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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**
(HANSARD)

Tuesday 21 July 2015

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[Mr SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

QUEEN'S SPEECH (ANSWER TO ADDRESS)

THE VICE-CHAMBERLAIN OF THE HOUSEHOLD reported to the House, That Her Majesty, having been attended with its Address of 27 May, was pleased to receive the same very graciously and give the following Answer:

I have received with great satisfaction the dutiful and loyal expression of your thanks for the speech with which I opened the present Session of Parliament.

ROYAL ASSENT

Mr Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that the Queen has signified Her Royal Assent to the following Acts:

Supply and Appropriation (Main Estimates) Act 2015
European Union (Finance) Act 2015.

Oral Answers to Questions

TREASURY

*The Chancellor of the Exchequer was asked—
Long-term Economic Plan*

1. **Sir Simon Burns** (Chelmsford) (Con): What progress he has made on his long-term economic plan. [901111]

The First Secretary of State and Chancellor of the Exchequer (Mr George Osborne): The long-term economic plan is working, but when it comes to building a Britain that lives within its means, we now need to finish the job. Today I am launching the spending review, which will support our priorities such as the national health service and national security. Savings will have to be made in other areas, but we have shown that, with careful management of public money, we can get more for less, and give working people real control over the decisions that affect them and their communities. The spending review will deliver better government and economic security, and the results will be announced to the House on 25 November.

Sir Simon Burns: The summer Budget took clear steps towards the delivery of a higher-wage, lower-tax, lower-benefits society, with the new national living wage

as the centrepiece. Does that not clearly demonstrate that the Conservatives are the natural party for hard-working people and their families?

Mr Osborne: My right hon. right Friend is absolutely right. We are building the higher-wage, lower-tax, lower-welfare economy that our country needs if it is to compete in the future and give real opportunities to working people. The new contract that we offer is this: businesses will pay higher wages and pay lower taxes and people will receive bigger pay cheques, but there will be lower welfare. That, I think, is a contract that the British people support.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Chancellor's plan will not look very well planned or very long if it does not include some reference to productivity, higher-quality management, and, indeed, manufacturing. What is he going to do about those key issues?

Mr Osborne: We entirely acknowledge that we need to improve the productivity of the British economy. That is why, after the Budget, we published the productivity plan, which will introduce, for example, an apprenticeship levy to ensure that young people are given the skills and training that they need, and roads funds that will help to ensure that we have the right infrastructure for our country's future.

As the hon. Gentleman acknowledged this morning in an interesting tweet, I think it was, the Labour party is going back to the 1980s. Those were his words. Unfortunately, the sensible voices of the old intake—

Mr Speaker: Sit down!

Mr Osborne:—are being drowned by those of the new intake.

Mr Speaker: Chancellor, sit down, man! I told you to sit down, so sit down! Mr Andrew Tyrie.

Mr Andrew Tyrie (Chichester) (Con): I am sorry about that, Mr Speaker. I thought that the Chancellor was just getting into gear.

Growth will, of course, depend partly on what the Bank of England does. Over the past five years, the Chancellor and Parliament have granted the Bank huge new powers over not only monetary but, in particular, financial policy, which directly affect millions of people. Does that not make the reforms of the way in which the Bank runs itself that the Chancellor will propose, along with greater accountability for its new board—for which the Treasury Committee, among others, has been pressing for a long time—all the more essential?

Mr Osborne: I pay tribute to the work that was done during the last Parliament by the Treasury Committee, some of whose members are still in their posts, and I again congratulate my right hon. Friend on remaining Chair of that Committee. Today we are publishing the consultation document on the new Bank of England Bill, which will come before Parliament in due course. The Bill follows the reforms announced by the Governor of the Bank, which built on the work done by the Treasury Committee and others. It will ensure that a

modern Bank of England is able to exercise the leadership that is required for the delivery of economic and financial stability. Moreover, for the first time—this is crucial, and I think that Parliament will appreciate it—the Bank will be open to the advice of the National Audit Office, and the value for money that that can deliver.

Stewart Hosie (Dundee East) (SNP): The success of the economic plan, long-term or otherwise, and the potential to improve productivity must be driven in part by sustained infrastructure capital investment, so can the Chancellor confirm that, instead of doing that, the plans he laid out in the summer Budget show total capital expenditure down every single year between 2015 and 2019-20 compared with the March Budget?

Mr Osborne: We made some in-year savings in this financial year in capital budgets that were not going to be well spent. We want to deliver value for money for Scottish taxpayers, as well as for taxpayers across the United Kingdom, but we will be spending more as a percentage of national income on capital investment in this decade than occurred under the last Labour Government.

Stewart Hosie: That is a fascinating answer, because of course the real answer is that in cash terms the spending is down—from 2015-16 onwards down £1.2 billion, £0.8 billion, £0.9 billion, £0.7 billion, and £1.3 billion by the time we get to 2019-20. So we know the forecasts are reduced, we know the Chancellor is cutting more than he needs in order to run a balanced budget, and we know he is undermining the potential for long-term growth, so why did he ignore all the advice, particularly from the OECD who told him two days before the Budget that “gross investment is low” and “Transport infrastructure investment is poor?”

Does he really expect us to believe every—

Mr Speaker: Order. Questions are too long. We have got the general drift of the argument; let's hear the answer.

Mr Osborne: We are investing a record amount in our transport system, and the new roads fund will help with transport investment in England, but there will be consequentials and money for Scotland as well. I make this general observation to the hon. Gentleman: if the Scottish Government think we are not spending enough in Scotland, they can raise taxes on the Scottish people and spend all the money in Scotland. They should have the courage to make that argument to the Scottish people.

Stephen Hammond (Wimbledon) (Con): My constituents would like to commend the Chancellor on the long-term economic plan, which is seeing great success in Wimbledon. Does he agree that the Budget measures, such as the apprenticeship levy and the drop in corporation tax, provide an incentive for employers to take on more apprentices and to reduce the productivity gap in the economy, and see further success in the long-term economic plan?

Mr Osborne: I thank my hon. Friend for the support he has given and welcome the fact that the people of Wimbledon understand that economic security is the

bedrock on which we can support the aspirations of working people. The apprenticeship levy addresses the key problem of the lack of skills in the British economy that has bedevilled us for decades. We are now going to introduce a system whereby companies that train their workforces get rewarded, and companies that do not have to make a contribution to the training that they free-ride off.

Chris Leslie (Nottingham East) (Lab/Co-op): Was it always part of the Chancellor's long-term plan to scrap the maintenance grants for students from lower-income backgrounds? The Institute for Fiscal Studies said this morning that this change

“will raise debt for the poorest students, but do little to improve Government finances in the long run.”

Can the Chancellor tell us why this was not in his manifesto?

Mr Osborne: We put building a first-class university system right at the heart of our manifesto, and I think the person who made the best observation about this is the person the hon. Gentleman is backing for the leadership of the Labour party: the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper). This is what she said in the House of Commons in 1998 when the last—[HON. MEMBERS: “1988?”] There was a Labour Government then, who abolished grants and introduced loans, and this is what she said:

“I ask the House, having listened to the debate this evening, not to vote for”

maintenance grants which have

“not helped my constituents, but to take the radical approach, to go for the new, fair student loan system”.—[*Official Report*, 8 June 1998; Vol. 313, c. 831.]

There we have it: support from the right hon. Lady. The hon. Gentleman is old Labour.

Chris Leslie: Well, that fell a bit flat. I was asking about the Chancellor's manifesto and what he promised. Taking away maintenance grants was always part of his plan wasn't it, but he did not have the guts to tell students and their families before an election? However much he spins it, he is hitting students with more fees, more repayments and more debt—much more debt. Will he confirm that the poorest students will graduate not with the current £40,000 of debt, but now with an average of £53,000 of debt?

Mr Osborne: We are increasing the maintenance support that students have. We heard all that in the previous Parliament, when the Opposition said our reforms would put off people from low-income backgrounds going to university. In fact a record number of students from low-income backgrounds are now going to university. The Labour party that he is a member of once supported getting rid of grants and introducing loans, but this shows the distance it has come—that it now opposes this measure to support our university system. It has a new intake of old Labour MPs dragging them back to the 1980s, and we know the direction they are heading in: left, left, left—away from the centre ground of British politics and away from support for working people.

Mr Speaker: Some of these answers require a bit of practice, because they suffer from the disadvantage of being not just a bit long, but far too long—hopelessly long.

Equitable Life

2. **Robert Neill** (Bromley and Chislehurst) (Con): What steps he is taking to ensure as many policyholders as possible are identified before the Equitable Life payment scheme closes to new claimants on 31 December 2015. [901112]

The Economic Secretary to the Treasury (Harriett Baldwin): The Equitable Life payment scheme has already gone to great lengths to find policyholders, including checking against credit histories, a national advertising campaign and sending letters to last-known addresses. Thanks to that, almost 90% of policyholders have been paid. Where possible the scheme is now tracing all those remaining who are due £50 or more against DWP, national insurance numbers and address records.

Robert Neill: I accept that this Government and their predecessor have done much—more than anybody before did—to right an injustice that was done. But Equitable Life policyholders were victims of a regulatory failure, for which ultimately government is responsible. As the economy grows, is it not time, out of decency and fairness towards that diminishing group of elderly people, to revisit the amount to be paid in compensation?

Harriett Baldwin: I am sure that my hon. Friend will welcome the fact that my right hon. Friend the Chancellor, in his excellent summer Budget, did in fact announce that all eligible non-annuitant policyholders in receipt of pension credit will see their lump sum payments doubled.

Government Support: Savers/Homeowners

3. **James Berry** (Kingston and Surbiton) (Con): What steps the Government are taking to support (a) people with savings and (b) home ownership. [901113]

The First Secretary of State and Chancellor of the Exchequer (Mr George Osborne): We need to move Britain from an economy built on debt to a society built on savings and investment and home ownership. That is why we have reformed pensions and rewarded savers. To back home ownership we are building more starter homes, and our new Help to Buy ISA will be available from the beginning of December, because this Government support the aspirations of working people to buy their own home and provide for their future.

James Berry: In my weekly surgeries in Kingston and Surbiton a constant theme is how difficult it is to get on the housing ladder in London. Will my right hon. Friend explain how his Help to Buy policies will help my hard-working constituents? Does he agree that plans for more tax, more borrowing and more spending would put house building and families striving to save for a deposit at risk?

Mr Osborne: My hon. Friend is absolutely right. We are going to help his constituents to buy their own home. The Help to Buy scheme has helped 100,000 people; the new Help to Buy ISA will help the families he

represents save up for that deposit; and of course we all still want to see more starter homes being built. We have to address the acute housing shortage in London, and we have the policies to do it.

Barbara Keeley (Worsley and Eccles South) (Lab): Why are the Government abandoning people with savings and those who own their own homes? They are going to be forced to spend their savings and sell their homes to pay for their social care costs. The Chancellor raised the hopes of those older and vulnerable people before the election with a pledge that no one would have to sell their home to pay for care. Those people will feel badly let down by the Government's U-turn. Did he ever intend to keep that manifesto pledge?

Mr Osborne: We are going to introduce that cap on care costs in this Parliament. It is a bit rich coming from a Labour party that was in power for 13 years and did absolutely nothing to cap those costs. That is why we are introducing the cap. We have also already introduced the changes that enable people to provide for their future care costs without having to sell their home. We are making those changes, alongside the support for savers and pensions, so that we move away from the society and economy built on debt that was left to this Government to an economy that builds and rewards savers.

Enterprise Zones

4. **Tom Pursglove** (Corby) (Con): What steps he is taking to support the creation of new enterprise zones. [901114]

The Chief Secretary to the Treasury (Greg Hands): In the summer Budget we announced the opening of the bidding round for a new wave of enterprise zones throughout England. This round will focus on ensuring that all places in England can benefit from the programme, including rural areas where appropriate, and the Government encourage towns and districts to work with local enterprise partnerships to develop bids. Details of the application process will be released in due course.

Tom Pursglove: I thank the Chief Secretary for his answer. I can advise that, in Corby, we are busily getting together to put in a bid. Corby is also taking in very considerable housing growth. Does he agree that areas that are taking in such growth should also receive the benefit of new jobs and new infrastructure?

Greg Hands: I thank my hon. Friend for his question. He is of course right. During the course of the previous Parliament, the performance of the programme improved, and it was absolutely right to create strong incentives for local areas to take part. That was consistent with our long-term economic plan. We are looking forward to examining his case for an enterprise zone in his Corby constituency in due course.

Mr Gregory Campbell (East Londonderry) (DUP): When the Government come to review the success of enterprise zones, especially those in the last wave, which includes one in my own constituency, will the Chief Secretary undertake to ensure that job creation becomes a major focus of enterprise zones as they are rolled out across the United Kingdom?

Greg Hands: The hon. Gentleman is absolutely right. Job creation is vital in the enterprise zone programme. Over the course of the previous Parliament, the programme supported more than 15,000 jobs, which brought in £2.1 billion of private investment.

19. [901130] **Michael Fabricant** (Lichfield) (Con): My right hon. Friend will know that there is already a successful local enterprise zone within the Greater Birmingham and Solihull LEP, of which Lichfield is a member. Will the Government now accept invitations from LEPs, which already have zones, for further zones?

Greg Hands: I thank my hon. Friend for that question. The Government have opened up the bidding round for new enterprise zones, and are encouraging LEPs to work with towns and rural areas to develop new sites. The bidding round is open to all LEPs across England, but only those sites with strong commercial propositions and value-for-money cases will be accepted.

Tax Credits

5. **Teresa Pearce** (Erith and Thamesmead) (Lab): What estimate he has made of the number of people who will receive a net reduction in income as a result of the policies on tax credits announced in the summer Budget 2015. [901115]

The Exchequer Secretary to the Treasury (Damian Hinds): The Government want to move from a low-wage, high-tax, high-welfare society to a higher-wage, lower-tax, less welfare-reliant society. That means more emphasis on support to hard-working families on low incomes by reducing income tax, increasing the personal allowance, increasing wages and topping up low wages through tax credits.

Teresa Pearce: Many large, profit-making employers currently pay low wages and enjoy a state subsidy of their staff costs via the tax credit system. What ideas and options did the Treasury team consider for clawing back that subsidy from the employers before it decided to take it from the low paid?

Damian Hinds: The hon. Lady highlights an important point and agrees, I think, with the analysis of Alistair Darling who said that an unintended consequence of the tax credit system was that it would end up making that subsidy in this way. We are introducing the national living wage. For someone working full-time, that will be worth £5,200 more in cash terms by the end of the Parliament.

David T. C. Davies (Monmouth) (Con): Does my hon. Friend agree that the number of people losing out will be vastly outweighed by that of those who will benefit from the higher minimum wage, the higher tax threshold, and the incentive to be out there looking for work?

Damian Hinds: I can confirm that, when we take the fiscal measures of the summer Budget altogether, eight out of 10 families will be better off.

Ms Tasmina Ahmed-Sheikh (Ochil and South Perthshire) (SNP): The consequence of this Budget is that 1.8 million women in low-paid work across the UK will lose an average of just over £1,000 a year over the next five years. Cuts to child and working tax credits will hit 2.8 million women in total, two-thirds of those affected. Why is it that this Government's policies are having a disproportionately negative impact on this country's women?

Damian Hinds: I can confirm that Scotland has the second lowest rate of female unemployment in the European Union, and the second highest rate of female employment. Women will disproportionately benefit throughout the UK from rises in their personal allowance and the introduction of the national living wage.

Gareth Johnson (Dartford) (Con): When tax credits were first introduced by Gordon Brown, he said that it would cost £2 billion a year. It is now costing £30 billion, which is twice the Home Office budget. Surely the prudent thing to do is to address that ballooning expenditure, which too often simply subsidises low-paying employers.

Damian Hinds: My hon. Friend is absolutely right to say that the cost of tax credits has ballooned. They had trebled in the 11 years to 2010. To get the country back into the black, it was absolutely necessary to take control of it, but doing so at the same time as taking these other key measures.

Shabana Mahmood (Birmingham, Ladywood) (Lab): Research from the House of Commons Library shows that the effect of the Chancellor's decision to increase the tax credit taper from 41% to 48% is that workers earning above the income tax personal allowance threshold will face a marginal effective tax rate of 73% in 2015-16, which increases to a staggering 80% in 2016-17. How does the Minister reconcile the Chancellor's rhetoric about standing up for workers with the reality of a marginal effective tax rate of 80%, which is a hefty work penalty by any measure?

Damian Hinds: The great reforming summer Budget is an integrated package of measures and people cannot just take one element alone. It includes the new national living wage, the increases in the personal allowance and a lot more support that the hon. Lady did not mention on childcare and on skills building. When all those things are taken together, it is a Budget in which the great majority of people will be better off and more supported into work.

Shabana Mahmood: High tax rates are normally loathed by Conservative Members, but obviously not when they affect ordinary working people. The Chancellor has been busy trying to suggest that his national living wage will compensate for this work penalty, but he knows that the real living wage is calculated on the basis of a full take-up of tax credits—the very thing he has now cut. Is it not the case that, regardless of the rhetoric, all that this Budget has delivered for ordinary working people in our country is a hefty work penalty and a living wage con?

Damian Hinds: As the hon. Lady knows, the Budget contains a large number of measures to help hard-working families, including the rise in the personal allowance,

allowing people to keep more of what they earn. Of course the big reform of universal credit is still to come, and it will further help on incentivising work. Throughout all this it is important to help to support people into work and progress on hours, particularly through our increases in childcare support, which are worth thousands of pounds to some families.

Chris Philp (Croydon South) (Con): Does my hon. Friend agree that working families will be enormously helped by the 30 hours per week of free childcare, which, speaking as a father of two-year-old twins, I particularly appreciate?

Damian Hinds: Indeed, families with twins will get double the benefit, but everybody with children aged three and four will get that particular benefit, which is part of a suite of increases in childcare support, including through universal credit and tax-free childcare.

Aggregates Levy

6. **Ms Margaret Ritchie** (South Down) (SDLP): What assessment he has made of the implications for his policy of the European Commission's decision that part of an exemption from the aggregates levy constituted unlawful state aid; and if he will make a statement. [901116]

The Exchequer Secretary to the Treasury (Damian Hinds): In March, a European Commission state aid investigation into the aggregates levy exemptions found almost all of them to be lawful. The Chancellor announced in his summer Budget that these lawful exemptions will be reinstated from August. However, the Commission decided that part of the exemption for shale aggregates provided unlawful state aid. Her Majesty's Revenue and Customs is in contact with potentially affected businesses, and we will minimise the impact as far as possible.

Ms Ritchie: I thank the Exchequer Secretary for his answer. He will be aware that shale is fundamental to the quarrying industry in my constituency, so can he explain to the House: what persuasive case was made by the Treasury to the Commission in that regard?

Damian Hinds: I appreciate how important the shale industry is in County Down. Of course we are very disappointed that the Commission made this judgment on part of the shale exemption, having previously found all the exemptions to be legal in 2002. I say to the hon. Lady that if any businesses in her constituency have particular issues to raise, they should talk to HMRC, and it will continue to provide support through the staged payments of other taxes through the time to pay scheme.

Business Support

7. **David Rutley** (Macclesfield) (Con): What fiscal steps he is taking to support businesses. [901117]

The Financial Secretary to the Treasury (Mr David Gauke): In addition to the measures we took in the last Parliament, in the summer Budget we announced that we will: cut the main rate of corporation tax to 19% in 2017 and 18% in 2020; publish a business tax road map

by April 2016, giving businesses the certainty they need to plan for long-term investment; support business investment by increasing the annual investment allowance from £25,000 to £200,000—its highest ever permanent level; and increase the employment allowance from £2,000 to £3,000.

David Rutley: The announcement that national insurance and corporation tax will both be further lowered will be welcome news for businesses in my constituency and across the country, as we take forward our long-term economic plan. The Labour party went into the election promising to increase tax on businesses. Does my hon. Friend agree that that is the wrong approach and that it is by lowering taxes that we best back businesses to create the jobs needed by our families?

