prompts the question of what the Treasury could afford, if it wished, to end the cost of living crisis and build towards our net zero transition, or indeed honour promises to match EU regional funding for Wales and other parts of the UK that previously received it.

The outrage and indignation that we have heard is understandable, but the mismanagement of some of our public finances by the UK Government should not come as a great surprise. One need only read some of the Public Accounts Committeeâ€™s work to understand that there are many examples of serious mismanagement of public finances. I call to mind its July 2020 report that concluded that

â€œHMRC does not understand the impact of any of the largest tax reliefsâ€.

Indeed, it found that between 2015 and 2020, HMRC did not â€œevaluate the effectivenessâ€ of the 10 largest tax reliefs supporting economic and social objectives. Those unevaluated reliefs cost about Â£117 billion, which is some 5% of the UKâ€™s GDP. One could argue that we have been very lax with our public finances for quite some time, yet such laxity does not always extend to smaller businesses.

I listened with great interest to the Paymaster Generalâ€™s remarks, and I accept that the need for speed, which we have discussed, meant that there was always a risk of some fraud. I do not think that necessarily justifies there being no need for checks and safeguards on any of the schemes. However, it makes me think of a few examples from Ceredigion of businesses that were in receipt of furlough funding and entitled to itâ€”HMRC accepts thatâ€”but, due to some clerical errors in real-time information submissions, now have to repay thousands of pounds. HMRC acknowledges that those businesses would have been entitled to that money, but sadly they have fallen foul of RTI submission rules. One can accept thatâ€”those are the rulesâ€”but here are businesses being pursued for thousands of pounds for a clerical error while we see the potential for writing off billions of pounds of money lost to fraud. It is difficult for those businesses to accept that they must be brought to task when others are getting away with it.

We find ourselves facing a mounting national debt alongside cost of living and climate crises. I accept that the public finances are in a precarious position, but, if the Government seek to convince us that they cannot afford greater support for in-need households or greater measures to tackle the climate crisis, they must do more to recover the billions of pounds of public money lost to fraud and hold those who have benefited from unscrupulous deals to account. If they fail to do so, they will have little moral authority to increase tax on households and businesses in April.

14:14:00

Kevin Hollinrake (Thirsk and Malton) (Con)

It is a pleasure to speak in this debate; I welcome the Opposition motion on fraud. I am one of several people on the Government Benches who often speak out about tackling fraud, so I object a little to one or two of the comments from the Opposition that Conservative Members are not bothered about fraud. Nothing could be further from the truth, for a number of reasons, including the cost to our taxpayers. It undermines the very system that underpins our economy if people do not feel that the game is fair for all players, and fraud undermines the principle of everything I have stood for over my whole life in businessâ€”the fundamentals of a free-market economy are that it is a fair and level playing field.

I draw the Houseâ€™s attention to my entry in the Register of Membersâ€™ Financial Interests. Like my hon. Friend the Member for Broadland (Jerome Mayhew), my company took a coronavirus business interruption loanâ€”quite a sizeable oneâ€”which was paid back in full without touching it, which I am sure the Economic Secretary will be pleased to hear: we discussed it at length at the time.

It is important to put the issue in context. I had an Urgent Question on the issue last week, following Lord Agnewâ€™s statement, because I was very concerned by many of the things he said in it and in his subsequent press articles. He said that the bounce back loan scheme, which has been the subject of many comments in the debate today, was

â€œan important and successful interventionâ€.

It was critical at the time. It is easy with hindsight to say that mistakes were madeâ€”of course they were, given the speed with which the scheme was rolled out. The initial iterations of the loan schemes did not include a bounce back loan scheme, which was introduced at a later stage, vitally.

Peter Grant

I certainly would not disagree with the hon. Member about the remarkable speed from when the Treasury sat down to devise the scheme to when the first loans were delivered. Does he share my disappointment that in the 10 years from 2010, when we knew a pandemic was coming, no planning whatever was done for the economic impacts and the impact on businesses of the protective measures that the Government might be forced to implement when the pandemic finally got here?

Kevin Hollinrake

The hon. Member makes a very good point. The whole country would acknowledge that we need to be better prepared for a future pandemic. One of the lessons that we need to learn is to have a template ready for bounce back loans and other measures that we can roll out at pace, but we should not undermine the ability of that scheme to get money out to businesses in need.

The British Business Bank said that it had

â€œensured that key counter-fraud measures consistent with theâ€¦design of the scheme were in place from the outset.â€

It is not the case that the schemes were rolled out without any consideration for the potential for fraud. That highlights the issue of what checks and balances were in placeâ€”the Paymaster General set out some of them in his speech, which was usefulâ€”and which banks performed better in taking into account those measures. As Lord Agnew said, 81% of the amount that has not been repaid so farâ€”as far as we understand from the Treasuryâ€”relates to two of the seven biggest banks. Clearly some banks did better than others with know your client checks and fraud checks.

We need to understand exactly what happened. We cannot just roll out a scheme, let it run and that is it. The implications for recovering loans are hugely important. We need the dashboard of information that Lord Agnew called for so that we can clearly understand the performance of the banks. One criticism that I would level at the Treasury is that far more transparency is needed about which banks are issuing loans, what percentage of applications are successful and the success in recovering loans. As somebody who took a loan for my business, I would advocate complete transparency about which businesses take loans. If all that were openâ€”access to Government loan schemes or furlough, and so onâ€”it would be far easier for the public, the media and parliamentarians to hold individual businesses to account. Businesses motivated by wrong and perhaps nefarious purposes would be far less likely to try to access the loans in the first place. Far greater transparency is needed, and to get that taxpayersâ€™ money back there certainly needs to be transparency around the bankâ€™s performance now.

Many people have called for an economic crime Bill, and some of us have been banging on about that for some time. It could really help. One of the elements is the failure to prevent economic crime. I think that corporate liability should extend to individuals, rather than at corporate level. The No. 1 thing we could do to deter financial organisations and corporations, even smaller corporations, from defrauding people or enabling fraud and money laundering is to say to the individuals behind those companies that they will be held personally responsible. It could have had an effect on the bounce back loan scheme if the banks that cared a little bit less about where the money went were held to account through the senior managers regime and the Financial Conduct Authority, and potentially by other charges too. Failure to prevent is absolutely fundamental to the economic crime Bill.

Companies House reform is also absolutely fundamental. It is clear that that should be the case and I know the Government are doing something on that already. One perverse situation at the moment is that if someone sets up a business through a company formation agent, they should be subject to money laundering checks by HMRC. If they set up a company directly with Companies House, however, there are no money laundering checks. It simply cannot be right that if someone goes to one and cannot get set up, they can go to Companies House. Companies House, therefore, needs to be a regulator, rather than just a register.

The register of overseas entities does not come under the taxpayer, of course, but through a simple levy attached to the cost of creating a company, currently Â£12. That could raise enough money for Companies House to be that regulator, so we could see who was trying to launder money through UK properties. That is absolutely critical. The Government are committed to all this stuff, but we just need them to commit to bringing it forward in the next parliamentary Session. It was great to hear what the Chancellor said on that today. He seemed to be really keen on that being in the next parliamentary Session. I hope recent events will push it up the political agenda.

One issue we neglect in the conversation about cutting economic crime is the role of whistleblowers. Most economic crime is not highlighted by our very good agencies. They are good sometimes and the legislation we are bringing forward will help them to take forward successful prosecutions, but they need the evidence in the first place. I am sure my hon. Friend the Member for Barrow and Furness (Simon Fell), who made a fantastic speech and who has huge experience in this area, agrees that we need people to come forward with the evidence. Our regulators and fraud agencies can only really be watchdogs rather than bloodhounds and they need to be given access to the information in the first place.

Whistleblower protections in the UK are pretty woeful now compared with how they used to be. We used to be world leaders in this area. If we want to uncover economic crime, we have to make sure that the people who identify and highlight it, and help the Serious Fraud Office to make prosecutions stick, are protected. That is not the case at the moment. My constituent Ian Foxley highlighted the case of GPT special projects. Some Â£28 million-worth of economic sanctions against that company were handed down in Southwark court, but for 10 years my constituent has gone without a penny, having had a six-figure salary in his previous role. He blew the whistle. One could say that his whistleblowing led to the Airbus fine of Â£3 billion, of which Â£860 million came to the Treasury, but he has gone without a single penny and that cannot be right. We have to make sure people are protected when they come forward, and are properly compensated for the distress and financial impact it has on their lives.