Mr Gauke: First, may I express my sympathies to my hon. Friend's constituents affected by the tragic incident in Bosley on Friday? I know he raised that matter in the House yesterday. I agree with him that if we want to improve investment in the UK, and therefore productivity, we should be looking to cut corporation tax, not raise it. It would have been a big mistake to have reversed the progress we have made.

Clive Efford (Eltham) (Lab): Actually, Labour's plan at the last election was to cut business rates for small businesses. The Chancellor neglected to mention business rates in the Budget, so can the Minister tell us how the review is going and give us a guarantee that it will not result in an increase in business rates?

Mr Gauke: I have to remind the hon. Gentleman that Labour's manifesto included a plan to increase corporation tax. A review of business rates is being undertaken, and it will report by the end of the year. Remember that it was the previous Government who in 2013 announced a package of business rates cuts worth £2.7 billion, and only this April we introduced a further set of measures that reduced business rates by £1 billion, so we have a proud record on this.

18. [901129] **Steve Double** (St Austell and Newquay) (Con): Small businesses are the backbone of our economy in Cornwall. While many are thriving under the policies of this Government, those in the tourism industry are experiencing a downturn in business as a result of families not being able to take their children out of school during term time. Is the Minister prepared to meet me to look at the economic impact that policy is having on the Cornish economy and the challenges those businesses are facing?

Mr Gauke: Pupils should be in school during term time, and we believe that needs to be properly enforced. We have said that schools should have greater flexibility in setting their own term dates, which might help address the matter. I am happy to meet my hon. Friend to discuss this, but I know that he has already done so with Education Ministers.

Alison McGovern (Wirral South) (Lab): Let me bring the Minister back to the important issue of business rates, because we have a crisis on our hands. There are reports that the valuation office is now having to deal with 500 appeals a day. Will he just throw businesses a

rope? They do not believe that the Government will change a thing, so will he offer them an interim report on their review in September?

Mr Gauke: We are pressing ahead with various proposals to improve the administration of business rates, but I remind the House that it was the previous Government who brought in measures such as the rebate for retail and the 2% cap, so we have introduced measures to help on business rates and we are introducing measures to improve their administration as well.

Employment Support Allowance

8. **Dawn Butler** (Brent Central) (Lab): What discussions he has had with the Secretary of State for Work and Pensions on the effect of proposed changes to employment support allowance on levels of employment. [901118]

The Chief Secretary to the Treasury (Greg Hands): We created 2 million jobs in the previous Parliament, and our objective is to create a further 2 million in this Parliament. A crucial part of that is the welfare reforms that we have introduced to help make work pay, which is consistent with our long-term economic plan.

Dawn Butler: Of course we all want to see work pay, but a large section of the community are sometimes unable to work for short periods of time because of illnesses such as sickle cell disease. The Minister seems to have overlooked that group of people.

Greg Hands: I thank the hon. Lady for her question. Our welfare reforms are based on the principle of fairness; fair on those who receive the benefits and fair on those who pay the tax. With regard to a specific group, there is clearly a difference between the work-related activity group and the support group, and we are happy to look at those differences. She is clearly not satisfied with what we are doing, but she is also one of the 48 Labour Members who rebelled last night on welfare, so I do not think that she is satisfied with her Front Benchers' position either.

Small Businesses

9. **William Wragg** (Hazel Grove) (Con): What fiscal steps he is taking to support small businesses. [901119]

The Financial Secretary to the Treasury (Mr David Gauke): Small businesses are the lifeblood of our economy and the Government are committed to helping them grow and prosper. In the summer Budget we announced that we will increase the employment allowance from £2,000 to £3,000 to help small businesses with the cost of employment, and support business investment through the highest permanent level for the annual investment allowance. We will also transform the tax system over the course of this Parliament by introducing digital tax accounts.

William Wragg: The Government's policies are creating a climate of economic confidence. However, they are also having the effect of strengthening the pound against other currencies, particularly the euro, which many small exporters in my constituency tell me is making the price of their exports uncompetitive. What advice and

support can my hon. Friend give to those small and medium-sized exporters in Hazel Grove so that they can continue to lead our economic recovery?

Mr Gauke: We recognise that the recent weakness in our European trading partners has presented a particular challenge for SMEs trying to export. The Government are working hard to help British businesses export to a wider variety of destinations, contributing to strong recent performance in key emerging markets. That help includes a £20 million package of support this year for first-time exporters, but we need to do more and our productivity plan sets out how we will do that.

Simon Danczuk (Rochdale) (Lab): Will the business rates review help small businesses? It is a simple question for a simply smart Minister.

Mr Gauke: I am grateful for that question—I think. It is a review; I do not want to judge in advance what the conclusions will be, but we have engaged very fully with small business organisations and listen very carefully to what they have to say, and we will report by the end of the year.

Deficit Reduction

10. **Rishi Sunak** (Richmond (Yorks)) (Con): What progress he has made on his deficit reduction plans. [901120]

The Chief Secretary to the Treasury (Greg Hands): Since 2010, the Government's long-term economic plan has halved the deficit as a share of GDP, but the job is not yet done. At 4.9%, the deficit remains too high. The summer Budget set out the action that the Government will take to eliminate the deficit and run an overall surplus and start paying down debt. The Government will reduce the deficit at the same rate as over the last Parliament, to reach an overall surplus of £10 billion in 2019-20, according to the forecast from the Office for Budget Responsibility.

Rishi Sunak: Future Governments need flexibility to respond to economic shocks. Does my right hon. Friend agree with me that the Charter for Budget Responsibility and plans to run a fiscal surplus are sensible measures that will provide that flexibility?

Greg Hands: I thank my hon. Friend for that question and he is absolutely right. The reliable way to reduce debt effectively over time is to run a surplus in normal time. Public sector net debt as a share of GDP reached 80.8% last year and the Government are committed to getting debt falling as a share of GDP from here on.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I note that the hon. Member for Richmond (Yorks) (Rishi Sunak) is a new Member. Perhaps he might have forgotten that before 2015, the Chancellor said that he would eradicate the deficit by this election. May I ask the Minister to confirm that due to the recent fiscal changes in his July Budget, the OBR forecast that an additional £26.8 billion would be borrowed by the public sector between 2016 and 2017, and is it not the case that the Government have missed every single one of their deficit reduction targets?

Greg Hands: What I can confirm is that the surplus will be higher at the end of the Parliament and debt will be lower. But the hon. Lady was a Member in the last Parliament and she voted against every single one of the spending reductions and other measures that we took to deal with the deficit, and all the time she wanted higher deficits, higher debt and higher spending.

Revenue

11. **Steve McCabe** (Birmingham, Selly Oak) (Lab): What estimate he has made of the net change in revenue to the public purse that will arise from tax changes announced in the summer Budget 2015. [901122]

The Financial Secretary to the Treasury (Mr David Gauke): The change in revenue from tax changes announced in the summer Budget is shown in the Budget document. It shows that net receipts increase by between £4 billion and £6.5 billion in each full year of the forecast period. The Government pledged to raise £5 billion per year from tax. The measures announced in the Budget mean that by 2019-20, the Government will have delivered on their targets, raising £5 billion from avoidance and tax planning, evasion and compliance, and imbalances in the tax system.

Steve McCabe: Ernst and Young points out that the rise in household taxes is reducing disposable income, with £47.2 billion of tax rises, including the insurance premium tax and vehicle excise duty. Does the Minister accept that over the course of this Parliament, these tax rises are twice as big as any tax cuts?

Mr Gauke: We said at the election that we would raise a further £5 billion in tax, but we have one question from a Labour MP complaining about the deficit being too high, we have Labour voting against any measures to control spending, and now we have Labour complaining about any tax increases. So where do they stand? We failed to find coherence from the Labour party in the last Parliament and there is no sign of it in this Parliament.

20. [901131] **Mr Peter Bone** (Wellingborough) (Con): Over this Parliament, the UK will pay £27 billion more in EU contributions because the EU has failed to cut farm subsidies. Would it not help our revenues if the EU actually kept their word?

Mr Gauke: My hon. Friend is of course aware of the historic deal that the Prime Minister achieved in February 2013, when for the first time ever we saw a real-terms cut in the EU budget. That was a significant achievement, and we obviously want to preserve and build on it.

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): The Chancellor has made some noise—indeed, the Minister mentioned this—about closing tax avoidance schemes exploited by private equity and hedge fund managers, specifically the “Mayfair” tax loophole. Can he confirm that he intends to close these loopholes?

Mr Gauke: We achieved a huge amount in the previous Parliament on tax loopholes. In the Budget, the Chancellor set out plans for additional resources for Her Majesty's Revenue and Customs to raise even more in dealing with tax avoidance and tax evasion. The particular

example that the hon. Gentleman mentions relates to the long-standing treatment of the capital gains tax applying to private equity—something that has existed for many years and applied in most other countries. The Budget contained a number of measures that were designed to close loopholes for the private equity and hedge fund industries.

Employment Trends

12. **Victoria Prentis** (Banbury) (Con): What assessment he has made of recent trends in the level of employment. [901123]

The Exchequer Secretary to the Treasury (Damian Hinds): Employment stands at 31 million having increased by 265,000 over the past year, driven entirely by more people being in full-time work. We are now moving into the next phase of our recovery, with high-quality employment helping to boost productivity and raise living standards across the country.

Victoria Prentis: The security of a good job and a regular pay packet are of fundamental importance to people in my constituency. Can my hon. Friend assure us that he will keep backing business across the country to create more jobs?

Damian Hinds: I can. The Government's long-term economic plan is working. Since 2010, we have seen the creation of 1,000 new jobs a day, but the job is not yet done. The Government will continue working through the plan to secure Britain's economic future.

Andrew Gwynne (Denton and Reddish) (Lab): The Minister will know that the OBR analysis shows that the number of high-skill jobs in the UK economy is shrinking at a time when the number of low-skill jobs is increasing. Is he proud of that record?

Damian Hinds: There has been a growth in the number of jobs in low and medium-skill sectors, and we should all welcome that. [Interruption.] I am sorry—I meant high and medium-skill sectors. The Government's focus on the productivity plan is all about making sure that as we move into the next phase we are boosting those highest-value-added sectors.

22. [901133] **Simon Hoare** (North Dorset) (Con): May I point out to the Minister that jobs in the agricultural, food production and dairy sector are of vital importance to my constituents in North Dorset? Will he ensure that the Treasury team do as much as they possibly can to support those vital sectors?

Damian Hinds: Indeed. The food sector, from farming through to retail and catering, is hugely important, contributing £103 billion to the economy and employing one in eight people. In fact, food and drink manufacturing is the UK's largest manufacturing sector. We will absolutely continue to keep its importance, in Dorset and more widely, at the front of the plan.

George Kerevan (East Lothian) (SNP): Perhaps the Minister has forgotten that unemployment in the UK rose in the three months to May—the first rise in

two years—but actually fell in Scotland. Will he now go to Scotland to talk to the First Minister about her long-term plan for growth?

Damian Hinds: With the growth and employment levels that we have seen in Scotland, it becomes increasingly difficult every day for Scottish National party Members to continue to peddle their line, although I am sure they will. It is true that in the most recent short-term figures there was a slight adverse movement. As we move closer to full employment, we will not see the same large increases in employment every month, but year on year, as the hon. Gentleman will know, the position has improved.

Export Target

13. **Geraint Davies** (Swansea West) (Lab/Co-op): What assessment he has made of the likelihood of the Government meeting its 2020 export target. [901124]

The Economic Secretary to the Treasury (Harriett Baldwin): The 2020 export target of £1 trillion is ambitious. UK Trade & Investment has doubled the number of businesses it helps since 2010. The productivity plan sets out steps to take this further by mobilising the whole of Government behind helping our great British businesses to export much more.

Geraint Davies: Britain needs export growth, not just cuts, to clear the deficit, but the Chancellor is set to miss his export target by a massive £350 billion and to deliver the worst peacetime trade deficit since 1830. What action are the Government taking to combine the creative industries with our manufacturing base to target emerging middle classes in BRIC countries—in particular, China and India—to fire up growth and not rely solely on hitting the poor with cuts?

Harriett Baldwin: We can see the disarray in the hon. Gentleman's personal life, given that he walked through the Lobby to support one leadership candidate last night, while publicly backing another who abstained. He mentions the importance of exporting to emerging markets. I can confirm that UK exports to China have increased by 72% since 2010, while exports to South Korea—many of them in the creative industries—are up by 148% and to Hong Kong by 63%.

Mr David Nuttall (Bury North) (Con): Does my hon. Friend agree that British business would find it easier to export to the rest of the world if it did not have to comply with the red tape imposed on it by Brussels bureaucrats?

Harriett Baldwin: My hon. Friend is an example to Opposition Members in the consistency of his political viewpoint. He is right to point out that the euro area has indeed been sluggish. One of the reasons we are experiencing slow growth in the euro area is that our goods exports have been falling to that part of the world. That is why it is so important that we refocus British businesses on exporting to some of the faster growing parts of the world.

16. [901127] **Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): That was an extraordinarily complacent answer from the Minister. On this Chancellor's watch,

the UK's current account deficit has become the largest of any advanced economy, and the value of UK exports is largely what it was in 2010, when the Government came to power. Crucially, that cannot be put down to the sluggishness of the eurozone, because exports to non-eurozone countries have been equally static, and the figure the Minister gave for China reflects demand in the Chinese economy. Does she accept that whatever the strategies the Government have deployed so far, they simply have not worked?

Harriett Baldwin: I am glad that the hon. Gentleman shares my view that it is very important for us to help British businesses to export more. We have some fantastic British businesses, and many of them have started to export. UKTI has doubled the number of companies that it has helped in the past five years. He is absolutely right that we should aim to be very ambitious in this area. I would like to point out that export volumes outside the EU have actually grown by 24% since the first quarter of 2008.

Rebalancing the Economy

14. **John Pugh** (Southport) (LD): What steps he is taking to rebalance the economy away from London and the south-east. [901125]

The Economic Secretary to the Treasury (Harriett Baldwin): The Government are committed to rebalancing the economy and strengthening every part of the UK. The summer Budget announced new commitments to rebalance the economy, including devolving further powers to city regions, inviting a new round of bids for enterprise zones and launching an ambitious transport package for the north of England.

John Pugh: I thank the Minister for that response. Currently, northern cities with elected Mayors have below-average economic performance in their region, whereas northern cities with above-average performances do not yet have elected Mayors. Why are the Government making a fetish of elected Mayors?

Harriett Baldwin: I know the hon. Gentleman has a long-standing point of view in this regard. The important point is that we want to empower local economic areas to grow as fast as London and the south-east. Among the important measures in the Cities and Local Government Devolution Bill are the strong and accountable governance arrangements for, for example, Mayors.

Mr Speaker: Last but not least, I call Mr Green.

Wage Growth and Inflation

15. **Chris Green** (Bolton West) (Con): What comparative assessment he has made of the rates of wage growth and inflation. [901126]

The Exchequer Secretary to the Treasury (Damian Hinds): The hard work on economic recovery is now paying off as people see their pay packets growing faster. The most recent data show real pay growing at 3.2%. Inflation is low: the price of fuels has fallen by 10.5% in the past year and the price of food by 2.2%.

Chris Green: As the MP for Bolton West, I strongly welcome the Government's northern powerhouse plans to invest in transport infrastructure and in science and skills. What are the Government doing to ensure that Bolton West is increasingly attractive as a place for high-tech business to invest, so bringing in high-skilled jobs and higher wages for my constituents?

Damian Hinds: The Budget contained measures that will boost skills and support high-tech businesses across the north, including in my hon. Friend's constituency. Greater Manchester local enterprise partnership is invited to bid in the new round of enterprise zones, there will be new regius professorships to support universities and there is an ambitious transport package that will provide much needed infrastructure for the north of England.

Topical Questions

T1. [901136] **Ian Blackford** (Ross, Skye and Lochaber) (SNP): If he will make a statement on his departmental responsibilities.

The First Secretary of State and Chancellor of the Exchequer (Mr George Osborne): The core purpose of the Treasury is to ensure the stability and prosperity of the economy.

Ian Blackford: We hear from the Institute for Fiscal Studies that the gross impact of the higher minimum wage will be about £4 billion, but that the cuts to tax credits represent about £6 billion. The proportion of children in poverty who are from families in work rose from 54% to 63%, and that statistic can only get worse. It is little surprise that the Government want to redefine child poverty. To change a definition is to change the truth—

Mr Speaker: Order. I thought the hon. Gentleman had a background in the financial world. He cannot have been allowed to prate on at that length when he was busy making important decisions with commercial substance involved. He will really have to practise.

Mr Osborne: Let me give the hon. Gentleman a figure: 200,000 workers in Scotland will gain from the new national living wage, which is 9% of the workforce. The Budget is offering people in Scotland and across the United Kingdom higher wages, lower taxes and, yes, lower welfare, as part of a new contract whereby this country lives within its means. That is one reason why jobs are being created in Scotland.

T2. [901137] **Luke Hall** (Thornbury and Yate) (Con): I welcome the Chancellor's recent announcement on Sunday trading hours. What steps can he take to ensure that neighbouring authorities take a joined-up approach, so that consumers have confidence in the consistency of Sunday trading hours and we provide the maximum possible benefit to our economy?

Mr Osborne: I remember visiting a vibrant high street in my hon. Friend's constituency before the general election. It is for local areas to decide whether to extend Sunday opening hours and to work in partnership with other local authorities. My personal view is that doing so will help to protect the high street because an increasing

amount of online shopping is done on Sundays. However, it will be for local people and local authorities to make that decision.

T5. [901142] **Kate Osamor** (Edmonton) (Lab/Co-op): The Treasury loses out on hundreds of millions of pounds each year by allowing high-earning hedge fund managers to pay capital gains tax at 28%, rather than income tax of 45%, on carried interest payments. Does the Chancellor agree that we should close that loophole so that we can invest the money in properly paid apprenticeships and tackling child poverty?

Mr Osborne: Under the last Labour Government, such people were paying 18% tax. Indeed, people in the City boasted that they were paying lower tax rates than the people who cleaned for them. We have changed that and increased the capital gains tax rate to 28%. As a result of the Budget, we are also insisting that that rate is paid across the venture capital industry.

T3. [901138] **Rebecca Pow** (Taunton Deane) (Con): I am delighted that in the Budget an allocation of £7.2 billion was made for transport infrastructure in the south-west. Will the Chancellor kindly confirm that that allocation includes funding for the much needed upgrade of the A358, the Henlade bypass and junction 25 of the M5, all of which will pave the way for a new strategic employment site?

Mr Osborne: The short answer is yes. All those vital projects for Somerset and the south-west are included in a massive investment in the transport of the south-west.

T7. [901144] **Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): How can the Chancellor justify making people who go out to work worse off while he spends £1 billion on cutting inheritance tax for people who are already wealthy? That is not rewarding hard working; it is rewarding the fortunate few.

Mr Osborne: We have increased the personal allowance, taking low-paid people out of tax, and we are now introducing a national living wage, but we make no apology for supporting aspiration and the human instinct that people have to pass something on to their children. If the Labour party is against that as well, it really is moving backwards rather than forwards.

T4. [901140] **Tim Loughton** (East Worthing and Shoreham) (Con): The Chancellor's announcement on the living wage was widely welcomed, but what assurances can he give to residential care homes that offer subsidised places, of which there are many in Worthing, which will suffer from the proposed changes but will not benefit on the other side from the record reductions in corporation tax?

Mr Osborne: The reduction in corporation tax now applies to small companies as well as larger ones, and we have increased the employment allowance, which will help with the national insurance bills of companies in my hon. Friend's constituency. We are of course aware of the pressures on the social care system, and that is one thing we will address in the spending review.

Mr Virendra Sharma (Ealing, Southall) (Lab): The Institute for Fiscal Studies pointed out last week that although the number of workless households in poverty has fallen, that fall has been matched by a rise in the number of working households in poverty. Will the Chancellor acknowledge the scale of in-work poverty, and does he accept that cutting tax credits for working families and repealing the child poverty legislation will make the situation worse, not better?

Mr Osborne: I do not accept that cutting people's taxes and introducing a national living wage will in any way hurt working people—it will help working people. The people who suffer most when we cannot afford Government services and welfare are the poorest in our country, and we saw that when Labour was in office. We have taken the approach of entrenching economic security by making sure that Britain lives within its means. Last night this House voted through the important welfare package. Now we have launched the spending review to finish the job.

T6. [901143] **Andrew Stephenson** (Pendle) (Con): The announcement that the free childcare available for working parents of three and four-year-olds will double to 30 hours a week in 2017 is excellent news for families across Pendle. Does not the fact that we are delivering that commitment demonstrate that only by taking tough decisions can we afford to provide the high-quality services that hard-working families deserve?

Mr Osborne: My hon. Friend is right, and he does a brilliant job representing his constituents, bringing in investment, and supporting working people in Pendle. Working parents now have the added help of 30 hours of free childcare, which his Labour opponent in Pendle—and indeed Opposition Members here—have still failed to welcome.

Sammy Wilson (East Antrim) (DUP): The Northern Ireland Assembly faces a £600 million overspend on its budget this financial year as a result of the blocking of welfare reform changes. What steps does the Chancellor intend to take to deal with this fiscal anarchy that is causing disruption in schools and hospitals and for all those who depend on public spending, and drives a coach and horses through spending limits?

Mr Osborne: We are well aware of the difficult situation with the finances of the Northern Ireland Executive, and of the objections in some quarters of the Assembly to what are, I think, sensible welfare reforms that will help people in Northern Ireland into work. We are working with the First Minister and the Deputy First Minister to resolve that impasse, but it is clearly not sustainable to allow a devolved Administration to ignore the controls placed on them. I know that the hon. Gentleman and his party support that position, and we are working with him, and others, to resolve the issue.

Huw Merriman (Bexhill and Battle) (Con): Will my right hon. Friend continue to encourage Opposition Members to support our Budget proposals, noting that the legislation for a budget surplus comes before the House later this year?

Mr Osborne: There will be another interesting question for this House when we vote on the new fiscal rules. Two weeks ago the shadow Chancellor said that he supported a surplus, yet he has objected to every single welfare change that is being introduced in this House, and he refused to support our legislation last night. We shall see what he says about the spending review in the next few hours, but we cannot will the ends if we do not will the means, and that means difficult choices to ensure that our country lives within its means.

Paula Sherriff (Dewsbury) (Lab): This Chancellor has missed every one of his own deficit reduction targets, and borrowed more than any other Chancellor in history. Will he confirm that, according to the Office for Budget Responsibility forecast, the fiscal changes in the summer Budget mean £26.8 billion more public borrowing in the next two financial years, and that since 2010 he will have borrowed a full £200 billion more than he planned?

Mr Osborne: I think that is exactly the same question that was read out about half an hour ago—I am not sure that it says much for improved productivity on the Labour Benches.

Martin Vickers (Cleethorpes) (Con): In her reply to my Westminster Hall debate last week, the Economic Secretary to the Treasury spoke warmly of bank sharing. Will she join me in encouraging HSBC and NatWest, which are proposing to close their branches in Barton-upon-Humber, to delay that closure so that sharing can be seriously considered?

The Economic Secretary to the Treasury (Harriett Baldwin): Residents in Barton-upon-Humber are very fortunate to have such a champion as my hon. Friend representing their interests. I am sure that as he has raised the matter in the House the banks in question will have noted his point, and he has represented his constituents well.

Mr Speaker: I call Callum McCaig. No? I call Mr Skinner.

Mr Dennis Skinner (Bolsover) (Lab) *rose*—

Mr Speaker: May I reassure the hon. Gentleman that I was not confusing him with Mr McCaig? I thought Mr McCaig wished to ask a question earlier. The hon. Gentleman is unique, we all know who he is and we want to hear him.

Mr Skinner: And I am a little bit older than him.

Mr Speaker: I was too polite to make that point.

Mr Skinner: I can do it any day of the week.

Has the Chancellor of the Exchequer not got a bit of a cheek to be constantly using Question Time to attack the Labour leadership elections—[*Interruption.*] Take your time! The Chancellor is involved in an election himself. Every time he opens his mouth, it is directed towards the hon. Member for Uxbridge and South Ruislip (Boris Johnson) and the Home Secretary. Does he not realise that the Home Secretary has already knocked him out with the water cannon? Remember,

some of us are watching that contest very carefully. The Chancellor should be careful he does not knock himself out.

Mr Speaker: With particular reference to his Treasury responsibilities, I call the Chancellor of the Exchequer.

Mr Skinner: He started it: you heard him!

Mr Speaker: I hear everything in this Chamber.

Mr Osborne: What the hon. Gentleman and the Labour party fail to understand is that we cannot stand up for working people unless we create a strong economy that lives within its means. I would only make this observation: he has a Labour party he is very happy with now, and so do I.

Lucy Frazer (South East Cambridgeshire) (Con): Does the Chancellor agree that the national living wage will not only improve the lives of working people on lower incomes but will improve the gender pay gap, because it is often women who are the worst paid?

Mr Osborne: My hon. and learned Friend is right. The good news is that the gender pay gap is at its lowest level in history, but we have more work to do and that is why we have introduced the new audits for companies. Of course, women will be the biggest group of winners from the national living wage.

Mrs Emma Lewell-Buck (South Shields) (Lab): I listened to the Minister and Chancellor talking about tax credits earlier, but here is a bit of reality. A couple in my constituency told me that as carers for a disabled child, they work part time and will lose around £2,000 in tax credits under the Chancellor's reforms. But they will not benefit from a higher minimum wage because their jobs are professional level and their hourly pay is already above that rate. Does the Chancellor think it is fair that his reforms will make families with disabled children poorer?

Mr Osborne: We have to look at the entire Budget package, because that is the new contract. Part of that is a tax cut, which I suspect will help the hon. Lady's constituents, because we have increased the personal allowance. They may also be eligible for the new 30 hours of free child care. Many more of her constituents will

also benefit from the national living wage. But what is the alternative? It is to have an unsustainable welfare system, the cost of which goes up and up and squeezes out spending on infrastructure, education and science, and puts our country at risk from economic storms abroad. That is what we lived through 10 years ago and we do not want to go back there.

Mr Nigel Evans (Ribbles Valley) (Con): The Chancellor is the darling of beer drinkers throughout the country, with his three tax cuts on beer and getting rid of the tax escalator. Will he continue his support for the brewing industry? Should he do so, it may even help any leadership bid that he may or not make at some time in the future.

Mr Osborne: I shall take that as an early representation for next year's Budget. We have been able to help by reducing beer duty and ending the beer duty escalator that was putting pubs out of business. Other measures, such as those on apprenticeships and the employment allowance, are also helping the pub industry which is such a big employer of young people in our country.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): The Scottish renewables sector supports more than 11,000 jobs, as well as contributing to a sustainable economy. Will the Chancellor please explain his reasoning for the removal of the climate change levy exemption for renewables, and tell the House whether he plans to start charging alcohol duty on soft drinks next?

Mr Osborne: I can certainly rule out the latter point. The point about the renewables levy is that it was introduced before the framework we now have in place to support long-term investment in renewable energy through the levy control framework and the renewables obligation. We found that a third of the money, which after all comes from the electricity bills paid by the people we represent in Parliament, was going to overseas generators, so it was not really a fair approach. The approach we are taking now—supporting long-term investment in renewables and building up the UK industry—is the right one.

Several hon. Members *rose—*

Mr Speaker: Order. I am sorry to disappoint remaining colleagues. Treasury questions is a box office occasion and demand tends always to outstrip supply. We must now move on.

DWP Data

12.35 pm

Debbie Abrahams (Oldham East and Saddleworth) (Lab) (*Urgent Question*): To ask the Prime Minister to make a statement on his commitment of 24 June to publish Department for Work and Pensions data on the number of people in receipt of employment and support allowance and incapacity benefit who have died since November 2011, including those found fit for work.

The Minister for Employment (Priti Patel): The Government intend to publish mortality statistics, but before doing so the statistics need to meet the high standards expected of official statistics. Once we have completed that important work, we will publish them.

Debbie Abrahams: Thank you, Mr Speaker, for granting this urgent question.

I am disappointed that the Prime Minister is not here in person to explain why he has not yet honoured his commitment of 24 June to publish the data. On 30 April, the Information Commissioner ruled that the Department for Work and Pensions should publish data on the number of people in receipt of employment and support allowance and incapacity benefit who have died since November 2011, including those who had been found fit for work. The Government have since appealed the decision, stating in their appeal that the publication would be

“contrary to the public interest”

and that the publication of mortality statistics is “emotive”. To date, more than 240,000 people have signed a petition calling for the Government to publish the data.

As the House will be aware, on 24 June the Prime Minister was asked, at Prime Minister’s questions, by my hon. Friend the Member for St Helens South and Whiston (Marie Rimmer) about the publication of the data. He said:

“let me reassure the hon. Lady that the data will be published; they are being prepared for publication as we speak. I think that it is important that we publish data, and this Government have published more data about public spending than any previous Government.”—[*Official Report*, 24 June 2015; Vol. 597, c. 886.]

I have since raised this issue in two points of order, at a Westminster Hall debate on 30 June, by writing directly to the Prime Minister and by tabling a named day written question to him, which his office decided to transfer to the Department for Work and Pensions and to which I received a non-answer yesterday from the Minister for Employment.

I have some specific questions. First, when will we see the data published, including on those who have been found fit for work, given the Prime Minister’s comment of nearly four weeks ago? When are they being prepared for publication? Secondly, will the Minister commit to publishing the actual numbers of deaths, as well as the DWP’s proposed age standardised mortality rates, as they did in 2012 when the actual number of deaths was published?

Thirdly, will the Minister inform the House how much the Secretary of State’s Department has spent on staff and legal fees in the decision to refuse the initial freedom of information request and now to contest the Information Commissioner’s ruling? Fourthly, will the

Secretary of State reconsider his decision not to publish the details on any of his Department’s 49 peer reviews into social security claimants who died, including, most importantly, changes his Department has brought forward as a result of them?

Finally, what assessment has been undertaken on the potential impact on the health status of those on incapacity benefit or employment and support allowance, given the measures introduced in the Welfare Reform and Work Bill?

Just four weeks ago, the Prime Minister promised urgent action. Now is the time to deliver—to be open, transparent and publish the numbers the public and Parliament are calling for. Without that, this House is brought into disrepute.

Priti Patel: I cannot be clearer than the Prime Minister, who last week set out the position very clearly. The data—[*Interruption.*] Would Labour Members like to listen to my response before they start chuntering away? I will restate what I said in my initial response: the data will be published and are being prepared for publication as we speak.

Dawn Butler (Brent Central) (Lab): When?

Priti Patel: If the hon. Lady will let me respond, I will tell the House exactly that.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Arrogant.

Alec Shelbrooke (Elmet and Rothwell) (Con): You are the Father of the House!

Priti Patel: If I may respond directly—

Mr Speaker: Order. I respect the fact that the hon. Member for Elmet and Rothwell (Alec Shelbrooke) is trying to help his Minister, but he should calm down, as should everybody. Let us hear the Minister’s answer.

Priti Patel: The position on data publication has not changed. The data are being finalised and will be published shortly. They will be published very soon, and no later than the autumn.

I say to Labour Members chuntering away and shaking their heads that Labour had 13 years to publish the data and failed to do so. Is it any coincidence that they are now showing some interest in this area?

Dawn Butler *indicated dissent.*

Priti Patel: I say to the hon. Member for Brent Central (Dawn Butler) that we were the first Government to publish ad hoc statistics in this very area. [*Interruption.*] Labour Members are shaking their heads because they do not like the fact that we have published data previously.

Dawn Butler: Misleading.

Priti Patel: I say to the hon. Lady chuntering away that I am not misleading the House. I am informing the House that data publication will happen. I restate for the benefit of all Members that the data will be published no later than the autumn. We were the first Government

to publish ad hoc statistics in this area, and I think this is quite audacious of the Labour party, given that it never published any such information when in government.

Several hon. Members rose—

Mr Speaker: Order. I wish to say two things. First, I remind the House that moderation and good humour are underlined in “Erskine May” as being of the essence of good parliamentary proceedings. Secondly, it is important to say at the start that this urgent question is a narrow one, not an opportunity for a general exchange about employment support allowance or incapacity benefit, or the merit or demerit of the Government’s policies on those matters. There have been many such debates. This is an occasion for a narrow focus on the issue of data, upon which the urgent question was focused, so our proceedings will be tightly constrained. I do not intend there to be long exchanges on this matter. Perhaps we can be led, in a statesman-like manner, from the Government Back Benches by Dr Andrew Murrison.

Dr Andrew Murrison (South West Wiltshire) (Con): My right hon. Friend will be aware of the well-established link between good health, particularly good mental health, and work. Will she ensure that in the long term her Department gathers information that will support or refute that assertion?

Priti Patel: Absolutely; we will be doing exactly that.

Kate Green (Stretford and Urmston) (Lab): There is huge disquiet among disabled people, as story after story surfaces in the media about disabled people being found fit for work and dying shortly afterwards—last week another story appeared in the *Daily Mirror* about a disabled man who died two weeks after his assessment. The shenanigans in the DWP around the release of the statistics are concerning—and puzzling, if the Department has nothing to hide. First, the Secretary of State told Parliament that the DWP did not collect the data, in the teeth of the Information Commissioner’s ruling to release them. Within days, he was flatly contradicted by the Prime Minister, and now we hear that the DWP is appealing publication of the data that the Secretary of State first said were not collected.

Will the Minister come clean before the House? She said the data would be published “shortly”, “very soon” and “no later than the autumn”. Why is it taking so long? On what grounds is the DWP appealing publication, and will the data, when eventually published, be timely? It is feared that by the time this procrastination has finally resulted in publication, the data will be so out of date as to be pretty well useless. Will the raw data be published, and what analysis will accompany them to meet the high standards for the publication of Government statistics to which she claims the Department aspires? Finally, will she explain why the Secretary of State first claimed the data were not being collected, when blatantly they were and are, as he now apparently acknowledges?

Priti Patel: I thank the hon. Lady for her comments. I think it is fair to say that, as I stated earlier, the Government are going to publish these statistics. Despite the scaremongering and the gross misrepresentation from the Opposition—scaremongering about suicides, I should hasten to add, which is a complete misrepresentation

—I should say that Labour introduced the work capability assessment back in 2008, and at that time Labour Members did not say that it was leading to people committing suicide.

When it comes to publication, this is complex statistical information. As the hon. Lady and, I am sure, all Opposition Members will know, we are bound as a Department by the Statistics Authority on the quality of information that is published, so it is very important that we get this right. Let me emphasise that officials are working as we speak to prepare the data, and we will be publishing them very soon. I have said it already and I will say it again: we will publish before the autumn this year, and once the data are published I will be very happy to take questions on the content and any other aspect of the data that the hon. Lady and hon. Members see fit.

Mark Spencer (Sherwood) (Con): Will the Minister commit to releasing data pre-2010, from under the previous Labour Government, who introduced work capability assessments, so that we can fully assess the impact that the Labour party’s policy had?

Priti Patel: I thank my hon. Friend for his question. When we publish the data, they will cover all the relevant periods to which he has referred.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): I wish my hon. Friend the Member for Oldham East and Saddleworth (Debbie Abrahams) every good fortune in awaiting a reply to a letter to the Prime Minister, in view of the fact that in the last five years I have had exactly one letter from him, and that was after I had received a letter from No. 10 signed by somebody who did not exist.

I say to the junior Minister that she needs to take some lessons from her boss in dealing with questions in this House, because whatever the nature of his replies, he replies with courtesy. She needs to learn about that as well. Let me put it to the junior Minister that yesterday the Government broke a pledge about providing information and conducting consultation, and today we have a further example of the Government breaking a pledge. Will she explain whether this is simply arrogance or incompetence?

Priti Patel: With courtesy to the Father of the House, I would re-emphasise that the data will be published, and when they are published, he can review them.

David T. C. Davies (Monmouth) (Con): Does my right hon. Friend agree that any death is of course a tragedy, but that individual tragedies should not simply be rolled into a set of statistics and then plucked out by people who obviously have a political agenda to push?

Priti Patel: My hon. Friend raises a very valid point. When it comes to deaths, these are personal and individual tragedies, in circumstances—[*Interruption.*]

Mr Speaker: Order.

Priti Patel: These are personal and individual tragedies that affect both the individual and, obviously, their families as well. It is absolutely wrong for any political

[Priti Patel]

party to engage in handwringing and scaremongering to the extent that we have seen in this House.

Chris Stephens (Glasgow South West) (SNP): May I also thank the hon. Member for Oldham East and Saddleworth (Debbie Abrahams) for tabling this urgent question and assure her that I am also getting the same answers to written questions as she is?

Too often, we hear stories in the media about people who have died having been found fit for work or who have been driven to their deaths by the Government's pernicious benefits sanctions regime. We have heard from the Department for Work and Pensions that it currently investigates all deaths of benefit claimants

"where suicide is associated with DWP activity",

and in other cases where the death of a vulnerable benefit claimant is brought to its attention, through a system of internal peer reviews. A freedom of information disclosure shows that, since 2012, the Department for Work and Pensions has carried out 49 peer reviews following the death of a benefit claimant and that 10 of the peer reviewed claimants were sanctioned.

Is the Department for Work and Pensions still pursuing an appeal against the Information Commissioner's ruling, or is it abandoning it in the light of the data being published? If the Department is going to publish that information, can we be given a clear timetable for the publication of the data, not just "very soon" and "the autumn", because they are complete opposites?

Lastly, the Minister will be aware that, last June, the Scottish Parliament's Welfare Reform Committee called for an urgent review of the benefits sanctions and conditionality regime, and in March the Work and Pensions Committee in this place published a report calling for a full independent review of the benefits sanctions process. Having been asked by two cross-party Committees in two Parliaments, will the Government now go ahead with an independent review at the earliest possible opportunity?

Priti Patel: The hon. Gentleman raises a number of points. It is right that the Department reviews complex individual cases, including those in which claimants have died, to ensure that all processes have been followed correctly. As I have said on previous occasions to Scottish National party Members, I am happy to look at specific cases. On the point about sanctions, unemployment benefits have always been conditional, and benefits sanctions have been part of the system for the last four decades, as is right and proper. As regards the appeal and the publication of the data, I have already said that we will, as requested, publish all aspects of the data in the right format as is required of the Department.

Kit Malthouse (North West Hampshire) (Con): I welcome the Minister's pledge to publish the data in the autumn. Does she agree that, if we are to form a judgment, it is very important that comparative data are published, not least longitudinal data for the cohorts involved, to see whether the situation is improving, and perhaps some international comparisons?

Priti Patel: My hon. Friend is absolutely right, and we will publish all the relevant data in this area.

Mr George Howarth (Knowsley) (Lab): Does not the Minister accept that although of course each case is a personal and individual tragedy, we aggregate and analyse data to see whether a pattern emerges? Does she accept that as long as she drags her feet on this issue, people will conclude that the Government may have something to hide?

Priti Patel: On the contrary, I find that question astonishing. I take no lessons in transparency or the publication of data from the Labour party. The last Government were more open and transparent in data publication than any other. In the wider context of statistics, I have said it once and will say it again and again that we intend to meet the high standards expected of official statistics when publishing these data, and that is what we will concentrate on doing.

Paul Maynard (Blackpool North and Cleveleys) (Con): The Minister will be aware that the hon. Member for Oldham East and Saddleworth (Debbie Abrahams) and I sat on the Work and Pensions Committee in the last Parliament and took part in its inquiry into benefits sanctions, which reported just before Parliament dissolved. She will be aware also that we called for the publication of these data, but that we made a more subtle point, which is that the data are meaningful only if they include information about each individual's experiences before contact with the benefits system. To publish the data in raw form would overlook the integration that they may have with the health service, mental health services and any other public agencies involved before the individual encountered the DWP. Will the Minister ensure that that information is included?

Priti Patel: My hon. Friend, from his time on the Select Committee, knows the significance of such information. He is absolutely right, and we should not make assumptions about such data.