14:23:00

Ian Lavery (Wansbeck) (Lab)

It is quite simple really: the Tories cannot be trusted with taxpayersâ€™ money. Since we have been in the Chamber, headlines in the national news have described as jaw-dropping the revelations in the Department of Health and Social Care annual report. Buried on page 199 is a suggestion that there were Â£8.7 billion in losses on PPE in the Government accounts:

â€œÂ£0.67 billion of PPE which cannot be used,â€

perhaps because it is defective,

â€œÂ£0.75 billion of PPE which is in excess of the amountâ€

that might need to be used,

â€œÂ£2.6 billion of PPE which is not suitable for use within the health and social care sectorâ€,

and,

â€œÂ£4.7 billion of adjustment to the year-end valuation of PPEâ€.

Alex Cunningham (Stockton North) (Lab)

I remember the statement in the House, way back in 2010, when the Government cancelled the new hospital for my constituency. It was going to cost about half a billion pounds. Does my hon. Friend agree that we could have had our hospital, and many others too could have had their hospitals, if this sort of waste was identified properly in Government?

Ian Lavery

I fully agree. What could the Government have used Â£8.7 billion for? A new hospital in my hon. Friendâ€™s constituency? Other hospitals and clinics? Looking after the 6 million people who are still on the NHS waiting list as we sit in this Chamber?

That loss is in addition to what has already been explained in previous speeches. I repeat: the Tories cannot be trusted with taxpayersâ€™ money. Lord Agnewâ€™s resignation has rightly renewed interest in the Governmentâ€™s attitude towards fraud and the wider handling of public money. He spoke about â€œschoolboy errorsâ€ with regard to this Governmentâ€”hardly schoolboy errors, by the way, when we are talking about billions and billions of pounds. Is it any wonder that Lord Agnewâ€”a true blue, a loyal blueâ€”stormed out of the Lords? He stormed away because he thought this Government were making schoolboy errors, and he wanted absolutely nothing at all to do with the Treasury decisions and the facts of wasted taxpayersâ€™ finances and fraud.

The figures are staggering. It is estimated that Â£29 billion a year is lost across Government in fraud, and Â£4.3 billion of that, paid out in fraud and error under covid support schemes, has simply been wiped away. It has been deleted. Some Â£3.5 billion in covid contracts was awarded to Tory-linked firms, implicating senior Ministers of the Cabinet. Yet, other than the odd ritual sacrifice to give the impression that they care, the Government and those involved have shown no accountability for that shocking mishandling of public funds.

I can guarantee that, had the 2019 election result been different, things would have been completely different. The right-wing politicians and the press would not have so keenly turned a blind eye to what is happening before our eyes. Mark my words, if Â£4.3 billion was lost through benefit fraud, the Government would not be taking such a relaxed view on things.

People are 23 times more likely to be prosecuted for benefit fraud than tax fraud in the UK, despite the fact that tax crimes cost the economy nine times more. I could talk for hours about how the Government attack people on benefits and disabled people, how they hound people through the horrible methods used to track down people who are merely existing in life. Yet, if someone has a super-yacht, they can go anywhere and forget everything. That is the sorry state we see our nation in.

It is not an accident or a fault in the system; it is how the system has been carefully designed. The richest in our society have close ties to the Government; they ensure that their money can be shuffled around in offshore accounts and through tax loopholes, while the poorest are relentlessly hounded by a bureaucratic leviathan, which ensures that the system does not give them an inch. This disproportionate focus on working-class crime and the benefit scroungers narrative, peddled relentlessly in the press through tabloids and programmes such as â€œBenefits Streetâ€, which we all saw on television, has warped public perceptions in a deliberate strategy of divide and rule by the handful of those benefiting handsomely from this fraud at the very highest level.

Lord Agnewâ€™s revelations tell us nothing that we did not already know. Whether that was through the Panama papers, the Paradise papers or the Pandora papers, it is a well-documented fact that the super-wealthy hoard their money to avoid tax that might actually improve society for the many. Instead of tackling this issue, which could save billions of pounds in funds for things such as social care, the Government would rather raise national insurance and cut universal credit, throwing thousands more families into poverty, while inexplicable sums of money accumulate in the hands of the global Ã©lite.

Just a nice taster: the rising fortunes of the worldâ€™s billionaires during the pandemic fuelled record sales of super-yachts, to the tune of Â£5.3 billionâ€”that is not bad, is it? Eight hundred and eighty-seven super-yachts were sold in 2021â€”a 75% increase on the previous year. It is all right for some, is it not? It is not for others, of course.

I urge the Government to finally commit to putting an end to the rampant levels of corruption at the highest level, rather than punish the people of this country yet again.

14:31:00

Siobhain McDonagh (Mitcham and Morden) (Lab)

On the Chancellorâ€™s watch, Â£4.3 billion of covid business support has been stolen by fraudstersâ€”Â£4.3 billion. Of course we recognise the scale of the covid support schemes and the speed with which they had to be developed, but upon their formation HMRC made it crystal clear that those schemes would be targets abroad. How right it was: 8.7% of furlough payments, 8.5% of the eat out to help out scheme and 2.5% of support for freelancers and entrepreneurs has all fallen into the hands of fraudsters and been written off by the Treasury. It is a complete disgrace.

However, from the evidence that I have heard in the Treasury Committee, we should add another half a billion pounds to the list of wasted funds. I am talking of Greensill Capital. At the height of the pandemic, Government Departments were infiltrated by the desperate lobbying of a former Prime Minister, phoning friends for Lex Greensill, the founder of Greensill Capital and the originator of a Ponzi scheme, a derivative of supply chain finance, known as prospective receivables. Twenty-five texts, 12 WhatsApp messages, eight emails, 11 calls and nine meetings with senior Ministers and officialsâ€”David Cameron was WhatsApping his way around Whitehall on the back of a fraudulent enterprise, based on selling bonds of high-risk debt to unsuspecting investors. It was all under the guise of so-called supply chain finance, but the reality is that 90% of Greensillâ€™s business was nothing more than clairvoyancy, lending against transactions that had never happened and might never happenâ€”companies did not even know that they were involvedâ€”and then selling that as a low-risk investment, half the time without any invoice evidence that anything had ever happened.

There was overwhelming evidence that this was a business based on deception, years before. In 2019, Reuters published articles highlighting the precise reasons why Greensill would collapse two years later. At the time of those articles, Greensill sued Reuters and lost. Meanwhile, the late Lord Myners, a former Treasury Minister, was asking questions about the Greensill business model in the House of Lords.

Again, at the beginning of 2019, the Bank of Englandâ€™s Prudential Regulatory Authority began an investigation into Wyelands Bank, the banking arm of GFG Alliance, Greensillâ€™s principal partner. In February 2020, the Bank even set out its concerns to the Serious Fraud Office and the National Crime Agency. It is inconceivable that this was not detected or known. Greensill was a crook parading a Ponzi scheme in plain sight, but was introduced across the highest levels of Government. It is an embarrassment for Britainâ€™s financial reputation.

The biggest loser in this whole sorry saga is the British taxpayer. Our Committeeâ€™s concerns were batted away by the Treasury, which insisted that it had rejected Greensillâ€™s attempts to secure funding. As ever, the devil is in the detail. The Treasury declined the lobbying with one hand but with the other palmed the organisation to the British Business Bankâ€”a public institution backed by taxpayersâ€™ moneyâ€”which handed out Â£400 million of loan guarantee funds. As Mrs Thatcher famously said:

â€œThere is no such thing as public money; there is only taxpayersâ€™ money.â€

Instead of unlocking finance for small businesses, it unlocked finance for fraudsters. Fraudulent organisations such as Greensill were able to lucratively lobby and receive hundreds of millions of pounds while many businesses and hard-working families in my constituency, and every constituency across the country, were left with nothing.

Waste is not just happening in private business dealings; it is also happening in the scheme for the Prime Ministerâ€™s promised 40 new hospitals. The wild west of NHS South West London is recklessly plotting to downgrade Epsom and St Helier University Hospitals by moving the A&amp;E, intensive care, maternity unit, childrenâ€™s services and 62% of beds to healthy, wealthy Belmont. As I have repeated time and again to the Government, however, using allocated funds to improve services where health is poorest has been proven to save up to Â£200 million. That sum would not clear the Greensill balance sheet, but no doubt it would go some way to doing so.

14:37:00

Alex Cunningham (Stockton North) (Lab)

Today, we have heard many extremely worrying examples of fraud, waste and corruption by this Tory Government, with the NHS getting the headlines. Sadly, that kind of behaviour is not limited to Westminster. In the Tees Valley, waste and dodgy deals are happening on a concerning and escalating scale under the leadership of the Conservative Tees Valley Combined Authority Mayor.

A few days ago, The Northern Echo and the Daily Mirror revealed that the majority of shares in Teesworks, the former steelworks site, have been handed to Tory donors. Until recently, half the shares were owned by the public, but at the end of last year, 90% were held by joint venture partners JC Musgrave Capital and Northern Land Management, with no procurement or open tendering process to oversee the siteâ€™s development.