Caroline Lucas (Brighton, Pavilion) (Green): Does the Minister recognise that accusing Opposition Members of scaremongering is hugely insulting to those constituents who have contacted us because they are deeply worried about this matter? Does she recognise that, to them, it looks as though the Government are hiding this information, reinforcing concerns that this is a punitive regime designed to hurt people who are disabled? The Government have already rushed out 17 written ministerial statements today, the last day that the House sits before the recess. Why will the Minister not add a statement on this matter?

Priti Patel: Contrary to the hon. Lady's point, we will be the first to publish this information. I say again for the record—not for the second, third or even the fourth time—the data are coming. They will be published, and we have nothing to hide.

Dr Tania Mathias (Twickenham) (Con): I agree that transparency is important, but where data are sensitive, their interpretation and the human stories behind them are important too. I have had amazing help from the Minister and the Secretary of State, who have visited my constituency and met individuals with complex

needs. I am very grateful for the troubleshooting and assistance being given, and I look forward to that continuing over the summer. While data are important, people's ongoing needs are important too.

Priti Patel: My hon. Friend will know from her background as a doctor in her constituency that people have different needs, and individual cases are very complex. She is right to say that we can make no assumptions just by looking at data; it is about putting people first and understanding their needs.

John McDonnell (Hayes and Harlington) (Lab): Just over a year ago, 130,000 people signed a petition and there was a debate in the House calling for a cumulative impact assessment by the Government of the welfare changes on people with disabilities. These data are just one element of that. The House decided without opposition that the Government should undertake that exercise. Are they giving any consideration to conducting a cumulative impact assessment?

Priti Patel: The last Labour Government never published a cumulative impact statement, and our focus right now is on publishing this set of data, as we have committed to do.

Jeremy Lefroy (Stafford) (Con): I welcome my right hon. Friend's announcement that the data will be published soon. Does she agree that, when they appear, it is important that they are analysed and that any lessons are learned, because data are pretty useless if we do not do that?

Priti Patel: My hon. Friend is right. As I have said, data are complex and we should not simply read them and make assumptions; they need analysis.

Rob Marris (Wolverhampton South West) (Lab): I entirely agree that one should not make assumptions and that the last Government had a better record on transparency of statistics than some previous Governments, albeit the Office for National Statistics repeatedly criticised Ministers in the last Government for misusing statistics. The Minister accuses Opposition Members of scare-mongering and hand-wringing, but how can she know—I do not—unless she already has the statistics?

Priti Patel: As I have said, the statistics will be published, and the hon. Gentleman can then make his own informed decision.

Andrew Bridgen (North West Leicestershire) (Con): As the Minister stated, unemployment benefits have always been conditional. Will she tell the House how often these statistics were published by the Labour party when it was in government?

Priti Patel: It is a very short answer—never.

Marie Rimmer (St Helens South and Whiston) (Lab): Will the Minister tell us whether the Government are appealing against the decision on publishing the data, what costs have been incurred and why the Secretary of State did not make the House of Commons aware of the appeal in the first instance, instead of stating that the figures were not being collated?

Priti Patel: We will publish the data, and Opposition Members can then make their own judgment.

Tom Pursglove (Corby) (Con): Does my right hon. Friend agree that if inaccurate or rushed data were published, she would then be accused, including by Opposition Members, of gross carelessness, given the sensitivity of those data?

Priti Patel: My hon. Friend makes a valid point. It is hugely ironic to hear the remarks of Labour Members, whose Government never published any information or data in this area. We are expected to meet the high standards required for the official publication of statistics, and that is exactly what this Government will do.

Neil Gray (Airdrie and Shotts) (SNP): Will all due respect to the Minister, she has not answered the question asked by my hon. Friend the Member for Glasgow South West (Chris Stephens) and the hon. Member for St Helens South and Whiston (Marie Rimmer). Will she appeal the Information Commissioner's decision? Will the data be backdated to November 2011? Given that 200,000 people, including many of my constituents, have signed a petition calling for the data to be published, will there be parliamentary time to scrutinise it?

Priti Patel: The data will be published. The urgent question is specifically about the publication of mortality statistics.

Richard Graham (Gloucester) (Con): I welcome the Minister's announcement that she will provide the data requested and will look at it analytically, in the way that other Members have suggested. Does she share my slight concern that the phrasing of the urgent question, particularly the inclusion of the words "found fit for work", implies something sinister? We all know of people not only found fit for work but actually working and fit while working who have died in sad circumstances, including former Members of the House. This issue should be handled very sensitively when the data emerge.

Priti Patel: My hon. Friend has made a valid point. I think it is fair to say that the fit for work assessment was introduced by the Labour Government. Our focus now is on the fact that—I remind the House—those data are coming, and will be published before the autumn.

Mr Gordon Marsden (Blackpool South) (Lab): DWP Ministers tried to sit on information from internally generated data which suggested that one in five deaths of benefit claimants had been linked to sanctions. Perhaps we can be forgiven our scepticism about the Minister's definition of autumn: after all, this Government publish their autumn statements in December.

More important, what steps will the Minister take to look into cases that have led from morbidity to mortality? In my constituency, the failure of Atos to pay home visits to severely ill people on some occasions has caused real health problems. A constituent of mine had motor neurone disease, but failed the assessment for employment and support allowance.

Priti Patel: The hon. Gentleman has mentioned Atos. We, of course, terminated that contract. *[Interruption.]* It was part of the Labour legacy that we were there to

[Priti Patel]

clear up. As for the data, they will be published, and they will be published before the autumn.

Several hon. Members *rose*—

Mr Speaker: Order. I do not intend these questions to last longer than half an hour in total, so there is pressure on colleagues to be brief. I call Mr Skinner.

Mr Dennis Skinner (Bolsover) (Lab): I think the Minister should tell us whether there is to be an appeal. She has been asked that several times, and she has not answered. I am thinking of the family of David Cowpe, who lived in my area, and whose case I raised with the Prime Minister more than two years ago. He lost his sight, he lost his hearing, and then cancer took his life when he had been waiting 11 months for an appeal. A lot of promises have been made, but nothing seems to be forthcoming. I have to say that this delay almost emanates from the Secretary of State, whom I call the Minister for Delay, and it has gone on for too long. I think it is high time that this matter was resolved. I say to the Minister, “Stand up at that Dispatch Box and say that you are not going to appeal, and that you are going to get on with it.”

Priti Patel: The hon. Gentleman has raised the tragic case of his constituent, but he has also raised the need to resolve this matter by publishing data, which is exactly what the Government will be doing.

Nia Griffith (Llanelli) (Lab): This sorry story underlines the immense importance of the role of the Information Commissioner. Can the Minister give us an absolute assurance that, notwithstanding what is in the review, she will not make her Department take any action or demand any changes that restrict the availability of information and data?

Priti Patel: Not only will we publish the data, but we will publish all aspects of the data that we have been asked to publish.

Mr David Anderson (Blaydon) (Lab): Given that autumn lasts from the September equinox until the December solstice, will the Minister spell out exactly what work her civil servants will be doing? She must have some idea of what is needed, because otherwise she would not have specified that timescale. What will those civil servants be doing during the intervening weeks and, possibly, months?

Priti Patel: We will be doing all that is relevant. This is complex statistical information, so it is important that we get it right, and that is precisely what my officials are doing.

Diana Johnson (Kingston upon Hull North) (Lab): Exactly how much have the prevarication and delays cost the British taxpayer?

Priti Patel: There is no prevarication or delay. We have been very clear—[*Interruption.*] I hear sniggers on the Opposition Benches, but we were the first Government to publish data in this area, and I think it shameful that

the Labour party has not done so. This Government now intend to publish the statistics, and that is exactly what we will do.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Each month the Department for Work and Pensions publishes vast amounts of information on employment figures, wages and benefits. It has always done so, and, by the way, Ministers never seem to be shy about placing their own interpretation on those data. Should it really be so difficult for them to tell us whether people are alive or dead?

Priti Patel: We do not place our interpretation on data that my Department publishes, because we are bound by the UK Statistics Authority when it comes to how they are presented. As I have said, these data will be published. Let me also reiterate once again that ours is one of the most transparent Governments ever, in contrast to the hon. Gentleman's Government.

Andrew Gwynne (Denton and Reddish) (Lab): The Minister has said that the data will be robust, but I simply do not accept the Government's narrative that some people in receipt of employment and support allowance or incapacity benefit are not ill, because those are good epidemiological considerations when it comes to public health indicators. Why will the Minister not do the decent thing and publish the data in full today?

Priti Patel: I am sorry that the hon. Gentleman was disappointed by my response, but the data will be published. He should remember, when he criticises these schemes, that his Government set them up prior to 2010, and that it is we who are reforming the mess that we inherited.

Steve McCabe (Birmingham, Selly Oak) (Lab): How many meetings and discussions have taken place between Ministers and officials over the past 12 months about the compilation and presentation of the data?

Priti Patel: I have already said that we will publish the data. [*Interruption.*] We were the first Government ever to publish such information, which we did back in 2012. This is work in progress: my officials are now working on the publication of the data.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I think the public will be appalled that the Government have adopted the tone that we heard in the Minister's response today. May I pursue the question put by my hon. Friend the Member for Blaydon (Mr Anderson)? The Minister said that we would have the data by the autumn. Having looked it up, I have established that autumn will begin on 21 September. Can the Minister confirm that she will come to the House during the two weeks following our return in September, make a statement, and hear our responses to it?

Priti Patel: As I have said, the data will be published. Once they have been published, I shall be happy to take questions about them from Labour Members and, indeed, all other Members.

Natalie McGarry (Glasgow East) (SNP): Given some of the Minister's replies today, it is clear that she likes repetition, and now I am going to copy her. Will she please answer the question that has been asked by my hon. Friends, and tell us whether she will appeal against the decision?

Priti Patel: Let me say again, for the record, that we will publish the data—*[Interruption]*—and that, before the autumn, we will publish all the aspects of those data that we have been asked to publish.

Points of Order

1.7 pm

David Rutley (Macclesfield) (Con): On a point of order, Mr. Speaker. Some Members will be aware of the recent tragic events in Bosley, south of Macclesfield, following an explosion at the wood treatment mill site on Friday. Three people are still missing. I am very grateful for the support of the Under-Secretary of State for the Home Department, my hon. Friend the Member for Staffordshire Moorlands (Karen Bradley), and we thank the emergency services for all that they have done, and continue to do, in such challenging circumstances.

I should be grateful to you, Mr Speaker, for any advice that you can give about how I could best draw the incident to the attention of the House more widely, and convey to the families and friends of those who have been affected by this tragic incident that the thoughts and prayers of Members are with them at what is a very sad and difficult time.

Mr Speaker: I think that the hon. Gentleman has largely achieved his purpose by what he has said and the way in which he has said it. He has spoken for Members throughout the House who will empathise with him, and who will feel enormous sympathy for the families of those involved in this tragic event. As for the wider issues of help for those who have been affected and questions to be raised about the precise sequence of events, they can be aired subsequently in a variety of forums in the House. The hon. Gentleman is dexterous and innovative in his use of those forums, so I am sure that we shall hear from him further as appropriate. I thank him for what he has said today.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): On a point of order, Mr. Speaker. Yesterday the House completed the process of setting up departmental Select Committees and their equivalents. However, one Committee remains as yet unformed, and even its Chairman has not yet been appointed. That is the Intelligence and Security Committee. How can we ensure that the Government will proceed with some speed to set up a Committee whose members are appointed on the recommendation of the Prime Minister?

Mr Speaker: As the hon. Lady has implied, that particular Committee is in a different category from the others with which the House has dealt. However, her point of order is not a matter for me. It is possible that she would like it to be, but it is not. It is a matter for the usual channels, the most senior representative of which is sitting, statesmanlike, on the Treasury Bench, and will have heard what has been said.

In the interests of the House as a whole, I hope that these matters will be attended to before very long, but, knowing the hon. Lady as I do, I am sure that if they are not, she will return to the charge.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): On a point of order, Mr Speaker. You will have seen that the Home Office has sneaked out a written statement on the last day of term about a short consultation on the funding arrangements for the 43 police forces in England and Wales. There is much concern in areas such as Merseyside—which has already lost 23% of its

[Luciana Berger]

budget and over 700 police officers—about what this will mean for the years to come. Have you, Mr Speaker, received any indication from the Government that a Minister is intending to come to the House and give an oral statement on this important issue?

Mr Speaker: I have received no such indication. Of course the method by which the Government intend to communicate their message on this subject is a matter for the Government and they have chosen to do so through the device of a written ministerial statement. There will be opportunities for the matter to be raised and probed further, but realistically that will have to wait a period of weeks. I recognise that that will disappoint the hon. Lady, but that is the factual answer to her inquiry.

BILL PRESENTED

CONSTITUTIONAL CONVENTION (No. 2) BILL

Presentation and First Reading (Standing Order No. 57)

Mr Graham Allen, supported by Mr David Davis, Tim Farron, Jon Cruddas, Jeremy Lefroy, Mr Alistair Carmichael, Caroline Lucas, Jeremy Corbyn, Mark Durkan and Zac Goldsmith, presented a Bill to make provision for a convention to consider the constitution of the United Kingdom; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 11 September, and to be printed (Bill 61).

Public Nuisance from Wind Farms (Mandatory Liability Cover) Bill

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

1.10 pm

Mr David Davis (Haltemprice and Howden) (Con): I beg to move,

That leave be given to bring a Bill to require the Secretary of State to make provision about obligations on wind farm operators in respect of financial cover for potential liabilities arising from cause of public nuisance; and for connected purposes.

Wind farms are contentious. Some argue passionately that they are a great public good and the solution to global warming while others equally passionately believe they are a waste of money. This Bill takes no side in that debate. It is narrowly defined to one aspect of public interest; it requires the operators of wind farms, who are in receipt of £797 million of public subsidy a year, to organise their affairs so that they are able to meet the costs of any nuisance imposed on people living near them.

In 1995 the World Health Organisation recommended that to prevent sleep interruption low frequency noise should not exceed 30 decibels. However, in 1996 the Government's Energy Technology Support Unit—ETSU—set the noise limit for wind turbines at 43 decibels. That is an enormous difference; on the logarithmic decibel scale it is approximately double the WHO limit. We still use those standards today.

In the last five years no planning application was refused on noise-related grounds, but there have been 600 noise-related incidents arising from wind farm operations. The majority of complaints arise as a result of amplitude modulation, which is the loud, continuous thumping or swishing noise regularly described by those living near wind farms.

Numerous studies have identified that sleep is disturbed on a regular basis even at distances over 1 km away from turbines, yet under the ETSU standards turbines can be installed just 600 metres away from residential property. The wind farm companies are acutely aware of this, and all the more so since a member of the public, Jane Davis, sued a wind farm near her home for noise nuisance. The matter was settled out of court, and there is a gagging order preventing us from knowing the details, but the settlement is rumoured to have been in the region of £2 million.

Since this case, some dubious measures have been taken by the industry to obstruct perfectly legitimate claims for nuisance. The use of shell companies in the wind industry seems to be the commonest trick. The parent company provides a loan to a specially created subsidiary to set up the wind farm, then leaves it in control of operations. The subsidiary's balance sheet typically comprises the wind farm physical assets, but they are more than offset by a very large loan from the parent company, with a resulting net liability. Profits from energy generation and large amounts of public subsidy are siphoned off to the parent company. The subsidiary is left as a financial shell, with very few liquid assets and total liabilities greater than total assets. That makes it impossible to bring litigation against a wind farm, simply because there is nothing to win from them. As such companies have negative net assets, even liquidating them would generate no cash to pay either damages or a legal bill.

One of my constituents bought his house in my constituency to enjoy a quiet retirement with his wife. After living there for more than a decade a 10-turbine wind farm was built near the house. The closest windmill is just over 600 metres from his home. He was assured at the planning stage that the wind farm would not trouble him, yet he has suffered the misery of regular noise and turbine blade flicker which has rendered his home almost unliveable. The low frequency noise from the turbines easily penetrates the double glazing. The couple have had to change bedrooms in order to sleep, but even so the persistent noise from the wind farm has taken its toll on his wife's health; she now suffers heart palpitations and is prescribed anti-depressants on a permanent basis by her doctor.

My constituent, fearing his retirement has been ruined and his home thoroughly devalued, attempted to use his legal insurance to claim for nuisance from the wind farm operators. While there was a good chance of success in court, the company's finances were organised so that there was no realistic prospect of recovering either damages or the legal costs of bringing the case. That being so, his insurers would, quite understandably, not cover his legal costs. That is despite the fact that the eventual owner of the wind farm is AES, a multibillion dollar international company involved partly in renewables but largely in coal and gas, that paid its chief executive \$8.4 million last year. It laughably claims in its annual report to be a "World's Most Ethical Company".

It is not alone in its hypocrisy. In March I raised this disreputable practice with Falck Renewables, prospective operators of a wind farm near my own village in my constituency. I asked it whether it was going to do the same. It did not reply.

My constituents have no way to recover the tranquillity of the lives that they thought they were going to enjoy when they first moved to rural Yorkshire. They can neither sell their house nor get any financial recompense to enable them to afford to move, so they are trapped in this misery.

My point is a simple one. My constituents are just individual representatives of a situation that is repeated up and down the country. Wind farm companies must

be adequately capitalised so that there can be a reasonable prospect of financial success for prospective litigants whose way of life they have damaged. It is not only the noise that is a nuisance, of course. When the sun is low in the sky behind a turbine it creates a "strobe effect" which can be harmful to health and wellbeing, and there are also now concerns that some wind farms could be abandoned at the end of their operational lifespan, creating another sort of visual blight, this time in perpetuity.

The simple solution that I propose in this Bill is to require wind farm-operating companies to hold enough cash in hand to manage a legal case at any time, and in addition a financial bond—a guarantee, or insurance policy—as a security against potential liabilities, including all public nuisance and final decommissioning costs. Any wind farm that fails to do that should lose its right to subsidy—which, as I said, amounted to £797 million in one year for the industry. This would ensure that citizens could reasonably sue when they suffer damage, but, just as importantly, it would be a strong incentive for the companies to operate wind farms in such a way as to avoid public nuisance, which is causing great distress in some cases, and would mean that when the turbines are decommissioned there is money or insurance to cover the cost of clearing the wind farm, avoiding a situation whereby the local council has to pick up the bill.

Whatever our stance on onshore wind, companies in receipt of public subsidy should be required to meet their public responsibilities. This measure seeks to ensure that the big wind farm companies can truly be held liable when they are at fault and gives families the protection they deserve. I beg to move.

Question put and agreed to.

Ordered,

That Mr David Davis, supported by Chris Heaton-Harris, Tom Pursglove, John Mann and Jim Shannon, present the Bill

Mr David Davis accordingly presented the Bill

Bill read the First time; to be read a Second time on Friday 11 September, and to be presented (Bill 62).

Finance Bill

Second Reading

Mr Speaker: I must inform the House that I have selected the amendment in the name of Mr Angus Robertson, on behalf of the Scottish National party.

1.20 pm

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

As my right hon. Friend the Chancellor set out in the recent Budget, the British economy is fundamentally stronger than it was five years ago. The deficit has been halved as a percentage of GDP; for the first time since 2001-02 debt as a share of GDP is falling; the UK was the fastest growing economy in the G7 in 2014, and we are expected to repeat that in 2015, too. We have more individuals in work than ever before, and wages continue to rise above inflation.

Having come so far, we need to stick to our long-term plan for economic recovery. The first Finance Bill of this Parliament demonstrates this Government's commitment to continuing the plan to build a productive, balanced and secure economy, which delivers for working people at every stage of their lives.

I shall happily take interventions this afternoon, but let me first set out to hon. Members the order in which I intend to discuss the measures in the Bill. I shall begin by talking about those measures that are intended to support working people through the tax system. Next, I shall set out how the Bill will help put the public finances in order by tackling tax avoidance, evasion, non-compliance and imbalances in the tax system. Finally, I shall talk about how the summer Finance Bill 2015 will take the first steps in implementing measures to improve the UK's productivity.

I shall begin with those measures designed to help hard-working people keep more of the money they earn, a principle to which this Government are committed. We have a proud record on reducing tax for the lowest paid. As a result of action taken in the previous Parliament, 27.5 million individuals saw their typical income tax bill reduced by £825. This Finance Bill makes even further progress, by increasing the tax-free personal allowance to £11,000 in 2016-17 and to £11,200 in 2017-18. As a result of those changes, a typical basic rate taxpayer will be £80 better off in 2016-17 compared with in this tax year. Further, the higher rate threshold will also increase from £42,385 in 2015-16 to £43,000 in 2016-17—£300 more than the amount announced in the March Budget. That will take 130,000 individuals out of the higher rate of tax by 2016-17.

It is the firm belief of this Government that individuals working 30 hours a week on the national minimum wage should not pay income tax. That is why this Finance Bill will enshrine that link in law for future increases in the personal allowance. Once the personal allowance has reached £12,500, it will always be at least the equivalent of 30 hours a week on the national minimum wage. Until that point, my right hon. Friend the Chancellor will have a legal duty, when setting the personal allowance, to consider the financial impact on an individual working 30 hours on the national minimum wage. This Finance Bill also delivers another legislative

commitment to low levels of taxation. It introduces aspects of the five-year tax lock by ruling out increases in income tax and VAT for the duration of this Parliament.

Finally, this Government know that the wish to pass something on to one's children is the most basic human aspiration. To give hard-working people the security of knowing that they can continue to provide for their families after they have gone, this Bill phases in a new £175,000 per person transferable allowance when a person's home is passed on at death to their direct descendants. This means that by the end of this Parliament, the effective inheritance tax threshold for married couples and civil partners will be £1 million.

At the same time, to ensure that those with the broadest shoulders continue to bear the biggest burden, this new allowance will be gradually withdrawn for individuals with assets of more than £2 million. This reform will be paid for by cutting down on the £34 billion that the Government spent on pensions tax relief in 2013-14—two thirds of which goes to higher and additional rate taxpayers. The benefits of pensions tax relief for top earners will be restricted by tapering away the annual allowance for those with a total income of over £150,000 from April 2016.

These are important measures, rewarding and supporting the efforts and aspirations of working Britain—and doing so in a fair and balanced way.

Richard Fuller (Bedford) (Con): In the previous Parliament, under the previous Government, one outcome was that the wealthiest in the country paid a higher proportion of tax than they did under the preceding Government. Do this Government intend that to continue to be the case in this Parliament?

Mr Gauke: I can confirm to my hon. Friend that that will continue to be the case. We have set out a Budget that is balanced, ensuring that those with the broadest shoulders continue to bear the greatest burden.

I now turn to the way in which the summer Finance Bill 2015 will help to fix the public finances. We know that the UK's economic recovery is well established, with growth at 3% in 2014, and continued robust growth for 2015 and 2016, according to the Office for Budget Responsibility's forecast. But this country needs the economic security of running a surplus, and, if we are to achieve that, a further £37 billion in fiscal consolidation is required over the course of this Parliament. To deliver that, the summer Budget included measures to tackle tax avoidance and tax planning, evasion and compliance and imbalances in the tax system, which will collectively raise £5 billion a year by 2019-20.

This Finance Bill implements a number of those measures. First, it includes provisions preventing private equity and some hedge fund managers from exploiting tax loopholes to avoid paying the full rate of capital gains tax. Secondly, it removes the ability for companies to use UK losses and reliefs against their controlled foreign company charge. That will improve the effectiveness of the UK CFC regime in countering aggressive tax planning by multinational companies. Thirdly, the Bill legislates to stop a potentially significant tax planning risk, whereby corporate groups exploit tax rules for asset transfers between related parties. This puts it beyond doubt that the tax rules cannot be manipulated to prevent profits being charged to tax.

Patrick Grady (Glasgow North) (SNP): The International Monetary Fund recently said that developing countries lose £212 billion a year through corporate tax avoidance by multinational companies. Transparency will be absolutely crucial in dealing with that, but the Bill makes no mention of public country-by-country reporting. Will the Government look carefully at that, and at any amendments that might come forward, given that it would enable people in the developing world to see the taxes that companies pay locally for their benefit?

Mr Gauke: The UK has been instrumental in bringing in country-by-country reporting to tax authorities as part of the OECD's base erosion and profit shifting project, which will be of great assistance to tax authorities. We want to ensure that developing countries can benefit from that co-operation between tax authorities and from greater use of data. The publication of country-by-country reporting is best approached multilaterally.

But we should all acknowledge the progress that has been made. For example, much more information is now available to tax authorities, enabling them to assess large companies' tax strategies. One proposal in the Budget earlier this month was to make UK-based multinational companies publish their tax strategies. Such information would help to incentivise behaviour away from aggressive tax avoidance, which Members in all parts of the House wish to address.

Sammy Wilson (East Antrim) (DUP): Does the Minister accept that the target of £5 billion is really small beer when one considers the amount of tax that many multinational companies, including those that operate here in the UK, avoid paying by moving their profits around?

Mr Gauke: No, I do not accept that. Indeed, if one looks at Her Majesty's Revenue and Customs' tax gap publication, which identifies where the tax gap falls, one sees that, in terms of avoidance and acting contrary to the intention of Parliament, we should not overstate the element that is corporation tax avoidance by large multinationals. It is important that we address it, but one should not believe that it amounts to a huge pot. We have taken a number of steps in this area, some of which are operational. For example, we have supported HMRC to expand its large business service. Again, further progress on that was announced in the Budget. We have introduced the diverted profits tax, which came into force earlier this year. That is a very significant measure to address aggressive tax avoidance. We want to take further steps. Indeed, the base erosion and profit shifting project, which the OECD is running, means that we can hopefully take further steps in future. But those areas are best dealt with on a multilateral basis, and the UK has been very engaged in ensuring that there is progress in that area. I hope that there will be further progress on that front later this year.

Once again, this Government have introduced a Bill that makes it clear that avoidance and evasion by corporates and wealthy individuals will not be tolerated. But fixing the public finances also means that everyone in Britain must pay their fair share of tax. The vast majority of people pay their tax on time and in full, but a small minority of taxpayers refuse to pay what they owe despite having the money to do so. The Finance Bill

introduces direct recovery of debts, giving HMRC the power to recover tax and tax credit debts directly from debtors who have debts of over £1,000 and more than £5,000 in the bank.

The UK must remain competitive as a global financial centre, but it is only fair that the contribution banks make reflect the risk they pose to the UK economy. The Finance Bill introduces a new supplementary tax of 8% on banking sector profit, while gradually reducing the full bank levy rate over the Parliament. That will ensure that banks contribute a further £2 billion to the short-term task of deficit reduction, while ensuring the lowest tax rate of banks' profit in the G7 nations.

George Kerevan (East Lothian) (SNP): In the shift to the new tax on banks, the Government are sweeping in mutual banks, building societies and the smaller challenger banks. That creates problems both in capital accumulation for the mutuals and in the ability of the new challenger banks effectively to gain capital to take on the larger banks. Is that an accident, or has some decision been taken to penalise those organisations?

Mr Gauke: The first point I have to make is that banks with the smallest profits do not pay the surcharge. There is a minimum level to protect the very smallest banks. The bank levy that was introduced early in the previous Parliament reflected some of the issues that existed at that time. It was designed in part to encourage a different type of behaviour that would reduce risks. Regulatory changes have rather addressed that particular point. The move to a surcharge—a higher level of corporation tax—is sensible and timely given some of the changes that have been made. It is not possible in those circumstances to carve out those institutions that we like and dislike beyond putting in that de minimis level. That was a sensible approach to take.

Richard Fuller: Perhaps the Minister can clarify the intention of the levy. Is it to continue modifying behaviour? Do we need it because we have concerns about systemic risk, or because we want to close the deficit?

Mr Gauke: Essentially, it is to ensure that the banking sector, which poses particular risks and which benefits from implicit guarantees, makes a fair contribution to the public finances. I hope that provides some clarity to my hon. Friend.

Mark Durkan (Foyle) (SDLP): The Financial Secretary seems to imply that the banking levy, which was developed at the start of the previous Parliament, was essentially an ephemeral need that has now been taken care of by subsequent regulation. Banks have been able to cope with the fact that they have, essentially, a too big to fail subsidy—the VAT exemption. They have been able, with the levy, to absorb record-breaking fines for their own misbehaviour. Now he is saying that that is all to the good and that we do not need that same system of taking from the banks. Surely we do, though. They need to make a contribution to the public purse.

Mr Gauke: There is no disagreement over the need for a contribution from the banking sector towards the public purse. We have concluded that the better way to make that contribution is through a corporation tax surcharge, and that is what we are introducing. There was

[*Mr Gauke*]

also a particular argument in 2010 about trying to influence behaviour, but, to some extent, that has now been addressed by a new regulatory regime. I agree that there is a need for a contribution. What we have here is a new surcharge on the banking sector, which performs precisely that task.

Britain's insurance premium tax is also well below rates in many other countries, such as Germany, so this Bill proposes an increase to 9.5%, but that applies to only one fifth of all premiums. The Government are also committed to meeting their climate change objectives in a cost-effective way. Over the next five years, the climate change levy exemption for renewable energy is due to cost £4 billion, one third of which would subsidise overseas projects that bring no benefit to the UK. This Finance Bill therefore takes urgent action to stabilise CCL revenue.

Finally, to make the tax system fairer, the Bill restricts the amount of tax relief landlords can claim on property finance costs to the basic rate of income tax. That will ensure that landlords with the largest incomes no longer receive the most generous tax treatment. We are tackling tax avoidance by wealthy individuals and corporates, addressing imbalances in the tax system and taking bold steps to ensure that it remains fair.

Caroline Lucas (Brighton, Pavilion) (Green): The hon. Gentleman made a point a moment ago about the removal of the climate change levy for green energy. Does he recognise that that measure, by being retrospective and incredibly disproportionate to the ends he is trying to achieve, will seriously disrupt the green energy sector? The sector is already massively concerned about that. He talks about the importance of cost-effective measures to reaching green energy outcomes. Onshore wind is one of the most cost-effective energies out there, but his measures are undermining it.

Mr Gauke: I do not accept that point. Removing this exemption will achieve better value for money in the Government's support for low-carbon generation by targeting support directly at generators and preventing UK taxpayers from subsidising overseas renewable projects that bring no benefit to the UK. That was the weakness; that was the failure of the existing regime, and it is right that we address it.

I now wish to deal with productivity. As my right hon. friend the Chancellor set out in the recent Budget, the rate of UK productivity has been a historical problem. It is vital to increase our productivity, because that is one of the fastest routes to creating jobs and raising the standard of living for everyone. Earlier this month, we published our productivity plan, setting out how we will tackle this long-term challenge. This Bill implements a number of measures taking this plan forward. A stable tax regime with competitive rates and strong investment incentives is essential to drive productivity forwards. In the previous Parliament, the main rate of corporation tax was cut from 28% to 20% as a central part of the Government's economic strategy. This Bill goes further, by cutting it to 19% in 2017 and 18% in 2020, saving businesses more than £6 billion by 2021 and giving the UK the lowest rate of corporation tax in the G20.

Mr Nigel Dodds (Belfast North) (DUP): The Minister will know that the Stormont House agreement contains plans to have a lower rate of corporation tax for Northern Ireland, if the Assembly and the Executive so decide. He knows the problems that exist on the implementation of that agreement. Will he undertake to continue to work with the Northern Ireland Executive—with those parties that want to make progress economically in Northern Ireland—to ensure that that corporation tax relief is introduced as quickly as possible?

Mr Gauke: I am happy to give that undertaking to the right hon. Gentleman. We have always been clear that the devolution of corporation tax was dependent on stability in the finances for Northern Ireland, and I believe we agree on that point. We want to be in a position to implement that policy and I know he is also keen to implement it, but it is dependent on proper progress being made, and I entirely agree with him on that point.

To provide certainty to business and encourage investment in plant and machinery, the Bill also sets the annual investment allowance at the permanent higher level of £200,000. Improving productivity also means prioritising investment in infrastructure.

George Kerevan: The reality surely is that the AIA is being cut from the de facto £500,000 per year to £200,000, so it is not an increase. Doing that at the same time as cutting corporation tax runs the risk that firms' accumulated reserves will be used to buy back shares rather than to go into productive investment, thereby meaning that the productivity growth the Government are seeking will not be achieved.

Mr Gauke: I do not accept that point. First, the increase to £500,000 was temporary, as we always made clear. Very strong representations were made by business groups that what was important was putting a permanent level in place. We have the highest permanent level ever; at £200,000 it is twice the level we inherited in 2010, at a time when corporation tax rates are substantially lower. This is therefore a much more generous regime than we have had before. Our changes to corporation tax rates are an important measure in encouraging investment. I am sure I will be corrected if I am wrong, but I do not believe it was that long ago that the Scottish National party was advocating a corporation tax rate of 18%. I am sure the SNP is delighted that there will be a rate of 18% across all the United Kingdom.

Andrew Gwynne (Denton and Reddish) (Lab): Before the Minister moves off the issue of support for businesses, may I say that although there are many measures in the Bill to support businesses that we welcome, many of my local small businesses are eagerly awaiting the Government's review on business rates later this year? Will he give some indication that those small businesses in my constituency will not end up worse off as a result of changes that may be planned to the business rates?

Mr Gauke: Our record on business rates is that we have consistently looked after the interests of small businesses: we have extended small business rate relief on numerous occasions; we have introduced the rebate for retail premises; and we have made a number of reforms to business rates to assist small businesses in

particular, as well as capping increases in business rates. A review is ongoing and I am not going to make any announcement today, however nicely the hon. Gentleman asks me what its contents will be. It is ongoing and the consultation period has only relatively recently finished. We are keen to progress this and we have brought forward the timetable by which we will complete that review; we will have something by the end of the year.

Improving productivity also means prioritising investment in infrastructure. Our road network has suffered from decades of underinvestment. This Bill implements reforms to vehicle excise duty to support the creation of a roads fund. The reforms will ensure that VED still incentivises purchases of the cleanest cars, while putting revenues on a sustainable long-term footing.

Caroline Lucas: The Minister will not be surprised to hear that I completely disagree with him, but it is not just me, as the Society of Motor Manufacturers and Traders also says that this change to VED means that the take-up of low-emission vehicles will be disincentivised. How can that be a positive thing to do? He talks about productivity and in other places about the importance of air quality, but these measures, again, undermine both.

Mr Gauke: That is an unlikely alliance, but what I say to both the hon. Lady and the SMMT is that there is still an incentive in the first year and the evidence suggests that that is most important in influencing behaviour. There are incentives within the system.

Sammy Wilson *rose*—

Mr Gauke: I will give way to the hon. Gentleman; an even more unlikely alliance might be about to be formed with the hon. Lady.

Sammy Wilson: I can assure the Minister that there is not likely to be an alliance between me and the hon. Lady or her party. The revenues will apply to a roads fund for England, but what arrangements does the Minister intend to put in place for the tax that is collected in places such as Northern Ireland and for that money then to be diverted to infrastructure projects for roads in that part of the United Kingdom?

Mr Gauke: I understand the good point that the hon. Gentleman is making. There will be a need for discussions with the Northern Ireland Executive to ensure that we reach a sensible conclusion to reflect the various requirements across all the United Kingdom. I hope he appreciates that we understand the point he is making.

Through backing businesses and supporting infrastructure investment, this Bill will take important steps to boost our productivity, creating growth and prosperity for all.

Before I conclude this speech I would like to comment briefly on the Government's tax policy making process. At the start of the last Parliament, the coalition set out its ambition to improve the tax policy making process, through high levels of consultation and legislative scrutiny. That approach was welcomed by tax professionals, and I am delighted to inform the House there have been real achievements. More than 150 formal and informal consultations on tax changes took place over the past

five years, and our commitment to publish the majority of Finance Bill clauses in draft was met. I can confirm that this new approach will continue into this Parliament. Indeed, since the recent Budget, we have already published more than 10 consultations on tax policy proposals for future Finance Bills. I should also add that we are establishing the Office of Tax Simplification on a permanent footing as from today, and I am delighted that we are able to do that.

The Finance Bill before us today, at the start of the new Parliament, sets out the priorities and direction of this Government. Our direction is simple: towards stability and prosperity. The Bill rewards work and supports aspiration through lower taxes for working people; helps fix the public finances by tackling avoidance, evasion and imbalances in the tax system; and takes important steps in improving the UK's productivity. I am delighted to commend it to the House.

1.49 pm

Shabana Mahmood (Birmingham, Ladywood) (Lab): I am grateful to the Minister for his comments on the measures set out in the Bill. It is a somewhat strange Finance Bill, because many of the most contentious measures announced in the Chancellor's emergency Budget are not actually in it. Indeed, the Bill is almost as significant for what is not in it as for what is. It is important to reflect on that, and on the fact that the Budget exposed a real difference between the Chancellor's rhetoric and the reality of what he is delivering, particularly for ordinary working people in our country.

It was certainly not the Budget, and this is certainly not the Finance Bill, that working people needed. The Institute for Fiscal Studies has told us that 3 million working families will be around £1,000 a year worse off. The Budget clearly leaves working people worse off. Despite what the Minister has said about productivity, as a package it fails the test of building a more productive economy to bring down the deficit in a more sustainable, stronger and fairer way.

The Bill does not provide for the contentious changes to tax credits, which the Minister and I have debated several times already over the past week or two, or the reduction in the work allowance and the increase in the taper rate, which will hit working people on middle and lower incomes. We discussed those changes during Treasury questions this morning, particularly the high marginal tax rates that people who earn just above the personal allowance threshold and are currently in receipt of tax credits will be facing. I understand that those changes will be made by delegated legislation, which we expect later this year. They will be hotly debated and opposed, because choosing to make 3 million working families £1,000 a year worse off is the wrong choice, regardless of how the Government try to dress it up.

The Bill also does not set out the changes to the minimum wage. Despite what the Minister and the Chancellor have been saying over the past week or so, what the Government have announced is not a real living wage.

Andrew Gwynne: My hon. Friend makes an important point. Just because the Chancellor calls an increase in the national minimum wage—welcome though that is—a national living wage does not make it “the” living wage.

[Andrew Gwynne]

Is she as concerned as I am that the IFS has said that it is arithmetically impossible for the increase in the national minimum wage to match the losses that will result from the changes to tax credits?

Shabana Mahmood: My hon. Friend is absolutely right. The Government have been busily trying to claim that the changes to tax credits will result in no real change because the new national living wage, which is effectively only an increase in the national minimum wage, will make up for that. The IFS has made it clear that that is arithmetically impossible. That is a pretty damning indictment of the messages that the Government have been trying to put out since the Budget on 8 July.

Richard Fuller: I feel for the hon. Lady, because she has only one Labour Back Benchers here to support her—perhaps because the *de facto* Opposition are now the Scottish National party. On that specific point about the national living wage, which she calls an enhanced national minimum wage, will the Labour party be supporting or opposing it?

Shabana Mahmood: It is quality that counts, rather than quantity, and Labour Members will show their true quality, as opposed to those sitting to my left—literally to my left, that is—on the SNP Benches. We will of course support the measures that will bring in what is effectively the new national minimum wage, but it is important to expose the fact that it is not, in fact, a living wage. The living wage is calculated on the assumption that there will be full take-up of tax credits, which is exactly what the Chancellor has cut. Given the cut to tax credits, the real living wage will be significantly higher than anything the Chancellor has set out. The effect of his decision is that in 2016 he will be offering the people of this country the 2011 living wage. That is an important point to get on the record. That is why the IFS has said that compensating ordinary working people for the loss of their tax credits with the changes on wages is arithmetically impossible.

Sammy Wilson: Does the hon. Lady share my concern that while many under-25s will lose their tax credits, they will not be covered by the national living wage? On the one hand they will have money taken from them, and on the other hand the compensatory element will not be available to them, so work is certainly not going to pay for that group.