A director of the same Northern Land Management has donated to the political funds of not only the Tees Valley Mayor but north-east Tory MPs. Joseph Christopher Musgrave, who gives his name to JC Musgrave Capital, has also donated to the Conservative party. The whole thing smacks of cronyism but, as todayâ€™s debate has shown, that is no surprise. Sadly, the Tory party and the Tory Government are becoming synonymous with the mismanagement of public money.

Teesworks has benefited from huge sums of public money since the steel producer SSI was closed in 2015 after the Tory Government let it go to the wall. That led to the redundancies of 2,300 steelworkers and the end of 170 years of steelmaking on Teessideâ€”the industry on which the entire area was built. Taxpayers in both Teesside and across the country have paid tens of millions of pounds to purchase the site, keep it safe in the meantime and clean it up for regeneration.

What return will taxpayers have if the site ever returns a profit and what say will the public have over who comes there? Is the 10% share that the South Tees Development Corporation still has sufficient to ensure that taxpayers get value for money? To me, that seems very doubtful. We all want to see the successful development of the site, but if it is successful, 90% of the profits will go to the private companies that now control Teesworks.

There are also hugely valuable materials in the land at the site, including millions of poundsâ€™ worth of sandstone, steel and copper. I am told that lorry loads of materials are leaving the site every day without proper auditâ€”to where, who knows? I would also like to know who got those contracts and how they were won. Was there a tendering exercise or was it just the old pals act? Now that so much of the site is under private ownership, I wonder whether the public will reap the financial benefits of the assets when they are sold on, or whether instead the millions will line the pockets of the Mayorâ€™s donors.

The site is fundamental to the economic future of Teesside. It has the potential to be a major site for new green industries such as carbon capture and storage and hydrogen. It can help us to rebuild a sustainable modern industrial future for Teesside, but who will be making the decisions on who invests there and what industries and businesses are allowed to set up shop? Surely such decisions are too important to our local economy to be left in the hands of property developers who will always put profits before anything else.

I am at a loss about where to turn to get answers for local people on these pressing issues. One of the most frustrating elements of the Tory Mayorâ€™s apparent leadership of the combined authority is how difficult it is to access information about how public funds are being managed and spent because he acts behind a cloak of secrecy. Deals that involve such large amounts of public money should benefit from public scrutiny, but there is a complete lack of transparency in the Mayorâ€™s dealings, which seems to me to be evidence of a contempt for his constituents, who have a right to know how their money is being spent.

It has become impossible to get information that in the past would have been routinely available to the public. The Mayor has created layers of organisations through which his dealings take place, some of which are not even subject to the Freedom of Information Act. Teeswork itself is a classic example: the Mayor set it up in summer 2020, promising that the body would oversee the regeneration of the SSI steel site. But it is not clear what Teeswork actually is. Is it a brand name? Is it a company? What is its constitution? How are decisions made? None of that can be found anywhere online. Its board was hand-picked by the Mayorâ€”a mix of local Tory businessmen, local government officials, the independent leader of Redcar &amp; Cleveland Borough Council and the Tory MP for Redcar. There are no published minutes or paperwork anywhere on the website.

It is appallingâ€”this is simply no way to run a public administration. Taxpayers footed the bill for the site when it was purchased and it is only right that they should reap the benefits of what the site has to offer. As my hon. Friend the Member for Middlesbrough (Andy McDonald) said, there needs to be a full investigation into all of this.

I have seen the Mayor commenting that handing over such a large proportion of the site to private firms was apparently necessary to create jobs. To which I say: we lost 2,300 jobs when Conservative inaction shut down the steelmaking industry on Teesside after a proud 170-year history. Local shareholders lost out when the Conservative Government and Tees Valley Mayor stood by when the Sirius mine project needed support, instead leaving it to be taken over by a multinational company, which left local investorsâ€”some of whom had put their life savings into the projectâ€”high and dry. We lost jobs when the Tories failed to support the world-famous Cleveland Bridge Company, which built the Sydney bridge. It just had a cash-flow problem. Despite the Toriesâ€™ promises to save the company, it closed, with the loss of a large number of highly skilled jobs.

I understand that the Mayor has been in the news this week throwing his weight behind our disgraced Prime Minister. He shared his concern that, without the Prime Minister, levelling up will be dead. I am sure that, like all of us here, the Mayor is looking forward to reading the levelling-up White Paper tomorrow. I wonder if he will find it to be the rubbish that the Secretary of State apparently says it is. I wonder whether this is what the Mayor means by levelling upâ€”giving more power to Tory donors at the expense of local people, who should be benefiting from investment and jobs. I wonder whether he thinks levelling up includes billions of pounds of taxpayersâ€™ money being mishandled while a town such as Billingham, in my constituency, fights to get Â£20 million from the levelling up pot but keeps being rejected, even though it has a higher need than other areas that have been awarded cash.

That is what so-called Conservative levelling up looks like to meâ€”more money for the Toriesâ€™ friends and crumbs left for the local community. The message is clear: the Conservatives, both nationally and locally, cannot be trusted to treat taxpayersâ€™ money with respect and get them the value they deserve.

Madam Deputy Speaker (Dame Eleanor Laing)

I call Jessica Morden.

14:46:00

Jessica Morden (Newport East) (Lab)

Thank you very much, Madam Deputy Speaker, and happy birthday. What a wonderful way to spend your birthday. May I thank members of the Opposition Front Bench for choosing this subject to shine a light on? With everything else that is going on, it is really important not to lose sight of the Governmentâ€™s woeful record on waste and fraud. I will speak on behalf of constituentsâ€”taxpayersâ€”in Newport East hit by rising bills and energy costs, stagnant wages and facing the national insurance rise in April.

Families struggling just to get by, desperately wondering how they will cope through the coming months, are told time and again by the Government that there is little they can do to help; that the NI rise cannot be rethought because the Chancellor sees

â€œlittle headroom for fiscal looseningâ€;

that the Â£20 universal credit uplift cannot be maintained because of costs and an

â€œever-emerging and changing situationâ€;

and that they will not take VAT off fuel bills, with Government Members even trooping through the Lobby to vote against Labourâ€™s motion on this, despite the Prime Minister telling us during the Brexit referendum that:

â€œWhen we Vote Leave, we will be able to scrap this unfair and damaging tax.â€

That is not to mention all those excluded throughout this from Government schemes.

Yet all the while, the Government are writing off billions of pounds of taxpayersâ€™ money lost to waste and fraud. As Conservative peer Lord Agnewâ€”often mentioned todayâ€”said when resigning last week:

â€œTotal fraud loss across government is estimated at Â£29 billion a year. Of course, not all can be stopped, but a combination of arrogance, indolence and ignorance freezes the government machine.â€â€”[Official Report, House of Lords, 24 January 2022; Vol. 818, c. 21.]

That is from their own side. The Government have been cavalier not only with lockdown rules and drunken parties but with due diligence when it comes to public spending. Just this week, it was revealed that Â£2.7 billion of taxpayersâ€™ money was spent on PPE products that will go unused by the NHS; 71 UK Government contracts, with a total value of Â£1.5 billion, were awarded to suppliers without due diligence, with hundreds of millions going to firms with no experience of public contracts, including the Florida jewellery company and the pest control company; and Â£3.5 billion of covid contracts were given to Tory-linked firms. As the National Audit Office said, the Governmentâ€™s approach â€œdiminished public transparencyâ€ and fell short of the

â€œstandards that the public sector will always need to apply if it is to maintain public trust.â€

The Conservative party defends all this by pointing to the extraordinary circumstances of the pandemic, but other Governments did not make the same mistakes. In Wales, the Auditor General saw no evidence of priority being given to potential suppliers depending on who referred them, and the Welsh Labour Government introduced legislation, the Social Partnership and Public Procurement (Wales) Bill, to ensure that procurement contracts are fully open and responsible throughout supply chainsâ€”a Labour Administration doing it the responsible way.

As we have heard throughout the debate, the Department of Health was not alone in squandering our money. Thanks to my right hon. Friend the Member for Wentworth and Dearne (John Healey), we know that the Ministry of Defence wasted Â£13 billion of taxpayersâ€™ money since 2010 on failed procurement projects, overspends and other admin errors. The Public Accounts Committee concluded that the Ministry of Defence procurement system

â€œis broken and is repeatedly wasting taxpayersâ€™ money.â€

The Ministry of Justice also wasted around Â£240 million in the last year on an array of projects, including Â£98 million on the new case management system for the electronic tagging of criminals, which was scrapped before it could be used.

As the Public Accounts Committee reported, the Department for Work and Pensions allowed universal credit fraud to spiral during the pandemic, with more than Â£8 billion lost to scams and errors. We all wanted money to go as quickly as possible to those who needed it, but the system was vulnerable to attack by organised crime groups and was overseen by Ministers who, to quote the Public Accounts Committee, had simply â€œlost control.â€

The Chancellor has now decided to write off Â£4.3 billion of funds allocated to the coronavirus help schemes. As my right hon. Friend the Member for Wolverhampton South East (Mr McFadden) highlighted last month:

â€œIt is roughly the same as half the annual policing bill for theâ€¦country.â€â€”[Official Report, 18 January 2022; Vol. 707, c. 219.]