Shabana Mahmood: The hon. Gentleman makes a really important point. Taken alongside the changes to student maintenance grants and other measures, the Budget will leave young people, particularly those from poorer backgrounds, worse off. It will have a real impact on their life chances. As those measures are brought forward, it is important that we keep holding the Government's feet to the fire on the impact they are having on young people.

Changes to the national minimum wage are normally made by statutory instrument, but given the change in the name—the Chancellor's rebadging exercise—they might need to be done by primary legislation. I would be grateful if the Minister explained how the Government will go about making those changes. If primary legislation

is needed, I am rather surprised that the changes are not set out in the Bill. It would be good to have the Government's further comments on that.

The Bill contains nothing more on productivity, notwithstanding the Minister's comments in his opening speech. Solving the productivity puzzle is absolutely imperative if we are to experience much stronger economic growth and get the deficit down more fairly. The Conservatives' record on productivity is one of failure, given the difference between productivity in our country and in our competitors' economies. I am afraid that the Budget simply offered more of the same.

Despite the Chancellor's boasts, the Office for Budget Responsibility has revised productivity down next year, the year after, the year after that, and the year after that. His belated productivity plan was simply a patchwork of existing schemes, rather than a substantial reform to boost skills, business growth and wages. The Bill should also have included legislation on big infrastructure decisions, which the Government appear to have ducked.

Richard Fuller: To tie the issue of productivity, by which I think the hon. Lady means the record on labour productivity, to that of tax credits, does she feel that there is an argument to be made that the widespread nature of tax credits during the last recession played a significant role in the willingness of workers to job share and accept reduced wages in order to maintain themselves in employment, because they knew that the state was going to top up their income if it fell? Therefore, although I support the changes to tax credits, research is still needed into the beneficial impact they can have on maintaining employment in times of recession.

Shabana Mahmood: The hon. Gentleman raises a very important point. When we debated tax credits before the Budget, I discussed, I believe with the hon. Member for Brighton, Pavilion (Caroline Lucas), the way in which, in the last recession, tax credits assisted people to remain in work—to accept a reduction in hours, knowing that they would have the safety net of tax credits to help them through that difficult time. More research is needed; the Government should have looked at the way in which tax credits have assisted people. There is a real danger in removing tax credit support from people without having already embedded into the economy the high-skilled, high-paid jobs that we all agree are needed. If our economy had been transformed—if the Government had brought forward proposals that meant that vastly larger numbers of people were in higher-paid work—there would be no need for tax credits and it would be possible to move to a system where we could phase out or decrease the support.

A modern economy needs a modern infrastructure, but the Government have pulled the plug on electrification of the railways. They have pulled the rug out from under investment in renewable energy and flunked the decision on airports. I was interested to see that the Home Secretary was very willing to take on the hon. Member for Uxbridge and South Ruislip (Boris Johnson) when it came to water cannons. The least the Chancellor could have done was to take on the hon. Member for Uxbridge and South Ruislip when it came to the decision on airports. It would have been good to see this Finance Bill at least start that process.

Andrew Gwynne: My hon. Friend knows that several Greater Manchester MPs have already voiced their concern about the pause of the electrification of the line between Manchester and Leeds, not least because that is absolutely crucial for the economic growth that we need across the Greater Manchester and west Yorkshire “northern powerhouse”, as the Government like to call it. Does she also appreciate the frustration of Greater Manchester MPs that the only mention under the heading of “infrastructure” in the Budget was a plastic Oyster-style card to use on our Pacer trains?

Shabana Mahmood: My hon. Friend raises an important point. The northern powerhouse has very clearly got a power cut, and it remains the case that with changes to local government funding, we cannot empower local government and local people if we impoverish them. At the same time, there remain important critiques of the Government’s policy making in this area. He is absolutely right that the Budget, the Finance Bill and all the attendant documents that were published on 8 July certainly did not go far enough on infrastructure, and the example that he gives powerfully highlights that.

Maria Caulfield (Lewes) (Con): Can the hon. Lady confirm that it was put on record during the election campaign that if Labour had formed the next Government, they would have cut infrastructure projects in my area, such as funding for the A27?

Shabana Mahmood: Infrastructure projects must be proceeded with on the basis of an economic case, and that was the underpinning of the announcements that we made during the election campaign, but it is also the case that under the hon. Lady’s party, infrastructure spending is down compared with 2010, and she should accept that the record of her Government and her party on infrastructure post-2010 is certainly nothing to write home about. A Government who were really serious about narrowing our productivity gap would be majoring on infrastructure. They certainly would not be kicking big decisions into the long grass for party political reasons and because of leadership ambitions, especially when it comes to airport expansion.

Jake Berry (Rossendale and Darwen) (Con): Who are you backing?

Shabana Mahmood: I assume that the hon. Gentleman will be backing the Chancellor of the Exchequer, whom he so loyally sits behind whenever we debate the economy.

The Budget and the Finance Bill have not lived up to some of the most pressing needs in our economy, and instead have actively imposed a work penalty and what can only be described as a living wage con. We will abstain on Second Reading. This is a relatively short Finance Bill, and we support a number of its measures, including raising the personal tax allowance threshold and the increase in business investment, particularly in respect of the annual investment allowance. We will want to scrutinise some of the other measures in much greater detail. We are concerned about the impact of some of the Government’s decisions, so we will return, especially in Committee of the Whole House, to issues on bank taxation, the climate change levy and the insurance premium tax.

Mr Gauke: I am grateful to the hon. Lady for informing the House that the official Labour party position is to abstain. Will she clarify: is she speaking for her Back Benchers today, because it does not always follow?

Shabana Mahmood: That was not quite the cutting put-down that the Minister might have envisaged. That is our position, and that is what all our party will be doing today.

Richard Fuller: Given that the official Labour party position on the important Welfare Reform and Work Bill yesterday was to abstain and that its position on this Finance Bill is to abstain, can the hon. Lady clarify that it is the intention of the loyal Opposition to abstain on every major piece of legislation in this Parliament?

Shabana Mahmood: That question probably sounded more cutting in the development in the hon. Gentleman’s mind than in the delivery. *[Interruption.]* The hon. Member for Dudley South (Mike Wood) chunters from a sedentary position. He is welcome to intervene on me if he so wishes. I will be delighted to give way to him.

I say to the hon. Member for Bedford (Richard Fuller) and others that abstaining on Second Reading, as he well knows because he is a veteran of debates on Finance Bills, both in Committee and in the Chamber, does not mean that we will not press matters to a vote later in the Bill’s passage. Indeed, on the second sitting day in September we will be considering the Bill in Committee of the Whole House, where we will have tabled amendments, on which we will be voting, on other important measures including bank taxation, the climate change levy and the insurance premium tax. We can all have a lot of fun then when it comes to voting on amendments and debating them at great length.

Mark Durkan: Will the Opposition be supporting the reasoned amendment, opposing it or abstaining on it?

Shabana Mahmood: We will be abstaining on the reasoned amendment tabled by the Scottish National party. There are measures in the Bill that we definitely support. There are other measures that we wish to return to when the Bill receives detailed scrutiny in Committee of the Whole House and in Public Bill Committee, and we shall return to those issues and press some to a vote. On others, we will table probing amendments to gain greater understanding of the Government’s detailed intentions.

Mark Durkan: The Opposition Front Bench were saying similar things yesterday about the Welfare Reform and Work Bill, but they supported and tabled a reasoned amendment, so it is possible to abstain on a Bill but support a reasoned amendment. What is wrong with the reasoned amendment that would prevent the Opposition from supporting it?

Shabana Mahmood: I do not want to get into a tit-for-tat debate with the hon. Gentleman, but the SNP did not support our reasoned amendment last night. In my opinion, the measured and sensible way to take the Finance Bill forward, as we have done with previous Finance Bills in the previous Parliament, is to scrutinise it in detail. There are more opportunities with Finance Bills because we have Committee of the Whole House as well as the Public Bill Committee, and we shall press

[*Shabana Mahmood*]

important measures in the Bill to a vote when we reach the latter stages of the Bill's passage; but given that there are very important measures that we do support, it is important that we signal that by allowing the Bill a Second Reading.

One issue to which we will return in Committee of the Whole House is bank taxation. The Government will decrease the rate of the bank levy from January 2016 and will at the same time introduce a surcharge on profits of banks over a threshold of £25 million, which represents a switch from a tax on balance sheets to a tax on profits. Those measures are contained in clauses 16 and 17.

We will debate those in detail in Committee of the whole House in September, when we will seek to increase transparency regarding revenues from the banking sector. We will also push the Government for further details about the impact that these measures will have on the diversity of the financial sector, including any disproportionate impact on building societies. That is one of the things that people have been warning about since the measures in the Bill were unveiled.

As the Institute for Fiscal Studies has highlighted, by 2021 there will have been 13 tax rates in 10 years as the bank levy is gradually reduced from 0.21% to 0.1% by January 2021. This measure will cost £1.8 billion from 2021 onwards. Because from 2021 UK banks will be taxed on liabilities in the UK and not worldwide, that represents a fairly significant giveaway that it is important to test further in Committee. In contrast to what is happening to the bank levy, the 8% corporation tax surcharge, in effect, on bank profits from January 2016 raises £1.3 billion. There are a number of questions on the rationale for moving to this form of taxation for banks, as well as on the original intention of the bank levy and whether that will continue to be met in the new regime. It is important that hon. Members have the chance to test this further in Committee. The Minister will know that the bank levy was designed to discourage risky leverage, but whether it has been successful in doing so is a matter for some debate. Moving to a system of having a tax on profits possibly introduces a risk that there may be some discouragement from declaring UK profits. It will be important to analyse what risk that might pose in the banking sector.

There is a particular problem with regard to challenger banks, which were not subject to the bank levy but will fall within the new surcharge. Challenger banks are important for the overall health of the financial sector, because we need them to challenge the dominance of the big four or five banks. The Government will say, rightly, that the £25 million threshold is partly designed to prevent too much of the impact from being felt by challenger banks. Nevertheless, the Government will also be aware that a lot of the commentary since publication of the proposals has focused on the genuine concerns of challenger banks, which are worried that despite the £25 million threshold, they will still be disproportionately affected, with a significant impact on consumer choice as well. We will need to look at those issues further.

Richard Graham (Gloucester) (Con): I am grateful for the shadow Minister's confirmation that she and her party support much of what is in the Bill. Will she

confirm that she agrees with its general direction, which is fundamentally towards an economy characterised by higher wages, lower taxes, and less welfare?

Shabana Mahmood: I will shortly turn to insurance premium tax, which is a very significant tax-raising measure that the Government have not been quite as keen to trumpet as other measures in the Bill. As I said at the beginning of my speech—I am not sure whether the hon. Gentleman was in the Chamber—it is significant that most of the very contentious changes in the Budget, particularly in respect of working tax credits, are not in the Bill but will be made in delegated legislation Committees. I dispute the Government's characterisation of these measures, because I believe that they will leave working people worse off. That is not necessarily directly relevant to all aspects of the Bill, but it is relevant to the overall package of measures introduced in the Budget.

There is serious concern about the impact that the 8% surcharge will have on building societies. Of the six main building societies—Nationwide, Yorkshire, Coventry, Skipton, Leeds and Principality—only Nationwide currently pays the bank levy. Based on the most up-to-date profit figures from 2014-15, it is estimated that the building societies will pay about £126 million a year through the corporation tax surcharge, equating to about £630 million up to 2020. The building societies point out that the primary way in which they build their capital is through retained profit, so a tax on profit has a disproportionate effect on them. Moreover, they do not have shareholders, unlike public limited companies, so this is, in effect, a tax on the customers who own them—retail savers and mortgage borrowers. It will be important for the Government to explain their thinking on building societies and what analysis there is of how these changes will play out for them in practice.

The next key issue that we will return to in Committee relates to the climate change levy. Clause 45 removes the climate change levy exemption for renewable source electricity generated on or after 1 August 2015. I am afraid that this is another example of the Government undermining investor confidence in renewable energy. They have already tried to halt the development of the cheapest form of clean energy by pulling the plug on onshore wind, and this continues that trend. It would be fair to say that since taking office they have put placating their Back Benchers' more strident views about renewable energy generation above the jobs and investment that would be created across our economy if we were genuinely able to move towards a low-carbon economy.

We will particularly seek to push the Government on a suggestion by the Chartered Institute of Taxation that they produce a road map, as they have done previously on aspects of taxation policy—in particular, corporation tax policy—setting out their plans for the future of environmental taxes to help the renewable energy industry, and business more generally, to take long-term investment decisions. That could be an important way for the Government to set out their intentions for the life of this Parliament and for us to test whether they mean it with regard to charting a course towards a low-carbon economy for our country.

Insurance premium tax, as I said in response to the hon. Member for Gloucester (Richard Graham), is a significant revenue-raising measure. Clause 43 increases

the standard rate of the tax from 6% to 9.5% with effect from 1 November 2015, raising £1.6 billion. There are very important questions about the distributional impact that that will have and whether those on middle and low incomes will bear the brunt of the increases. It is interesting that the Chancellor did not focus on the very significant revenue-raising measures in his Budget. Indeed, the rhetoric and narrative that he has been pursuing suggests that it is a Budget of giveaways. He will not be surprised that we will not let him get away with that characterisation.

Insurance premium tax has been described as a stealth tax. Ministers will be aware that several industry figures have warned that increasing it could prompt policyholders to buy less cover, possibly exacerbating problems caused by under-insurance, particularly with regard to car insurance. Again, we will wish to test those areas further in Committee when we will look carefully at any analysis by Government of the possible impact on under-insurance. The AA has said that insurance premium tax on the average car insurance policy is equivalent to a fuel duty increase of almost 2p per litre, so either way drivers are being hit in their pockets. I would be grateful if the Minister commented on the measure's overall distributional income, what conversations the Government have already had with the insurance industry and what this means for future changes to fuel duty.

As I have said, we support other measures in the Bill, particularly the so-called tax lock both for income tax at the basic, higher and additional rates, and for VAT. I remind Treasury Ministers that, back in 2009, the current Chancellor was very critical about Chancellors passing laws to ensure that they fulfil the promises they make in general election campaigns, and I think that that criticism applies just as much to him now. However, we support the principle of the lock. We have pledged not to raise VAT, national insurance or the basic and higher rates of income tax, so we welcome those measures.

Andrew Gwynne: I commend my hon. Friend and the shadow Treasury team, because that particular lock would have not have been introduced were it not for the valiant efforts of Labour Front Benchers in the run-up to the last general election in highlighting that the Government would probably have to raise VAT or other taxes. She has already described some of the stealth taxes that have come to fruition since the election.

Shabana Mahmood: My hon. Friend makes an important point. I wonder whether we would have the tax lock had it not been for the VAT bombshell poster we unveiled or for the exchanges at Prime Minister's questions ahead of the general election. Ministers were certainly very quick to write such a law, and despite the Chancellor having suggested in 2009 that passing laws to ensure promises on taxation are kept was a very bad idea, he was very quick to convert to that cause. Nevertheless, they are passing a law on the tax lock. It was Labour party policy, and we are very pleased that we pushed the Conservative party into our territory in agreeing that the rates for ordinary people on lower and middle incomes should not go up.

Another change we support is on the annual investment allowance. I am pleased that the direction of travel has been set out for the whole Parliament. That contrasts very strongly with what happened during the last

Parliament, when lots of chopping and changing on capital allowances definitely undermined business investment. Even if the deal is less generous, with a decrease from £500,000 to £200,000, it is important that businesses at least know that the deal they are going to get will last a lot longer than it previously did.

As my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) has mentioned with respect to the expected changes on corporation tax, there is a lack of concrete proposals for business rates. The Financial Secretary has raised expectations and hopes of real change on business rates when the consultation is finally unveiled later this year. We will certainly look at whether the business rates burden will come down for small and medium-sized companies.

Mr Gauke: The hon. Lady mentioned corporation tax. The Bill includes measures to reduce it first to 19% and then to 18%. Will the Labour party support those reductions, oppose them—after all, that was its position—or abstain?

Shabana Mahmood: As the Financial Secretary knows because we have already had such an exchange—I feel we are reliving our greatest hits—on a number of occasions in the past couple of years, our policy at the general election was our manifesto commitment not to go ahead with the corporation tax cut from 21% to 20%. We would not have gone ahead with that additional cut to 20%, but instead used all the money to pay for a cut to business rates this year and a freeze next year. It was a direct switch spend. We wanted to make a commitment to small and medium-sized businesses in our country to do something practical on business rates, but we needed to find a way to pay for that, and we chose to switch-spend in respect of the additional corporation tax cut. We of course lost the election, and the Government are proposing a further decrease of the corporation tax rate. We will support the corporation tax measures, but we will ask questions about what that means for the future direction of travel.

Following an intervention, the Financial Secretary mentioned the BEPS project. On corporation tax more generally, it is important—given how some companies seek to shift profits and game international taxation rules—to have international agreement. Concern has already been expressed in some quarters that some of the countries with which we need to do business and with which we need to agree international tax rules might start to see us as a tax haven. I disagree with such a characterisation, but there is such a risk in getting agreement within the OECD BEPS process. I would welcome it if Treasury Ministers could, in Committee, provide further details about what is happening and about how our friends in the BEPS process are reacting and responding to the Government's proposal on the headline rate of corporation tax.

One measure we have already voted against relates to inheritance tax. Clause 9 introduces an additional residence nil-rate band for inheritance tax when a home is passed to the direct descendants of the deceased on or after 6 April 2017. The provision, which runs to more than 400 lines, is extremely technical, but it in effect allows parents to pass on a house worth £1 million to their children free of inheritance tax. We have made it clear that the focus of tax cuts should be to help people on

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middle and lower incomes and to tackle tax avoidance. The Treasury has admitted that 90% of households will not benefit from the Government's inheritance tax policy. Their priority should be to help the majority of families and first-time buyers struggling to get a home of their own, rather than a further cut to the rate of inheritance tax at this stage.

Ian Blackford (Ross, Skye and Lochaber) (SNP): I must say that I am listening to the hon. Lady with a degree of sadness. Last night, we saw the Labour party abstain on welfare. Today, Labour Members are yet again failing to provide an effective opposition to this Government. Is it not time that they came across to our Benches and to SNP Members, who are providing the real opposition that Labour Members are failing to provide?

Shabana Mahmood: The hon. Gentleman rather forgets that the Scottish National party is not a national party; in fact, it is committed to breaking up our Union. If he and his colleagues aspire to be an official Opposition, they may wish to stop being a party of only national interest and stop trying to break up our country. We did not merely abstain on the welfare Bill. As he well knows, we voted for our reasoned amendment, which is exactly what his party plans to do today. If that approach was not good enough for us yesterday, why do he and his colleagues think that it is good enough for them today?

If the hon. Gentleman has been listening to my now very lengthy remarks, he will know that I have gone through the Finance Bill and the Budget in detail and made it very clear that the Bill does not contain many of the most contentious of the Chancellor's Budget decisions. We will debate and oppose such measures when they are brought before the House as statutory instruments, but those measures are not in this Bill. I have laid out in depth our approach to all the different measures in the Bill, including those that we support and those on which we will ask further questions and to which we will table amendments, which we will vote on, as the Bill continues through its stages in this House.

The Government have published further changes to the direct recovery of debts from bank accounts and in relation to carried interest. That has excited some interest in the inboxes of Members' email accounts with the campaign by 38 Degrees. We had a manifesto commitment in respect of carried interest. I am not sure that the Government's proposals in the Finance Bill go as far as we were hoping to go, had we been elected. As I say, we will test the detail in Committee.

In short—sorry, I mean “in conclusion”, as I have been on my feet for a while—many of the most contentious elements of the Budget are not in the Finance Bill. It contains a mixture of measures that we support and measures that we will return to in great detail when we get to Committee of the whole House. I look forward to debating with Ministers as the Bill progresses through the House. I hope that in winding up, the Minister will deal with some of the questions that I have raised in respect of bank taxation, the climate change levy and insurance premium tax.

2.30 pm

Edward Argar (Charnwood) (Con): It is a pleasure to follow a Minister and a shadow Minister who, although it will not surprise you to hear that I agree with one rather more than the other, Madam Deputy Speaker, always speak with passion, clarity and a deep understanding of and care for the issues that we are debating.