Hard-working police officers in Gwent police would have valued that money after a decade of Tory cuts in which they saw their budgets cut by 40%. It is more than the whole towns fund, it is almost the cost of the levelling-up fund, it is the same amount as the Chancellor took off universal credit in the autumn Budget, leaving thousands of my constituents worse off, and it would have been enough to help every family in the country who are suffering with their energy bills.

As my hon. Friend the Member for Leeds West (Rachel Reeves) said, this all matters because it means less money for everything else and nothing to help with the cost of living crisis, and it means the Government are raising taxes in April. One of the many families in my constituency who have been in touch with me talked about how they have had to cut down to one meal a day so they can heat their home through the night to keep their baby warm. That is just one of hundreds of harrowing stories, and it is all down to competence and political choices. What this Government have shown us is carelessness, incompetence and cronyism.

14:51:00

Christine Jardine (Edinburgh West) (LD)

It is a pleasure to speak in this debate and to follow the hon. Member for Newport East (Jessica Morden). I thank the Labour Front Bench for calling this debate, in which we have heard so many powerful arguments. The debate follows the powerful statement made by Lord Agnew on his resignation, where he drew attention to the â€œlamentableâ€ litany of mistakes, errors and inexplicable decisions by this Government.

I will not take up the Houseâ€™s time by going into detail again, but we have heard today about the problems at Companies House, about the approximately Â£5 billion that we understand will just be written off and about the procurement mistakes that mean billions of pounds have been wasted on equipment that was of no use to anybody at a time when the emergency services in this country were crying out for proper personal protective equipment.

I speak not just on behalf of my party but, perhaps more importantly, on behalf of my constituents, who would recognise the shadow Chancellorâ€™s description of the situation as a disgrace and an affront. Yes, it is a disgrace, and it is an affront to all my constituents and the 3 million people across the country who were told time and again by this Government that support would not be available to them during the pandemic from the job retention scheme and the self-employment income support scheme because it would be too difficult to administer due to the risk of fraud. We know now that, at the same time, companies were defrauding taxpayers.

It is an affront to them, and it is also an affront to my many constituents who are hounded on a weekly basis by the Department for Work and Pensions and Her Majestyâ€™s Revenue and Customs because of errors made not by them but by those two Departments. It is also an affront to all those who have been pursued for loan charges. They are taxpayers who followed the rules and then, in many cases, faced bankruptcy because of a retrospective change in the law.

How is it that the Government are able to support the pursuit of those people? How is it that there is no support for them, while we stand here knowing that those who have taken money from the taxpayer fraudulently, at a time of national crisis, are not going to be pursued? I cannot believe there are any Conservative Members who think it any more acceptable than we do that their constituents can be treated in this way, and that criminal actionâ€”because it is criminal action when money has been stolen from our constituents, from honest, hard-working taxpayersâ€”is simply going to be accepted, and these people will allowed to get away with it. I think that that is an affront to all of us.

Madam Deputy Speaker (Dame Eleanor Laing)

I call Paula Barker.

14:55:00

Paula Barker (Liverpool, Wavertree) (Lab)

Thank you, Madam Deputy Speaker, and many happy returns of the day.

Notwithstanding what the Paymaster General suggested earlier, this debate called by my party is absolutely the right one. It is easy to forget, given the plethora of scandals afflicting this Government, that when it comes to actual good governance they fall short of that marker. Perhaps it is as a result of the cumulative effect of those scandalsâ€” certainly on the back of the Owen Paterson debacleâ€”that these issues are starting to pick up traction. The issues of waste, fraud, fast-track procurement processes and contracts that did not deliver are all interconnected. They did not begin with Owen Paterson and end with Lord Agnewâ€™s resignation.

Ever since the pandemic began, Members on the Opposition side of the House have raised questions, as any good Opposition should; but we were derided and ignored, accused of playing party politics throughout a national crisis. These days the Chancellor is conspicuous by his absence. That is in stark contrast to the dizzying heights of his popularity early in the pandemic, but it also means that he cannot continue to evade accountability and run from the truth.

It is not as if the Government were not warned. I attended a Westminster Hall debate called by my good and hon. Friend the Member for Liverpool, Walton (Dan Carden) on 8 December 2020, on the back of the National Audit Office report that was critical of the Government in respect of transparency about the use of public funds for covid contracts. Companies with no track record or experience of delivering comprehensive outcomes on anything, let alone specialist services, were awarded contracts to the tune of hundreds of millions of pounds of taxpayer cash, and the only criterion, as far as we can tell, was their personal connections with the Conservative party and Conservative Ministersâ€”a bit like the pub landlord, for example. It is absolutely shameful. At about that time, Conservative Ministers such as Lord Bethell were refusing to publish a list of the companies awarded contracts to provide PPE because of the â€œcommercial sensitivityâ€ associated with the high-priority VIP lane; others might call it the Tory gravy train.

Then there is the abject failure in terms of outcomes, most famously that of track and trace, at an eye-watering Â£37 billion. Consultants were on Â£7,000 a day; there were jobs for mates such as Baroness Harding, who was completely out of her depth, and money was being funnelled to companies like Serco which cannot even deliver decent asylum accommodation in my own constituency. When this Government claim that they got the big calls right during the pandemic, they are so far off the mark that one must wonder whether the booze consumed during recent Downing Street parties has killed off considerable numbers of brain cells.

We know that these are difficult times for a Conservative Government when the Telegraph runs with the headline â€œGovernment waste is an insult to taxpayersâ€. Now the latest reveal is that Â£4.3 billion has been lost to fraud in the covid support schemesâ€”written off, never to be seen againâ€”while Â£3.5 billion in public contracts has gone to Conservative pals in the private sector. The Governmentâ€™s so-called levelling-up fund alone could have been three times as large if No. 11 had not been so flagrant with public money. Who knows? We could have afforded Northern Powerhouse Rail, not the cheap and nasty integrated rail plan that we have received.

I have to mention the 3 million excluded self-employed taxpayers who continue to be ignored by this Government and who have not had one penny in support, because the Government say that could be open to fraud. The hypocrisy is astounding. When all is said and done after the pandemic, history will not be kind to this Government. They are economical with the truthâ€”and that is putting it kindlyâ€”but less so with the public finances. They have been nothing short of an abject failure.

Madam Deputy Speaker (Dame Eleanor Laing)

I call Peter Grant.

15:00:00

Peter Grant (Glenrothes) (SNP)

Thank you, Madam Deputy Speaker, and my birthday wishes to you. You are almost a twin of my wee sister, although I think Wikipedia may have got the year wrong. We will give you a chance to correct it later, because it cannot possibly have been that long ago.

I commend the shadow Chancellor, the hon. Member for Leeds West (Rachel Reeves), for her opening speech. Some of this afternoonâ€™s Back-Bench speeches have been quite outstanding. One thing that struck me on listening to them was that hon. Members were using very specific examples to point to themes that come back time and againâ€”examples where there were obvious danger signs and things were going wrong, but nobody did anything. Sometimes publicising them and getting people embarrassedâ€”those who are capable of being embarrassedâ€”is the only way to deal with the problem.

It is very easy to make political capital in this place, which is designed to encourage the political ping-pong of playground insults that sometimes passes for debate, but vitally serious questions are being raised not just about failings in the present party of government, but, perhaps even worse, failings in the machinery of government that have to be sorted out. A change of Government just now will not fix the problem on its own unless we change the mechanisms by which decisions are taken.

Running a Government is not easy, and running a Government at a time of global crisis is even more difficult. No Government get it right all the time. Complimentary things have quite rightly been said about the Welsh Government, but the Welsh Government have got it wrong sometimes, and the Scottish Government have got it wrong sometimes.

When Governments get it wrong, they have to expect to be held to account, and it is reasonable for them to expect to be held to a reasonable standard. We are not expecting people to have been perfect or able to see into the future; we are expecting them to have planned for the most likely and foreseeable contingencies, to have been able to change their plans when circumstances changed, and to have been willing to come back and hold up their hands when they got it wrong and say, â€œWe got it wrong.â€ I would like to see certain people in this place saying, â€œI am sorry for what I did,â€ instead of constantly saying, â€œI am sorry for what other people didâ€ or â€œI am sorry for what happened to me.â€

Inevitably, a lot of our comments today will be directed against this Government, but in some cases I am talking about failings that have been there for decades or even longer. The Paymaster General appeared to speak somewhat dismissively of figures cited in a National Audit Office report in October 2020. I have gone back and had a look at that report. For those who are interested, paragraph 3.7 and figure 16 gave forecasts for the levels of fraud in some of the schemes that have turned out to be over-pessimistic, but the report says in a footnote that the sources for those over-pessimistic forecasts were the British Business Bank, the Department for Business, Energy and Industrial Strategy, Her Majestyâ€™s Treasury and the Office for Budget Responsibility.