It is a pleasure to speak on a Finance Bill that has responsibility, security and the delivery of one nation policies at its heart. It is an ambitious Finance Bill that seeks fundamentally to reform our national finances and create a new settlement for the country. It sets out a clear plan to move Britain from the low-wage, high-tax and high-welfare economy of the past to a higher-wage, lower-tax and lower-welfare society, ensuring that those who work hard, do the right thing and take responsibility are able to get on and have their aspiration rewarded.

To working people and those who can work, the Bill says, “We will take more of you out of tax. Our new national living wage will ensure that you get a decent day's pay for a decent day's work, but fewer taxpayer-funded benefits.” The Budget says to businesses, “We will support you to grow through lower taxes but, in return, you must play your part, pay people more and help train our young people for work.” Doing that means taking tough decisions and not being diverted from a long-term economic plan that is working.

Let us not forget the scale of the Chancellor's achievement over the past five years. His inheritance in 2010 was employment down, housing starts down and GDP down. The only things that were up were borrowing, debt and deficit. Since 2010, employment has gone up by 2 million, the economy has grown, GDP is up by about 3% and the deficit has been halved. Much has been done, but there is much still to do to ensure that, as a nation, we live within our means and spend only what we can afford.

This Budget package—it is a package that must be viewed as a whole with the other measures that we have debated in recent weeks—sets out the plan to finish that job and ensure that our economy remains stable and strong in the years ahead, better to weather any future global economic storms. Key to that is the welcome road map to the elimination of the deficit in this Parliament and the transition to a budget surplus by 2019-20, which will allow the UK to start paying down its national debt. The ambition to further reduce Government spending to 36% from about 40% of GDP is laudable. The state should always seek to take only what it needs in tax, and no more.

This package will help deliver another 1 million jobs by 2020, projected growth of higher than 2% per annum, a raised tax threshold to ensure that those who earn least keep more of their hard-earned money, cuts to taxes on business to deliver growth and a national living wage to ensure that work always pays. In parallel, the deficit and debt reduction will be achieved. The package requires spending in areas such as welfare to be reduced to make sure that we live within our means, but in a way that ensures that the overall package will see a majority of working families better off.

One aspect of the Finance Bill that I want to touch on in a little more detail is the tax avoidance and evasion measures that the Minister mentioned. We believe in a low-tax economy, but one in which people and

companies pay the taxes they owe and contribute their fair share. Between 2010 and 2015, the last Government did more than any previous Government to tackle tax evasion and avoidance. I am pleased that the Finance Bill continues that important work. I see from tables C.3 and C.5 of the Red Book that tax receipts are projected to grow. While I am sure that much of that flows from the growth that our national economy continues to enjoy, I hope that it also reflects the improved recovery of taxes owed. I hope that the Government will continue to close tax loopholes as they are identified and finish the job of putting fairness at the heart of our tax system and, where possible, simplifying the tax system without compromising its rigour.

I strongly support the Finance Bill, which seeks to remake our country and to deliver a strong economy, economic security and one nation. Its individual measures are justifiable and necessary, but taken as a package, the logic and coherence of the Finance Bill and related Bills are irresistible.

Callum McCaig (Aberdeen South) (SNP): The hon. Gentleman talks about logic, but one aspect of the Bill is the removal of the climate change levy exemption for green energy. Applying the climate change levy to green energy production is just about as illogical as one can get. Would the hon. Gentleman care to comment on that?

Edward Argar: It is absolutely right that we remove the levy to ensure that, over time, we bring energy prices down and so that we do not subsidise an industry that I do not believe should receive those subsidies.

To conclude, this is a package that rewards work, pays down the deficit and debt, drives growth and productivity, and puts the country securely on track for a secure and stable economic future, with everyone having the opportunity to benefit.

Andrew Percy (Brigg and Goole) (Con): Will my hon. Friend give way?

Edward Argar: I will not, because I am about to conclude.

This is a Finance Bill that truly reaffirms the position of the Conservatives as the genuine party of one nation and of hard-working people and families.

2.37 pm

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): I beg to move an amendment, to leave out from “That” to the end of the Question and add:

“this House declines to give a Second Reading to the Finance Bill because it fails to address the real economic needs of the country, continues to deepen the social divide between those who have and those who have not, restricts the financial discretion of the Scottish Government over its resources, fails to tackle the iniquity of the Scottish Police and Fire and Rescue Services being unable to reclaim VAT, creates unintended consequences for small challenger banks and building societies whose capital comes from retained profits, removes the exemption from the climate change levy of renewable energy resources and, in combination with welfare changes announced in the Summer Budget 2015 and inheritance tax changes, takes from people on low and middle incomes and gives to the very richest.”

I am proud to lead for the Opposition. I felt sorry, in many ways, for the hon. Member for Birmingham, Ladywood (Shabana Mahmood), as she sat there amidst

the gathered masses of five Labour Members, which have now declined to three. I noticed that the Minister managed to attract 12 interventions, only one of which was from Labour.

Shabana Mahmood: You should have paid more attention to what I was saying.

Roger Mullin: Paying attention? That would be a good idea for the Labour party. You mentioned quality. If you stopped chuntering and listened, you might get a bit of quality.

We are going to do something that the Labour party has refused to do, which is to test the Finance Bill. The hon. Lady spent the first 12 minutes of her speech talking about other things because she said that there was nothing of any great substance in the Bill. I am going to try something rather unusual and talk about what is in the Bill.

Shabana Mahmood: I hesitate to be mean-spirited to the hon. Gentleman, but it is obvious from his remarks that he was not listening to my lengthy remarks in which I set out not that there is nothing of any substance in the Finance Bill, but that there are measures in the Bill that we support and measures that we have further questions about. That is different from the Budget, which contains measures on which we have a very real difference of opinion with the Government. We will test those when they come before the House in Delegated Legislation Committees.

Roger Mullin: So that, no doubt, explains why you could not think up a reasoned amendment.

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I let the hon. Gentleman get away with it the first time, but now that he has done it for the second time, I must point out to him that when he says “you” he means me, not the hon. Lady. I am quite sure that he is addressing his remarks not to me, but to the hon. Lady.

Roger Mullin: My apologies, Madam Deputy Speaker. Our amendment starts by stating:

“That this House declines to give a Second Reading to the Finance Bill because it fails to address the real economic needs of the country”.

As I sat through the Budget speech last week—in growing incredulity, it must be said—my greatest concerns were threefold: first, the crude and brutal attacks on protections for the most vulnerable in our society; secondly, the failure to address adequately the challenge of productivity in our economy—despite the remarks of the Minister at the Dispatch Box today, I will try to demonstrate why the Bill fails to address those requirements; and, thirdly, the impact on regional and national economies, not least in Scotland.

On receiving a copy of the Finance Bill and its associated papers, my concerns have not abated. Indeed, through reading the detail in the Bill, further concerns have come to light, and it is therefore my intention—and that of my colleagues—to table a series of detailed amendments in Committee.

Yesterday’s debate on the Welfare Bill exposed many of the negative effects that Government policy will have on the poor, the disabled, the vulnerable, the young, and

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in-work families. The Finance Bill adds another burden on hard-pressed families who will face a rise in national insurance premiums as a result of the increase in insurance premium tax.

Michelle Thomson (Edinburgh West) (SNP): Does my hon. Friend agree with concerns expressed by the British Insurance Brokers Association, which stated that the rise in IPT is actually a tax on protection and will affect behaviour by limiting people from taking on that protection? It also states that that will affect young people disproportionately, and it is regressive in that it disproportionately affects families in lower socio-economic groups.

Roger Mullin: I agree entirely with my hon. Friend, and it must be a concern that the measure will lead many families not to take out necessary insurance, with those that do placing themselves in further hardship.

Those negative effects on the poor are matched by giveaway proposals for the rich. The extent of the commitment given to the rich is perhaps best evidenced by the fact that the Government devote no fewer than 13 pages of the Finance Bill to inheritance tax, ensuring that many loopholes are possible for the benefit of those with high-value homes. There is even a proposal to increase the allowance each year, based on the consumer price index, and to round that up to the nearest £1,000 in case the poor dears find it hard to cope.

The fact that the Government find it so essential to make changes that benefit holders of great wealth in our society, at the same time as they cut support for the most vulnerable, says much about the moral choices that they make. There is also a wider economic cost to such choices. The combination of sucking demand out of local economies by penalising the poorest in our society, combined with the largesse bestowed on the wealthy—who will no doubt find ways of spending or saving that do not benefit local economies—makes the simple point that the Government care more about rewarding their friends than about fixing the economy.

Let me move on to the Government approach to very high earners, who for years have found ways of avoiding and evading tax. I admit that I liked some of the Chancellor's rhetoric during his Budget speech about closing tax loopholes and ensuring a fairer return from those with high earnings—often, people who earn more than £1 million per year—but looking at the detail in the Bill, it is clear that there is still a considerable distance to travel. For example, much more needs doing to close the so-called Mayfair loophole. It cannot be right that private equity fund managers will be able to continue paying capital gains tax at only 28% on so-called carried interest, rather than income tax at 45%. It is probably not unreasonable to estimate that more than £300 million extra revenue could be gained by tightening the rules in that area alone, and that would enable at least some mitigation of the worst excesses of the Government's welfare proposals.

The Chancellor is undoubtedly highly skilled politically in his presentation—indeed, in that regard he may have been taking lessons from my predecessor in Kirkcaldy and Cowdenbeath. As always, however, the devil is very much in the detail, and the detail leaves too many loopholes.

Let me now address measures that are necessary to tackle some of the areas contributing to weaknesses in productivity—a matter that the Minister addressed.

Angela Crawley (Lanark and Hamilton East) (SNP): If the Government are serious about improving productivity, should they not also be serious about improving capital investment?

Roger Mullin: Absolutely, and I am glad my hon. Friend raised a matter that I will come to shortly. Investment is critical for productivity in this country.

I am struck by how the detail of the Finance Bill suggests that, rather than addressing key issues in a positive manner, the Government present some highly counterproductive measures on productivity. I and my colleagues initially welcomed some of the changes to the banking levy and the introduction of a surcharge. However, whether through carelessness or incompetence—what I am about to say surely could not be planned—the scope of the changes now captures both challenger banks and many building societies whose practices are very different from those of the big banks. Challenger banks already face additional hurdles compared with the big banks, and as the British Bankers Association has pointed out:

“The surcharge's disproportionate effect on smaller and challenger banks was evidenced by the resulting fall in their share prices following the announcement, in some instances of over 10%.”

Of more concern to me and my colleagues is that the BBA has estimated that:

“Our preliminary analysis based on modest growth projections across the sector suggests that the contraction in lending could be around £10 billion over five years”.

If there is anything we do not need when trying to boost productivity, it is a contraction in lending, particularly for SMEs. If that was to be the only drag on productivity it would be bad enough, but let me turn to another.

Ian Blackford: If we are to get sustainable economic growth in this country we need sustainable growth in bank lending, but the Government's actions will restrain what is necessary to deliver bank lending growth in this country. What has happened to the £375 billion of quantitative easing that was supposed to do exactly that and increase bank lending? It is another failure of this Government.

Roger Mullin: My hon. Friend answered his own remarks with his last four words. It has been a failure, and now the Government are also failing on productivity.

As I was saying, the potential contraction of £10 billion in lending is made worse because it is now paralleled by a further planned drop in public sector capital expenditure, as my estimable colleague, my hon. Friend the Member for Dundee East (Stewart Hosie), revealed earlier today in questions to the Chancellor.

Sammy Wilson: I agree with the hon. Gentleman about challenger banks and building societies, but rather than over-egg the pudding perhaps he could explain the mechanism by which £126 million of additional tax taken from those institutions will be multiplied up to a reduction of £10 billion in lending.

Roger Mullin: It is quite a complicated matter, I am told, and I would be willing to come back to it. I am sure that in one of our many discussions we could discuss precisely why that is, but I was not aware of the precise figure of £126 million that the hon. Gentleman mentions. The contraction in lending, mentioned by my hon. Friend the Member for Dundee East, suggests a loss of almost £5 billion over the next five years in public sector investment. Potentially, that adds up to a cumulative drop of £15 billion in private and public sector investment, and that can only be a major barrier to any chance of improvements in productivity.

Other factors with a direct impact on productivity are worthy of comment too. The ability to innovate is directly related to research and development. I therefore scoured the Finance Bill to see what was planned to boost the investment in company R&D. What did I find? Less than nothing. For example, the only change to R&D expenditure credits is the removal of universities' ability to claim them. That in itself would not be such an issue if more would be done in other ways to significantly boost R&D expenditure, but that is not the case. Indeed, the Budget speech, and the accompanying Red Book, seemed keener to demonstrate adroitness with smoke and mirrors, rather than clarity and commitment to boosting research and development.

I turn now to the impact of the Finance Bill on Scotland in particular. The Chancellor may be many things, but he is far from stupid. In putting in place an income tax lock, which I admit to thinking is a very clever political trick, he has wisely not included in the lock the setting of bands. He recognises the importance of being able to adjust bands to suit economic conditions. He might find it odd that I wholeheartedly agree with him on that. I am sure he therefore appreciates why the SNP has called for the devolution of all aspects of income tax to the Scottish Parliament.

Sammy Wilson: The hon. Gentleman makes an important point. Would he acknowledge that the Red Book anticipates that receipts from PAYE over the period will increase by nearly 36%? That is faster than the growth in the economy and must be because of movements within bands.

Roger Mullin: I fully accept that: it is a very good point.

The Chancellor recognises the importance of the bands in terms of tax. Scotland needs full control of all aspects of income tax, so I hope that the Secretary of State for Scotland will learn from the Chancellor in that regard.

Of huge concern to Scotland, and to anyone with a concern for the future of our planet, is the continuing attack by the Government on the renewable energy sector. It would appear that the Chancellor has a bad addiction to carbon. He cannot get enough of it. How else can we explain the fact that the Finance Bill will remove the exemption for electricity from renewable sources? Combined with the Government's insane attack on wind generation, we can see an attack on renewable energy, an attack on Scotland's economy, and an attack on all those working to take better care of our environment.

Sammy Wilson: Would the hon. Gentleman accept that carbon dioxide is not bad as such? It makes plants grow and allows increased productivity in agriculture. It is a good thing for the agricultural economy.

Roger Mullin: Climate change is largely man-made and carbon is no friend to the environment in that regard. I am sorry to disagree with the hon. Gentleman. I would add, as the owner of a hybrid car, that it seems perverse to add an estimated £1,000 to the cost of buying a greener car—more confirmation of the Chancellor's addiction to carbon.

Andrew Percy: The hon. Gentleman mentioned the "insane attack" on, I assume, onshore wind. In areas such as mine, where people are surrounded by 100 turbines, they are driven literally to tears in my surgeries. They are genuinely concerned about the growth of onshore wind, and what we are saying is that we have reached the limit of onshore wind. We are responding to genuine concerns from real people, and my constituents are not insane for having the concerns they have.

Roger Mullin: I gently point out to the hon. Gentleman that the area of the United Kingdom that has made most progress in wind generation is Scotland. The Government's attack pays no regard to the interests of Scotland or the policies of the Scottish Government. We are keen to develop renewable energy, not see it set aside.

Allow me to turn now to an area in which I hope the Government will find it easy to demonstrate some good will towards Scotland. Using the cover of technical consideration, Scotland's police, fire and rescue services, unlike those elsewhere in the UK, are liable for VAT. However, I see from the Finance Bill that it is perfectly within the power of the Government to make special adjustments to taxation requirements. In part 4 of the Finance Bill, the Government have devoted six paragraphs to the London anniversary games, starting this week. In essence, they are deeming non-resident competitors to be free from the burden of having to pay income tax on earnings. It is even being backdated to 8 July. I am not complaining about that, but I would ask the Government to look again at exempting the Scottish police, fire and rescue services from the burden of VAT, with suitable backdating.

I declare an interest of sorts. My daughter's partner, Dave, is a retained firefighter in Drumnadrochit in the highlands of Scotland. He often is called out to very difficult and tragic events. It is surely disgraceful that people performing such remarkable services for the community in Scotland should see their service penalised because of a technicality that the Government could easily resolve. If the Government right that wrong, I will be the first to thank and praise them for listening to Scotland. I hope that the Government will indicate a willingness to at least seriously consider an amendment to remove that unnecessary burden on Scotland's police, fire and rescue services.

I commend the amendment to the House.

2.57 pm

Mike Wood (Dudley South) (Con): It seems slightly rude to intrude on the private squabbles between the Labour and SNP Front Benches, but I am delighted to speak in support of the Finance Bill, which implements many of the measures in the summer Budget.

Last week's black country day celebrated our region's industrial heritage, and the measures announced in the Budget will do much to develop the framework for

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businesses in my constituency and across the country. In Dudley South, many of the businesses that I visit are thriving, whether we are talking about Pressvess, which exports to south America and the middle east, or Mechatherm, which designs and exports foundries all the way to Taiwan. Those small and medium-sized businesses are the lifeblood of our local economy and the driving force behind securing economic recovery, increases in employment and greater prosperity for our constituents. Those businesses and others like them account for 60% of employment and almost half of turnover. The measures announced by the Chancellor a few weeks ago will ensure that such businesses can go from strength to strength and create the new jobs that our communities need—for example, the increase in the employment allowance from £2,000 to £3,000, cutting non-wage costs and making it cheaper to create new jobs and to invest in local people.

One of the first companies I visited as the local Conservative party candidate ahead of the general election makes tools and components for the aerospace and automotive industries. Among the frustrations it voiced to me was that, while it invests large amounts of money, effort, staff time and good will in apprenticeships and in training all its staff from apprentice to the boardroom, other companies seem to want a free ride on the backs of those who invest in that way. I therefore welcome the apprenticeship levy on large firms that the Chancellor announced in the Budget, because it will reward businesses that invest in their workforce and penalise those that attempt to get a free ride.

I am proud that the Government have demonstrated their recognition of people's natural aspirations. They are on the side of people who want to succeed and make the most of their lives. It is vital that we press ahead with the economic reform we put to the country in the general election in May to ensure we secure the financial stability that safeguards people's jobs and mortgages.

In the past few years, we have seen spending on out-of-work benefits fall to its lowest level since before the recession. The number of people in work in my constituency, and elsewhere across the country, has shot up. For far too long during the boom years before the recession, welfare spending spiralled. We know that many measures were introduced with the very best of intentions. I do not think anybody would argue with those intentions, but unfortunately it sometimes seemed as though too little thought was given to the consequences of the complexity of the systems being built.

Andrew Percy: I agree with everything my hon. Friend says about the complexity of the system. Does he agree that in making changes and trying to get away from the laudable aim of reducing in-work benefits, we have to be incredibly careful and ensure that the changes coming in next April do not go too far? I hope that—I am glad Ministers on the Government Front Bench will hear this—as we scrutinise the proposed reductions further, we will perhaps think a little more about the impact some of them could have on some of our working constituents.

Mike Wood: I am not sure that that intervention was necessarily directed at me. I agree with much of the sentiment behind it, but we have to be firm in the need

to continue with reform while, as my hon. Friend says, being aware of the impact it will have. I am sure, like other hon. Members, he will have his attention drawn to that impact very regularly through his mailbox.

The consequences of the complexity of that welfare system did not help the millions who were trapped within the system, with little hope or opportunity to escape and to progress. It is important that the Government's reforms continue to support people into work, but it is just as important to make sure that it pays to be in work. The Finance Bill moves the Government another step closer to achieving that goal. Securing our finances and ensuring welfare reform are essential to our long-term economic plan. Enormous progress has been made in the past year and in the past five years. We can see the evidence in our communities and in the employment statistics. There are more than 250,000 more people in work in the past year alone and nearly 2 million more in work over the past five years. The economy is continuing to recover and job creation is booming, which is why the measures in the Bill to secure that recovery are so important.