It is a matter of public record that the advice that went with the ministerial directions required to allow some of the schemes to be established very often talked about levels of fraud of the same order of magnitude as those that the NAO talked about. The Government went into these schemes knowing that the best advice that they could get was that such eye-watering levels of fraud were possibleâ€”maybe not particularly likely, but distinctly possible.

Comments have been made about some National Audit Office and Public Accounts Committee reports that have been published recently. I want to flag up a few of them to demonstrate that wastage and inefficiency are not just a problem within one or two Government Departments; they are actually endemic in this place. On the defence nuclear infrastructure, which I mentioned earlier, the Public Accounts Committee found a total overspend of Â£1.35 billion. Even at that level, projects are delayed at best by 1.7 years and some by 6.3 years. If these projects are so important to the defence of all of us, then I suggest that leaving us undefended for 6.3 years in the present climate is not a particularly good idea.

As for the national law enforcement data programme, 68% of its budget was overspentâ€”an overspend of Â£445 million. Things got so bad that at one point the police chief constables threatened to walk away because they had lost confidence in the way that the programme was being deliveredâ€”or not delivered.

On a smaller scale, but with a significant impact on individuals, the green homes grant voucher scheme promised to improve the energy efficiency of 600,000 homes, but managed 47,500. It still spent Â£50 million on administration. That is over Â£1,000 in administration for each house that it dealt withâ€”almost a sixth of the entire budget.

When the Committee looked at the problems in a lot of digital change programmes across Government, we found, worryingly, that the intended transformation programme in primary care services in England was so flawed that it

â€œpotentially put patients at risk of serious harmâ€.

We need to remember that this is not just about money. If there is inefficiency, mismanagement and sheer incompetence in managing the money, then the chances are that outcomes for people who rely on this work could be seriously affected as well.

A common theme in a lot of Public Accounts Committee reports is that the Government are always over-promising, giving wildly optimistic forecasts of all the benefits that will come from these schemes, and then quietly slipping out a report admitting that they have not really delivered anything like the promised benefits. It is also a standard practice of this Government that among the achievements they claim credit for having delivered now are things that they were saying they might manage to deliver sometime in futureâ€”when their track record is that if they promise 1,000 of anything, we will be lucky to see half a dozen.

Not only has there been a long track record of massive overspends, massive delays and massive inefficiencies throughout the Government, but, speaking personally from my experience over the past couple of years on the Public Accounts Committee, I am still not convinced that there has been a sufficient culture change to be willing to be accept that this level of waste is simply unacceptable. Structural and cultural problems in the way the Government are set up and the way they operate mean that we will be very limited in how much of this waste we will be able to get to grips with.

For example, HS2 has overspent by almost Â£40 billion above original estimates, for a single project that we have recently discovered is not actually going to get as far as it was supposed to. All these things are supposed to be accountable to us, but I discovered at the first meeting of the Public Accounts Committee I went to that in the year that the massive overspends on HS2 were brought to the attention of the National Audit Office, HS2â€™s own annual report did not mention the fact that it had been delayed. It managed to produce a glossy report for its shareholders and the public but somehow forgot to mention that the public money it was overspending was not even delivering what it was supposed to deliver.

Let me pick up on a few of the comments made by others. It is small money in some ways, but Â£900,000 could do a lot in my constituency. The Prime Minister, over the heads of the Scottish Government and against the wishes of 80% or 90% of Scottish MPs, hired a consultant and paid them Â£900,000 to say to him, â€œA bridge to Ireland? Are you daft?â€ I have 80,000 constituents who would have given the Prime Minister exactly the same answer for Â£900,000 less than he chose to spend on it. Remember that this is a Prime Minister who couldnae build a bridge over the Thames, which is not quite such a technologically innovative project as building one to Ireland.

There has been comment about the economic crime Bill. Earlier, the Chancellor promised us that nothing is off the table in relation to economic crime, but unfortunately the economic crime Bill has not got as far as the table yet. Last week, the Government said that that was because they could not find time in the parliamentary timetable. Almost exactly two hours after they said that, the business in this place collapsed three and a half hours early. For the second time in three weeks, it had collapsed over three hours early because the Government could not think of important enough business to fill up a day. I suggest that it is not about a lack of parliamentary time but a lack of Government will. This is a Government that can find the time to legislate to strip citizens of their right to peaceful protest, but cannot or will not find the time to legislate to strip Putinâ€™s pals of their ill-gotten billions.

I entirely agree with the comments from the hon. Member for Thirsk and Malton (Kevin Hollinrake), who is no longer in his place, about the protection of whistleblowers and the encouragement of whistleblowing. When it is done properly, it is one of the best defences against any kind of financial crime that we have. I wonder what it says about this Governmentâ€™s genuine commitment to protecting whistleblowers when we see the comments that Sue Gray made about the culture of bullying at the heart of Government. Nobody asked her to look to look at bullyingâ€”it was not part of her remitâ€”but there were clearly a lot of people in No. 10 who decided that this was a chance to talk about it.

The best way to deal with fraud is to prevent it from happening, rather than trying to deal with it a year or two after it has happened. I used to do fraud awareness courses when I was a local government senior auditor, and it was always made clearâ€”as it was when I was chair of the audit committee of the third biggest council in Scotlandâ€”that the culture has to come from the top. It is the same as dealing with bullying, harassment and other unacceptable behaviour in any organisation. The message that is sent out and the ethos that is demonstrated day in, day out by the leaders of the organisation is much more important than what is written on an official document in a policy library somewhere.

The ethos and the example set by those at the top are crucial. What example does it set when the Standards Committee of this House finds that a senior Member of the House is guilty of â€œegregiousâ€ and â€œcorruptâ€ acts, in the words of the Chair of the Committee, and the Governmentâ€™s response is to try to discredit the Committee and the Standards Commissioner and get them removed from office? Does that look like the action of a Government who are committed to setting a culture where no level of corruption and no level of abuse of position is acceptable? It does not look like that to me.

I know that there are Members on the Conservative Benchesâ€”I certainly include the Economic Secretary to the Treasury among themâ€”who are utterly decent people. I can understand why some of the Conservative Back Benchers who were here earlier were not too pleased to be included in some of the accusations that have been levelled against their party. There are decent and honest people on Conservative Benches, but we need to say to them that it is time for them to step up. What we have just now is a system of government that has always been wide open to serious abuse, with far too much power concentrated in far too many hands and far too little genuine oversight or genuine responsibility. It is a system that has just been waiting for the wrong person to come along and abuse it, and I believe sincerely that we are bearing the fruits of that now. It is up to those who have the integrity that is neededâ€”particularly those on the Government Front Benchâ€”to step forward now and start clearing out the corruption in this place.

15:12:00

Emma Hardy (Kingston upon Hull West and Hessle) (Lab)

It is a pleasure to speak in this debate and to follow the hon. Member for Glenrothes (Peter Grant). It has been a really interesting debate. It is a shame that the hon. Member for Thirsk and Malton (Kevin Hollinrake) is not in his place, because, like the hon. Member for Glenrothes, I thought his comments on whistleblowing were really important. The importance of protecting those who call out economic crime is not often raised in this place.

Since 2019, economic crime has increased. Action Fraud has talked about a 36% increase in fraud offences for the year ending June 2021, compared with the year ending June 2020, and a 51% increase in financial investment fraud. I cannot remember who said it, but an earlier speaker in the debate pointed out the emotional upset that comes with fraud. It is worth contemplating for a moment that people who are defrauded can feel incredibly, personally hurt by it. It has a huge impact on them.

We need to look at a system that is fairer. One of the things that we like to say about this country when asked to describe it is that it is generally a fair and just country, but the system we have at the moment does not feel fair or just. It has been mentioned many times that the fraud relating to bounce back loans amounted to around Â£4.9 billion. When we include the coronavirus job retention scheme, the self-employment scheme and eat out to help out, we are looking at a total of Â£5.8 billion in overall fraud losses. It is worth remembering the comments made by Lord Agnew in his article in the Financial Times on 25 January. What he said was important, because it was not just about the loans introduced because of the coronavirus pandemic. He said:

â€œFraud in government is rampant. Public estimates sit at just under Â£30 billion a year. There is a complete lack of focus on the cost to society, or indeed the taxpayer.â€

Those are the words of the Government Minister who has just resigned in the Lords. It was not just a comment on the bounce back loans or coronavirus. He said that

â€œfraud in government is rampantâ€,

and as the anti-fraud Minister, surely he should know. In the same article he went on to say:

â€œThe government machine has failed spectacularly both in the business department in its weak oversight of the British Business Bank and in the Treasury for allowing such dysfunctionality to continue on such a colossal scale.â€

One of the Governmentâ€™s own Ministers is making those comments about the level of fraud we have in government. That is absolutely shocking.

As I said in an earlier intervention, I am concerned that some of these problems are long-lying, not immediate or concerned just with the recent coronavirus pandemic. The National Crime Agency is unable to grow its international corruption unit because of cuts to the UK aid budget. One part of the Government is making changes such as cuts to UK aidâ€”I still cannot understand the justification for thatâ€”and that will impact on our ability to tackle international fraud. We know that tackling fraud is under-resourced and under-invested. One third of all reported crime is fraud, but tackling it has only 1% of police resources. Of course we need an economic crime Bill, and we also need the Online Safety Bill. Had the Government not been so tied up in desperately trying to save the Prime Minister, we might be seeing some concrete action on the things that really matter.

The Economic Secretary to the Treasury has been before the Treasury Committee, of which I am a member, and he spoke about Companies House. The hon. Member for Glasgow Central (Alison Thewliss) made a good speech, detailing all the difficulties and concerns about Companies House, but again, we have known about that since 2014â€”it is not new. The Governmentâ€™s defence that, â€œOh, we had to do things quickly because of the coronavirus pandemic, and this is why we have problemsâ€, simply does not wash. We know there has been under-investment in tackling fraud because we do not have the resources the police need, and we know that the international aspect of that is under-invested in further because of cuts to UK foreign aid. We know there have been problems in Companies House since 2014, which the Government keep talking about and failing to take action on.

Reform of Companies House is essential. We cannot allow UK companies to be used to launder money and conduct economic crime. The pace of change is too slow, and if we continue with our current speed, we will not see the action needed for another 10 years. Transparency International UK has identified 929 UK companies involved in 89 cases of corruption and money laundering. That equalsâ€”I think this will shock most Members presentâ€”Â£137 billion in economic damage. That is not a small amount of money. We are talking about huge amounts of cash.

The three consultations launched by the Department for Business, Energy and Industrial Strategy, which were looking at Companies House, closed on 3 February 2021. Since then we have seen nothing; two years later, nothing. Where is the legislation to bring the changes and funding that we need to reform Companies House? This goes back to the point I made at the beginning of my speech: this is a question of fairness and justice. It is not just about the pandemic. I understand why the Government want to blame all the mistakes on the pandemic and the need for urgent action, but the problems are much deeper than that.

When we think again about what we could have spent that money on, that is where it becomes quite difficult. I have been contacted by many of the excluded community, who are really upset about the lack of support they have been given, the bankruptcy they faced, the need to go to food banks or claim benefits for the first time, and how unfair they think that is when they see how much money went out in fraud. It is not just them, because we have seen the same with social care. I have mentioned in the House on a number of occasions the Conservative-led East Riding of Yorkshire Council, of which my constituency is small part. It has a desperate need for money to deal with the number of elderly people who need care. It has a deficit of Â£1.4 million for the current year, and it needs more to offer competitive wages. We have people in the East Riding of Yorkshire not getting the care they need because the local council does not have the money it needs to fund it properly.

We cannot talk about this issue without relating it back to normal life. If we are talking about wasting Â£4.3 billion, that is Â£4.3 billion that is desperately needed by other people across our countryâ€”people struggling with the cost of living, excluded members of the community and people not getting the care and support they need. It is ludicrous, as others have said, that we have a Prime Minister who spent Â£900,000â€”it is hilariousâ€”employing a consultant to tell him that he could not build a bridge from Scotland to Ireland. My goodness me. I am sure someone out there has a tin of tartan paint that they could sell to the Prime Minister for around Â£900,000. If not, I am sure someone in my constituency could make the same offer. Or perhaps a ladder to the moon could be the next scheme the Government would like to invest in. I could offer myself as a consultant to look into the matter for him.

What we need, seriously, is an economic crime Bill, and we need it now. There is time in the parliamentary timetable to look at it. We need to a register of overseas interests. That was promised under David Cameron and by successive Conservative Prime Ministers, but we still have not seen it. We need reform of Companies House, and we need that to be accelerated. I have respect for the Minister. I am sure he wants to reform Companies House, too, and I urge him to make that change urgentlyâ€”sooner rather than later. I also ask him to include the investigative arm in the resourcing of Companies House, so that it is not just about filing companiesâ€™ details but could look into the legitimacy of some of the companies that want to register. Finally, we need the implementation of all the recommendations of the Russia report from 2020.

15:22:00

Rachel Hopkins (Luton South) (Lab)

Many happy returns of the day, Madam Deputy Speaker. It is an honour to follow my hon. Friend the Member for Kingston upon Hull West and Hessle (Emma Hardy), who made an excellent speech.

I am very pleased to be able to speak on this topic today. Good governance and public trust rely on prudent public spending. The Conservative Government have a track record of wasting public money and failing to deliver value for money. The Chancellor has written off Â£4.3 billion of fraud related to the covid business support schemes. Let us put that in perspective: it is equal to the total 2022-23 combined planned spending of the Department for Digital, Culture, Media and Sport, the Department for International Trade and Her Majestyâ€™s Treasury. It is more than the entirety of the towns fund, and it is almost all the money allocated to the levelling-up fund.

People should not have to pay for the imminent Tory tax rises that will exacerbate the cost of living crisis when billions are leaked to fraud and wasted. It demonstrates this Conservative Governmentâ€™s incompet-ence, letting fraudsters off the hook while continuing the underfunding of local communities and suppressing pay packets. That is especially so when it is reported that they expect to recover only Â£1 in every Â£4 lost.

The amount of fraud being written off works out at about Â£154 a household. That is a total cost of more than Â£6 million for my constituency of Luton South. I am sure my hard-working constituents would rather see it in invested in our community or have it in their pockets to spend in our local shops to drive our local economy. My constituents know that when living on a tight household budget, you have a keen eye for waste. From the Governmentâ€™s actions, however, that does not seem to be a skill that Ministers have learned. We have cancelled contracts, overspent projects and written-off investmentsâ€”â€œschoolboy errorsâ€. Those are not my words, but those of the Governmentâ€™s own anti-fraud Minister, Lord Agnew, as he resigned in protest. Are those on the Treasury Front Bench embarrassed when Lord Agnew talks of

â€œa combination of arrogance, indolence and ignoranceâ€â€”[Official Report, House of Lords, 24 January 2022; Vol. 818, c. 21]â€”

in the Governmentâ€™s decision making, which has led to an estimated total fraud loss across Government of Â£29 billion a year? It is just shameful.

The Governmentâ€™s reckless waste is not just related to fraudâ€”it cuts right across other areas of public spending. There has been Â£13 billion wasted on defence procurement in the last decade; Â£2.8 billion spent on PPE that was ultimately useless; Â£17 billion to rectify the Treasuryâ€™s discriminatory public sector pension reforms; and Â£550 million wasted by the Ministry of Justice in the past decade.

This Conservative Administration cannot be trustedâ€”do not take it just from me and Opposition Members; take it from independent, trusted organisations. The Royal United Services Institute, the worldâ€™s oldest and the UKâ€™s leading defence and security think-tank, has spoken of

â€œindifference and negligence at the heart of government.â€

The bounce back loans scheme was

â€œvulnerable to abuse by individuals andâ€¦organised crimeâ€

according to the British Business Bank, and the National Audit Office said:

â€œCounter-fraud activity was implemented too slowly to prevent fraud effectivelyâ€.

No Government should play fast and loose with public money, and the Toriesâ€™ appalling record on public spending must end.

I look forward to hearing the Minister acknowledge the shocking level of waste and Government mismanagement. I say that in the light of our greater recent focus on the Nolan principlesâ€”the principles of public lifeâ€”which apply to anyone who works as a public office holder. All public office holders are both servants of the public and stewards of public resources.

Let us take the principle of selflessness. The Nolan principles state:

â€œHolders of public office should act solely in terms of the public interest.â€

On accountability, they state:

â€œHolders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.â€

Will the Minister explain how giving out crony contracts, significant waste in Government and writing off huge levels of fraud serve the public and reflect good stewardship of public resources?

In particular, many ministerial directions were issued in 2020, and Ministers are fully accountable for those decisions. Let us take eat out to help out as an example. On 7 July 2020, the Chancellor gave a ministerial direction even though the first permanent secretary and chief executive officer of HMRCâ€”he is the principal accounting officer, who needs to make decisions that are appropriate and consistent with managing public moneyâ€”talked of â€œuncertaintyâ€ and said that

â€œthere areâ€¦particular value for money risks surrounding the level of potential losses that could arise.â€

Indeed, we have seen 8.5% of payments made under the schemeâ€”Â£71 millionâ€”lost in fraud or paid out by mistake. I recognise that there may be some elements of fraud and payments lost, but 8.5% is a significant margin.

The Government have repeatedly shown a lack of respect for public money, and our constituents deserve better. They deserve a Government who play by the rules and value every penny of public money.

Madam Deputy Speaker (Dame Eleanor Laing)

I call Pat McFadden.

15:27:00

Mr Pat McFadden (Wolverhampton South East) (Lab)

Thank you, Madam Deputy Speaker. I begin by wishing you a very happy birthday and wishing everyone in No. 10 a very happy end to dry January. I thank all right hon. and hon. Members who have spoken in the debate.

We began with the Paymaster General, No. 10â€™s fireman, coming once again to pour oil on troubled waters. Members raised a number of important issues. Several rightly raised the need for an economic crime Bill. They also raised the mismanagement of public finances, banks with poor records, losses other than those we are focused on today, crony contracts, and other examples described by the Public Accounts Committee. The overall picture is one of serious deficiencies in the management of our constituentsâ€™ money.

Let me focus on the issues in our motion. I turn first to the numbers. On 12 January, HMRC published figures on its website estimating the losses in covid grants due to fraud and error, which it broke down by saying they would be 8.5% of furlough payments and 8.7% of eat out to help out payments. It said that, all in all:

â€œThis equates to Â£5.8 billionâ€.

Adding up what has been recovered so far and what it is estimated will be recovered through the taskforce that the Paymaster General referred to in his opening speech gives us a figure of Â£1.5 billion between 2021 and 2023, leaving us with the Â£4.3 billion that we have been talking about for the last couple of weeks. Put another way, the Government state on their own website that they expect to recover only a quarter of the sum that they estimate has been lost in fraud and error on these grant schemes. It is important to understand that the losses on bounce back loans are additional to that. Estimates of those losses vary, but they are on top of the Â£4.3 billion estimated to have been lost through the grant schemes.

The Government say they are chasing down every pound, but on the same website, they say that these losses were

â€œin line with the original planning assumptions,â€

so from the get-go there was an assumption that a significant amount of money would be lost. Loans were made to over 1,000 companies that were not even trading when coronavirus began. Duplicate applications were made, with checks only introduced after 60% of the loans had been made. These are huge amounts of money.

The Governmentâ€™s defence is that there was pressure to get money out of the door because genuine businesses and individuals needed help; for example, many businesses had been ordered to cease trading as part of the public health measures. Of course it is true that there was pressure to get money out of the doorâ€”no one is denying or disputing thatâ€”but that cannot be an excuse not to have even a semblance of controls in place. One control could have been asking whether a company had ever traded in the past. Another could have been checking whether the same company was submitting multiple applications to different organisations. Those basic checks were not put in place.

Neither can the legitimate desire to get money out of the door quickly be an excuse for the lack of action since. The Government were warned of the risk of fraud. Before the bounce back scheme was even launched, the chief executive of the British Business Bank wrote to the Secretary of State for BEIS at the time:

â€œThe scheme is vulnerable to abuse by individuals and by participants in organised crime.â€

In June 2020, the Fraud Advisory Panel warned that

â€œwe feel we should draw your attention to serious weaknesses that enable fraudsters and corrupt insiders to exploit theâ€

bounce back loan scheme

â€œand CBILS loan scheme. Not only does that see public funds diverted to criminal enterprises, but it risks painting the scheme in a bad light and reducing public support for the governmentâ€™s actions.â€

In December 2020, the Financial Times described bounce back loans as a

â€œgiant bonfire of taxpayersâ€™ moneyâ€.

One source told the newspaper that

â€œthe scheme was being abusedâ€¦on an industrial scale.â€

Three months before that, in September 2020, former detective Martin Woods said that criminals had identified the scheme as â€œa fabulous opportunityâ€. Another said: â€œThis is basicallyâ€ a criminalâ€™s â€œdream scenarioâ€, adding that it was an

â€œincredibly lucrative fraud that requires very little work and has almost no chance of law enforcement action.â€

I accept that there was pressure to get money out of the door and get help to people, but that is not an excuse for not having even basic checks in place, and it is not the case that the Government were not warned about the risks. Indeed, as I said, their own website shows that assumptions of the levels of losses that we are talking about were built in from the very beginning.

Let me turn to the lack of action since. The speech by the former Minister for fraud has been extensively quoted in this debate, and it is no wonder. Ministers cannot just come here, thank him for his service and ignore what he said. The quotes from his speech, of which we have heard many today, are completely damning:

â€œSchoolboy errorsâ€¦indolence and ignoranceâ€¦no knowledge of, or little interest in, the consequences of fraud to our economy or society.â€â€”[Official Report, House of Lords, 24 January 2022; Vol. 818, c. 20-21.]

That is not the verdict of the Opposition; it is the verdict of the Governmentâ€™s own Minister on the issue. He also said that this is not an issue of the past. It matters now, because this is the time when the 100% Government guarantee starts to kick inâ€”that is, when the taxpayer starts having to pay the cost of the defaulted loans. It is impossible not to draw a contrast between the dismissal of all those warnings, and the lax way that money was allowed to go to the unscrupulous, with the Governmentâ€™s determination not to give help to many of the freelancers and others that got no help at all. How angry must they feel watching our proceedings today, when they see billions of pounds being discussed that we may never see again, while their claims were rebuffed by the Treasury time and again.

Lord Agnew rightly made the link between the huge sums that we are discussing and tax, because the context of this debate is that in the year following those losses the Government will bring in a tax rise that will add hundreds of pounds a year to the average familyâ€™s tax bill and raise the overall tax burden to the highest levels since the 1950s. It does not matter how many times the Chancellor and the Prime Minister describe themselves as tax-cutting Thatcherites: between them, they have raised taxes far more than any Chancellor of either party since she left office. It is completely absurd for the Chancellor to stand up and give a tax-raising Budget and then try to wash his hands of it at the end.

There is now a yawning gap between the rhetoric and the actual record of stewardship of public money. It smacks of a Government who have been in power for too long, and who have become complacent and, overall, arrogantâ€”although I would never accuse the Minister of that, as I have enormous respect for him. There is an arrogance about the mismanagement of the money, and it is totally cynical to drive through tax increases when families are being squeezed by rocketing energy bills and declining real wages, just so the Chancellor can cut taxes before the next election. Taxes should be geared to the needs of the country, not the political campaign grid of the Conservative party.

This is not just about covid grants and loans. As my hon. Friend the Member for Wansbeck (Ian Lavery) highlighted, it has emerged, on page 199 of the Department of Health and Social Care annual report, that Â£8.7 billion of losses in PPE have had to be accounted for in that Departmentâ€™s spending. We should pause and think about thatâ€”Â£8.7 billion of losses. What could that money have done in the NHS? It is twice the Governmentâ€™s entire hospital building programme, but it is dismissed on page 199 of the Departmentâ€™s annual report. If we add, for example, that Â£8.7 billion to the Â£4.3 billion that we have highlighted today, we get a whole yearâ€™s worth of receipts from the national insurance rise that will be imposed on families in April. The Chancellor says those tax rises are all about public services, but it is impossible to escape the conclusion that they are, at least in part, to fill the hole caused by that colossal mismanagement of public money. Working people across the country are being asked to pay the cost of the Governmentâ€™s mistakes.

The Department of Health and Social Care report does not get any better. The public sectorâ€™s auditor in chief has refused to give a clean bill of health to the Departmentâ€™s 2020-21 accounts, because Â£1.3 billion has been spent without Treasury approval, and he has pointed out the risk of fraud. This is about grants, loans and departmental spending, and it matters because there is now a direct link with the cost of living crisis that our constituents face. The Chancellor was very keen to claim ownership of the money that has been distributed: he must also claim ownership of the entire record, including the money that has been lost.

Finally, I return to the calls in this debate for an economic crime Bill. That has been called for time and again, and it is supported by the Opposition. We need to bring forward the registration of overseas entities Bill, which the Government know has cross-party support but which they have been sitting on for four years. We need not just to talk about reforming Companies House, but to get on and do it.

We need to implement the Russia report; I saw the Foreign Secretary at the weekend saying that there would be no hiding place for oligarchs. Why have the Government not acted on the Russia report, which is now some two years old? The UK should not be an easy home for illicit finance, the proceeds of looting and kleptocracy. At the end of the day, it is not just a matter of finance and taxation, although it is that, but a matter of national security. The Governmentâ€™s inaction on that has been gaping for far too long.

I appeal to the Minister: the Government must act on fraud, on both public finance and national security grounds, particularly when they are asking working people to pay more tax. That is what our motion today is all about.

15:40:00

The Economic Secretary to the Treasury (John Glen)

It is a privilege to close this debate on behalf of the Government. I thank the 14 Back-Bench Members who made contributions this afternoon; I listened carefully to all those speeches, and I will try to address many of their points in the next few minutes. I particularly thank my hon. Friend the Member for Broadland (Jerome Mayhew) for his thoughtful speech.

I think it is clear that we are united in our recognition of the importance of tackling the twin scourges of fraud and waste, and I start by taking this opportunity to remind the House why we consider it a matter of great importance. This Government are ambitious for this country; that is why, during the pandemic, we sprang into action to save the economy, rapidly unleashing more than Â£400 billion in a package of support to protect jobs and businesses.

That is also why we are opening up opportunities to all through our transformative levelling-up agenda and our plan for jobs, and why we are focused on building back better and stronger from the coronavirus. All those policies and ambitions are underpinned by a pledge we made to the British people to safeguard our nationâ€™s finances, so I turn now to the specifics of the debate.

First, I address the matter of covid-related fraud. Our covid support schemes have safeguarded millions of jobs and livelihoods throughout the country during the most difficult of periods. Our priority during the pandemic was always to ensure that support swiftly reached the businesses and individuals who needed it most. I think back to the reality of the situation in March, April and May 2020, when the first iteration of the CBILS met with delays; it did so because banks, following the previous crisis, had been forced and indeed constituted to do affordability checks. There was an outcry of anxiety, quite reasonably, from business owners and individuals up and down this country, and from hon. Members across the House. As a consequence, the Government recognised that we needed to develop a new iteration of that particular support, involving a 100% guarantee. We had conversations with the shadow Chancellor at the time about certain measures that needed to be taken to accommodate some of the challenges in getting that scheme to work quickly. We did so in full knowledge that the speed of delivery was critical if businesses were to be protected. Indeed, I am glad that so many were. That did not involve recklessness, but know your customer, AML and anti-fraud checks.

The bounce back loans helped 1.5 million businesses through the crisis. As the Paymaster General pointed out, the sheer volume of schemes that we introduced and the speed at which they were designed and implemented meant that it was not possible to prevent every instance of fraud and error.

Peter Grant

We all vividly remember the triumphant statements from the Chancellor at the time about how much money was being made available, but can the Minister refer us to any mention in Hansard from the Chancellor at the time about the levels of fraud that were being provided for in any of those schemes?

John Glen

When we designed the schemes, it was clear that we had to put in reasonable measures around the identity of individuals and that we had to allow people to self-report their turnover. The whole conversation with the banks was designed to ensure that that money was available as quickly as possible while not being reckless with those finances. We did it on the basis that, inevitably, there would be a measure of fraud. I am grateful for the measured way in which the hon. Gentleman speaks in the House. I cannot give a specific answer to his question, but that explains the context in which the schemes were designed.

The measures that we put in place were robust and comprehensive. There was no one single point in time where we said, â€œWeâ€™ve got everything rightâ€â€”I would never stand at this Dispatch Box and say that. Some Â£2.2 billion of potentially fraudulent bounce back loan applications were blocked through up-front checks and extra fraud checks were introduced in relation to the bounce back scheme at the earliest practical point. The Government categorically do not accept the suggestion, however, that those checks could have been part of the scheme at its launch.

I have spoken to officials on several occasions over the last two years about what more could have been done at the inception of those schemes. The extra checks that we put in place as quickly as we could would have delayed the start of the schemes, which were already delayed because of the circumstances I explained earlier. It would have caused further delayâ€”in some cases, not just weeks but monthsâ€”and would have led to serious harm for many SMEs at a time of what we all acknowledge was acute crisis.

Subsequently, however, we have given the Insolvency Service and Companies House new powers to prevent rogue company directors from escaping liability for their loans by winding down their businesses. We have invested Â£4.9 million in the National Investigation Service to probe serious fraud and it has recovered Â£3.1 million in the last year alone.

Alison Thewliss

The Minister has made the point about pursuing rogue company directors. Can he tell me more about how he intends to pursue them if the name given is clearly false or the address is incorrect?

John Glen

I pay tribute to the hon. Ladyâ€™s work to highlight the inadequacies, which she reflected in her amusing but serious speech about Companies House reform. She knows my view, which I have stated numerous times, including at Treasury questions earlier today, that the reform of Companies House is an urgent priority. That is why, in the last spending review, the Treasury gave an extra just over Â£60 million to start that process. More needs to be done and legislation will be required to fulfil that process.

I will now address the motionâ€™s claim that the Treasury has written off Â£4.3 billion in the furlough scheme and other HMRC-delivered covid support schemes, which could not be further from the truth. As the Chancellor has previously said, no, we are not ignoring that money and no, we are definitely not writing it off. We are taking decisive action to recoup it. We have invested more than Â£100 million in a taxpayer protection taskforce, which has over 1,200 HMRC staff focused on combating fraud. Make no mistake: this is one of the biggest and swiftest responses to a fraud risk ever made by HMRC. In fact, over 13,000 one-to-one inquiries were set up in the last tax year, and already the taskforce has contacted over 75,000 people, some of whom could face criminal prosecutions. Meanwhile, HMRC has already recovered over Â£500 million through a host of other robust measures, and I know that it will continue to consider every avenue when it comes to recouping money lost through fraud and error.

The motion refers to an NCA investigation. I stress that we have not prevented the NCA from investigating fraud associated with covid-19 support schemes. The NCA has investigated cases of fraud against the schemes and contributed to 13 arrests in relation to bounce back scheme fraud. The Treasury has worked closely with the Home Office on the law enforcement response to fraud, and I agree that the NCA should continue to pursue cases of serious fraud against bounce back loan schemes. As part of the 2020 spending review, the Government committed a further Â£63 million to the Home Office to tackle economic crime, including fraud.

I now want to address some of the points raised on procurement; the motion talks about public procurement. As my right hon. and learned Friend the Paymaster General said, we take our duty extremely seriously. On personal protective equipment, our focus during the crisisâ€”rightlyâ€”was on saving lives and protecting our healthcare workers. However, as has been mentioned today, the pace of this roll-out involved a change in risk appetite, and meant that Treasury Ministers and officials had to make calculated judgments on how to apply that spending control. It was not business as usual. None the less, at all times, the principles set out in â€œManaging Public Moneyâ€ continued to apply, DHSC took decisions on the basis of sound advice and all transactions were approved by the Cabinet Office and the DHSC clearance board. We will continue to combat fraud in that area. We will pursue any contracts where there has been a technical failure or other breach, and we will not hesitate to take legal action against suppliers where needed.

I will finish on some of the other aspects included in the motion, starting with defence. As somebody who was a member of the Defence Committee for a couple of years and attended the Royal College of Defence Studies course, I take a great interest in these matters personally. My hon. Friend the Member for Barrow and Furness (Simon Fell) mentioned the complexity of some of the procurements and the evolving scope of individual projectsâ€”sometimes, at the inception of these capabilities, their formation is not fully known, so it is a particularly challenging element of Government spending. However, the National Audit Office has noted the progress that we have made so far. The financial settlement of the 2020 spending review is helping the Ministry of Defence to move to a sound financial footing and we are focused on driving improvements that will result in greater value for money.

Equally, we are sharpening our tools to deal with the scourge of economic crime. We are committed to delivering reforms through the economic crime plan and the forthcoming fraud action plan and, thanks to the spending review settlement and private sector contributions, as has been mentioned, we have an additional Â£400 million to tackle such crime over the next spending review period.

I repeat my thanks to Members across the House for participating today. I have listened very carefully to their remarks and will reflect carefully on them. There can be no doubt that fraud and waste hamper a Governmentâ€™s efforts to change lives and transform a country for the better. That is why we are focused on combating those threats to our national wellbeing, while working hard at boosting efficiency across every part of Government. We are right to take this action to fulfil that enduring commitment to the economy, to the country and to every citizen.

Question put and agreed to.

Resolved,

That this House agrees with the remarks of Lord Agnew of Oulton in his resignation letter that the Governmentâ€™s record on tackling fraud is lamentable; recognises the vast amount of taxpayersâ€™ money that has been lost to waste and fraud since the start of the coronavirus pandemic, including the estimated Â£4.3 billion recently written off from Treasury-backed Covid business support schemes; notes the Governmentâ€™s unacceptable record of poor procurement over the last decade, including Â£13 billion wasted on defence projects; further notes the warnings the Chancellor received in 2020 regarding the serious weaknesses allowing for public funds to be diverted to criminal enterprises; calls on the Government to set out a strategy to recover all taxpayersâ€™ money obtained by criminal groups and to fully engage with a thorough National Crime Agency investigation into all issues related to the fraudulent exploitation of the covid-19 support schemes; and further calls on the Chancellor of the Exchequer to make a statement to this House before 31 March 2022 detailing how much taxpayersâ€™ money has been successfully retrieved.