In my constituency of Dudley South, the claimant count has fallen by 29% in the past year, with 584 fewer people out of work and claiming benefits. Across the west midlands overall, the unemployment rate has fallen more than in any other UK region. This is not just a recovery for London and the south-east. The Government's long-term economic plan offers the best strategy to ensure that that continues. They have shown that they have the courage to take the difficult decisions needed, and to put the measures in place to support working people. The measures we have already discussed go hand in hand with tax cuts for working people: the increases in the personal allowances rising even further than announced in the April Budget, alongside the new national living wage. A new, higher guaranteed wage will mean an immediate pay rise for 2.5 million people.

Alison Thewliss (Glasgow Central) (SNP): Does the hon. Gentleman consider it fair that people under 25 will not see the benefit of that pay rise? The differential between those earning this wage at the 16 and 17-year-old rate and at the 25-year-old rate has now expanded significantly and could have a detrimental effect on their ability to live their lives.

Mike Wood: The hon. Lady raises a good point, but she should recognise that while the national living wage will be mandatory only for the over-25s, that does not mean that businesses should not pay young—[*Interruption.*] When the national minimum wage was introduced, there was a lot of controversy regarding the under-21 rates. The evidence, however, did not back up the idea that employers who were paying the national minimum wage rate for the over-21s were necessarily paying the under-21 rate for 18 to 20-year-olds. I would certainly hope that responsible employers invest in and value their workforce, and pay them accordingly.

The introduction of the national living wage will mean that a full-time person in Dudley South will earn an additional £5,000 in wages during this Parliament alone. The living wage will provide my constituents with the financial security of being able to enjoy higher earnings and a bigger wage packet. The message is loud and clear: the Government want people and businesses to succeed, but while we want the regulation of business

to be as low as possible, there is a responsibility on employers, as part of that social contract, not to expect taxpayers to subsidise low wages.

The Government were elected in May because of the prospectus we presented to the electorate, which focused on the future. The Bill continues the strategy that will deliver a more prosperous and more successful future. Only by continuing to focus on our businesses, our apprentices, our jobs and our industries can we deliver for Britain. That is what the Budget set out and what the Bill will achieve. The summer Budget and the Finance Bill build on the success of the past five years to secure a better future for Britain and for our constituents.

3.9 pm

Sammy Wilson (East Antrim) (DUP): As a party that believes in low taxation, we welcome a number of measures in the Bill, including those to take more people out of taxation and allow them to hold on to the money they earn. The changes to tax thresholds, the reduction in corporation tax and the tax allowances to encourage businesses to invest in capital or research and development will contribute to the health of the economy and help to close the productivity gap that concerns Members across the House. We will not be voting for the reasoned amendment because we believe there are positive measures in the Bill and because we disagree with some aspects of the amendment anyway.

We do, however, have a few concerns—we discussed some of them yesterday in the welfare reform debate—including about the impact of removing tax credits from people in low-paid jobs and the Government's misplaced faith in their being compensated by the rise in the national living wage. Rather than making work pay, the measure will act as a disincentive to work for many people, especially young people, to whom the national living wage will not apply and for whom the reduction in tax credits will result in lower incomes. The Government cannot ignore that aspect of their policies.

The hon. Member for Dudley South (Mike Wood) was optimistic that the gap would be filled by businesses volunteering to pay the national living wage to those not officially covered by it. I sometimes hear Government Members talking about the pressures on small businesses. We cannot have it both ways. On the one hand, we talk about businesses being under pressure and requiring help, including with taxation and business rates, but on the other hand, we say, "By the way, they will volunteer to pay higher wages to those not officially covered by the national living wage." We cannot gloss over the impact of these changes. I believe the Government are being optimistic about the impact. If it backfires—if many people find themselves less well off in work and work therefore becomes less attractive—one of the key policy objectives of the Budget will not be achieved.

That point is particularly pertinent to places such as Northern Ireland, where, because of low productivity in industry, the preponderance of small businesses and other structural factors, a high proportion of people are employed in low-wage businesses and rely on tax credits to bring them up to a reasonable standard of living.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): I am grateful to the hon. Gentleman for giving way. While we are not political friends, we are at least

friendly. He started by saying he was in favour of people keeping more of their tax, but then bemoaned the loss of tax credits. Will the loss of tax credits not enable a lack of redistribution by acting as a cover for the rich to keep more of their money and as further camouflage for inequality, especially with inheritance tax being cut for the very wealthy while the poor are losing out? When we say we want people to keep more of what they earn, we have to be sure what we mean. Quite often it is a cover for growing inequality and an opportunity for the rich to keep even more for themselves.

Sammy Wilson: Of course, some of the measures in the Bill will take people out of tax altogether, which I am sure the hon. Gentleman will welcome, and some will take people out of the higher tax brackets, especially people on middle incomes, which I am sure he would welcome too. When I referred to people being able to hold on to their income, I was thinking specifically about some of the measures in the Bill. It would be churlish not to acknowledge that the Government have at least recognised the need to find a mechanism to lift those on low incomes out of tax altogether. Administratively, that is a good thing too. Why tax people and then give it back to them in benefits?

The second issue I want to raise is about infrastructure, on which subject the Minister's answer to me was a bit woolly. I do not know how much will be available in the road fund arising from the tax changes to vehicle licence duty applying to cars sold and driven in Northern Ireland, but it is important—and this seems to be an afterthought—that in those parts of the UK not covered by the road fund, which is available as a result of directing vehicle licence duty to infrastructure projects, there be a speedy resolution with the devolved Administrations to ensure that the funding is available to them to develop the road infrastructure in their own areas.

I am also disappointed that the thorny issue of the extension of the hub airport, whether at Heathrow, Gatwick or wherever, is not being addressed in the infrastructure measures in the Bill. Regional connectivity is important for places such as Northern Ireland. That matter cannot be kicked into the long grass. If Britain is to remain competitive and not lose out more and more to Holland, Germany and France, where they are developing hub airports, it is important that we develop our own infrastructure. In Northern Ireland, we are increasingly worried about slots being lost at Heathrow because of the pressure on the runways there. The first places to look at are the flights coming in from other areas of the UK, but that connectivity is vital to the promotion of industry in Northern Ireland and has been part of the secret of our success with inward investment.

Mr Gregory Campbell (East Londonderry) (DUP): Does my hon. Friend agree that part of the problem has been the preponderance of economic development in the south-east of the UK resulting in massive differentials in prosperity across the regions and nations of the UK? Is that not at the heart of trying to get our nation out of recession and into greater prosperity?

Sammy Wilson: That is exactly right, but if we do not have the proper infrastructure to do that, we will be disadvantaged. A continual theme in this Parliament has been the question of how to ensure that growth is

[Sammy Wilson]

spread across the UK and not concentrated in the south-east of England. One way is to ensure that our infrastructure enables the prosperity generated in the south-east of England to be spread across other parts of the UK.

Mr MacNeil: I am grateful to the hon. Gentleman for giving way again; he is underlining our friendliness. To build on the point from the hon. Member for East Londonderry (Mr Campbell), I wish to say that the hon. Member for East Antrim (Sammy Wilson) is absolutely right about the problem of connectivity with the south-east of England, where the airports are being built. It is not by accident. In the 40 years after world war two, there were bilateral air agreements specifying that planes had to fly into London airports, and we have paid for that. He is right about the Netherlands. The London docks lost out to Rotterdam, and it looks like it will happen again with the air infrastructure. As the chief executive of Schiphol said, it would be a good idea—

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I call Sammy Wilson.

Mr MacNeil: The chief executive said it would be a good idea to have a long inquiry, and that is what is happening. It is taking too long.

Madam Deputy Speaker: Order. I call Sammy Wilson.

Sammy Wilson: Madam Deputy Speaker, I hope you will indulge the hon. Gentleman, as it is his birthday today. Therefore, long interventions can perhaps be tolerated.

Madam Deputy Speaker: I would like to make it absolutely clear that there is no precedent for long interventions on an hon. Member's birthday. However, we are about to rise for the summer recess and the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) made his intervention in such a charming way, and he's made it.

Sammy Wilson: Thank you, Madam Deputy Speaker.

Alex Salmond (Gordon) (SNP) rose—

Sammy Wilson: I will give way, and I hope it will be a short intervention.

Alex Salmond: It will be a very short intervention. My hon. Friend the Member for Na h-Eileanan an Iar (Mr MacNeil) is well enough versed in the procedure of this House to know that this is a debate on a Finance Bill and could potentially go until any hour, if he wanted to extend his interventions or speeches.

Sammy Wilson: That is a very worrying intervention for those of us who wish to get to the airport and go back to our constituencies, and I hope it will not be followed up on later in the debate.

Another issue I want to raise is corporation tax. I welcome the reduction in the rate of corporation tax and also the allowances. This has an impact on Northern

Ireland, because as the rate set centrally is reduced, the cost of devolving corporation tax to Northern Ireland is reduced as well. That probably reduces Northern Ireland's competitiveness vis-à-vis other parts of the United Kingdom. However, as the real target of the reduction in corporation tax is our competitiveness vis-à-vis the Irish Republic, a reduction in the cost of devolution—which can affect either what money we have available in the block grant or, indeed, how far we can reduce the level of corporation tax—is welcome.

We recognise the importance of corporation tax in attracting inward investment. Even though there might be lots of capital allowances and so on, the importance of the headline rate has been shown in the Irish Republic. This is something that we in Northern Ireland wish to implement as soon as possible, although given the way that some of the parties in Northern Ireland, including the Social Democratic and Labour party, have behaved in recent times in respect of the Stormont House agreement, the prospect of devolving corporation tax, with the advantages that it might bring, is being pushed further and further down the line. I hope we will not find ourselves hitting even more problems.

The other thing I wish to raise is the whole issue of taxes on energy. The reasoned amendment talks about the removal of the exemption from the climate change levy on the onshore wind. I accept the argument that the Government have given. Given that many of the companies involved are owned abroad, the tax concession given to them was not benefitting people here in the United Kingdom. We also need to bear in mind not only that there is huge opposition to many of the renewable sources, on the grounds of aesthetics and environmental impact, but that people are becoming increasingly aware of the cost of switching from cheap fossil fuels to expensive renewable energy, in terms of fuel poverty and the impact on industry.

Caroline Lucas indicated dissent.

Sammy Wilson: I know that the Member from the Green party gets appalled when we talk like this, but why do we even have a renewables obligation? Why is there an obligation on electricity distributors to purchase from renewable sources? If we were simply depending on market decisions, that would not be done.

Caroline Lucas: Will the hon. Gentleman give way?

Sammy Wilson: I will give way in a moment. Let me just finish the argument.

The renewables obligation is an obligation because the energy is more expensive. Indeed, the Department of Energy and Climate Change's own estimation is that, by 2020, the cost of paying for expensive renewable energy, more and more of which is coming on to the grid, will be about £190 per household. At the same time, we in this House complain about fuel poverty, when one of the contributors to fuel poverty is the fact that we are orientating ourselves towards more expensive electricity generation. Only last week there were complaints about Tata Steel closing down its plant.

Carol Monaghan (Glasgow North West) (SNP) rose—

Sammy Wilson: I will give way in a moment.

High-energy users are increasingly finding that the United Kingdom is a place where energy is expensive—it costs jobs, it dips into people's pockets and it causes fuel poverty. This is an issue that the Government are quite rightly addressing.

Caroline Lucas *rose*—

Carol Monaghan *rose*—

Mr MacNeil: I apologise—*[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Mr Wilson, have you given way or have you finished your speech? None of us is sure what has happened.

Sammy Wilson: I have given way. [HON. MEMBERS: “Who to?”] I have given way to the hon. Member for Na h-Eileanan an Iar.

Mr Deputy Speaker: Oh right, the birthday boy!

Mr MacNeil: And on my birthday, too. I am sure that the hon. Member for East Antrim (Sammy Wilson), the gentleman that he is, will of course give way to the Member from the Green party and to my hon. Friend the Member for Glasgow North West (Carol Monaghan).

The hon. Gentleman might find that one of the reasons why fossil fuel is so cheap is the low price of carbon, as a result of which the theory of “the polluter pays” does not apply to fossil fuels. Carbon is priced neutrally at the moment, and when that changes, the real price of fossil fuels versus renewables will become apparent. He mentions the change in the regime, but planning is a large part of that. Finally—this is my final point, Mr Deputy Speaker—the hon. Gentleman talks about the cost of energy in the UK, but the cost of the UK's energy is actually about the highest in Europe, minus taxes.

Mr Deputy Speaker: Mr Wilson was very worried about the amount of time we are taking—we can go to any hour—and I think Mr MacNeil is trying to see whether we can get to that hour. However, as he knows, as much as I appreciate that it is his birthday, he blew out all his candles on his first intervention. We now want shorter interventions.

Sammy Wilson: Of course, the hon. Gentleman is absolutely wrong when he talks about there being no price on carbon. We are talking about the climate change levy. That is one of the costs of carbon. There is also the cost of the European trading scheme, in which carbon is traded and carbon allowances are given, so of course there is already a cost.

Caroline Lucas: I am grateful to the hon. Gentleman for giving way. I am not sure whether or not it is parliamentary to say that the hon. Gentleman is talking rubbish, but he is talking rubbish. The point is that far greater subsidies go to nuclear power and fossil fuel than ever go to renewables. There is currently a small amount of subsidy going to renewables to bring them to grid parity. They will be there in a year or so. Solar is already there, and it is one of the most affordable sources of energy. I think he should speak about what he knows and not about what he does not know about.

Sammy Wilson: Perhaps the hon. Lady takes a different view of what is small and what is large from what I do but the £13.6 billion of subsidies that go to renewables do not simply come from the Government. They come from households, who pay for it in their electricity bills. That is why I support the Government's attempts to remove some of the subsidies that consumers have to pay for; £13.6 billion, or £190 per household, is hardly to be regarded as a small sum. My only worry is that environmental levies such as the climate change levy and the EU carbon trading scheme will rise from £5.6 billion this year to £16.1 billion by the end of this Parliament, which will add to energy costs and have an impact on industry and on household bills.

Alex Salmond: Does the hon. Gentleman accept that on a sunny day in East Antrim, one gets a magnificent view of some of our magnificent onshore wind farms on the west coast of Scotland, and will he concede that the contract for difference on wind energy on shore is lower than that for new nuclear energy?

Sammy Wilson: The right hon. Gentleman compares nuclear energy with renewable energy, but of course we have the option of gas, oil and coal. Before the hon. Member from the Green party becomes apoplectic about the impact of those energy sources, let me point out that some of the drivers in Europe who want to push us towards renewables, especially the Germans, are building coal-fired power stations because they are concerned about their industry and their economy. I welcome those aspects of the Finance Bill, and that is one reason why I will not support the reasoned amendment. I think that the Government are right and we have to redress the balance. We have to ask what is important for the UK economy and for UK consumers.

Finally, I turn to the employment allowance, which is important in drawing people into work and encouraging employers to take on new workers. The uptake in Northern Ireland has been very poor. I do not know whether that is because employers have not had sufficient information or because the scheme has not been widely publicised, but when we are trying to find ways of encouraging further employment, the Government should take that on board.

As I said, we will not support the reasoned amendment. We have concerns about many aspects of the Bill, but we believe that parts of it will be good for the economy generally and in Northern Ireland.

3.32 pm

Maria Caulfield (Lewes) (Con): I promise not to take as much time as the hon. Member for East Antrim (Sammy Wilson), but I enjoyed his take on things.

I rise to speak in support of the Bill because the recent Budget set out clearly a better future for this country. In the last Parliament the coalition Government had to turn around the economy that they inherited by turning around a record Budget deficit, public sector net borrowing at a high of 10.2% of GDP and a benefits system which accounted for nearly a quarter of all public spending, which left less money for public services such as our NHS, our schools and our infrastructure. The Budget and the Bill build on that progress. This is a Budget for ordinary people up and down this country, despite what others might say. This is a Budget for workers.

[*Maria Caulfield*]

Four key elements support that claim. The Bill reduces personal taxation, so that people can keep more of the money that they earn. It ensures, again despite what others may say, that work actually pays; it is crazy that we inherited a system in which people are better off on benefits than in work. The Bill delivers on housing, and will make it easier for many people to have a place of their own. It also helps businesses, so that we have a thriving economy to pay for our much-needed public services. The Bill supports all those aims.

Mr MacNeil: The hon. Lady said that she would like work to pay. Is she saying that the Institute for Fiscal Studies is wrong when it says that the bottom four, five or six deciles of earners will actually be worse off as a result of the Budget? Surely if work is to pay, it should be paying more, not less.

Maria Caulfield: I wish the hon. Gentleman a very happy birthday. I take his point, but what has been missed from the argument is the raising of tax thresholds that will benefit people, especially those on the lowest wages. I shall come to that in a minute.

The Bill will make important differences to ordinary families. First, it will reduce personal taxation. During the last decade, under the Labour Government, more than 1.6 million people were dragged into the higher rate of tax, including hundreds of thousands of nurses, teachers, police officers, and other public sector workers. Our measures to raise the higher-rate threshold to £43,000 will make a difference to those people and their families. All in all, a basic rate taxpayer will be £905 a year better off. The families who will benefit from those changes are not wealthy; many of them work long hours and commute long distances, and deserve to keep more of the money that they earn.

The Opposition parties believe that the way to reward hard work is not to increase wages or reduce the tax that people pay, but to increase benefits in the form of tax credits. That is what Labour did in government, to such an extent that the welfare bill rocketed, accounting for about a quarter of all public spending. That meant that there was less money for our hospitals, our schools and our infrastructure.

Why are Opposition Members so adamant that the only way to improve people's lives is to increase their benefits? I will tell you why: because they do not believe in aspiration. They do not believe in the fundamental principle that if people work hard enough, no matter what their background, they can achieve anything in life. A life on benefits is not inevitable, nor should it be the only way forward for working families. Conservative Members support workers by not only increasing the national living wage, which I cannot believe Opposition Members actually—

Carol Monaghan: Does the hon. Lady not accept that using language such as “national living wage” is sinister mischief-making? It is also hugely disrespectful to the Living Wage Foundation, which has set the living wage at £9.15 in London and £7.85 outside.

Maria Caulfield: I disagree. By 2020, the living wage will be £9, because that is the level at which we have set it. For the lowest-paid workers in the country, that has

to be a huge advantage. I cannot believe that Opposition Members are actually disagreeing with a proposal to increase the wages of the lowest earners.

Barbara Keeley (Worsley and Eccles South) (Lab): The hon. Lady is imputing various motives and feelings to Opposition Members, and is not doing so reasonably. May I point out to her that a living wage that took full account of the take-up of tax credits would be well over £11? The level set by the Chancellor is not that level, which is why this is not a national living wage.

Maria Caulfield: I assume that Opposition Members will support the wage increase for the lowest earners. I am pleased to see the hon. Lady nod in agreement.

However, we are doing more than just increasing the national living wage. We are also reducing the tax that people pay, not only by raising tax thresholds but by freezing national insurance, VAT and fuel duty levels for this year, to ensure that they have more money in their pockets.

Let me now say something about housing. It is, again, the Conservatives who are helping those on low incomes to reduce their outgoings by lowering social housing rents by 1% a year for the next four years. Opposition Members feel that they cannot support that move, and will either oppose it or abstain. That, I think, shows their true measure. However, the Bill goes a step further by ensuring that social housing occupied by people who have done well, and are earning more than £30,000 a year outside London or £40,000 inside London, will no longer be subsidised by hard-working taxpayers who may be earning less than that themselves. Instead, those people will pay market rents—the same market rents that others in the same position pay in the private housing sector.

In addition, to increase the supply of affordable housing, the Chancellor has announced an increase in the rent-a-room relief, which will enable people to rent rooms without having to pay tax that acts as a penalty. The tax relief for buy-to-let landlords will be reduced, too. That will level the playing field for ordinary families trying to get on the housing ladder, who have been in competition with buy-to-let landlords who have previously been at a significant advantage.

Alex Salmond: I represent what is on paper one of the most prosperous constituencies in Scotland, yet more than 3,000 children in Gordon are in working families who will be worse off as a result of the Budget, and I doubt whether there will be fewer children in Lewes similarly affected. What does the hon. Lady say to the children of working families in her constituency who will be worse off as a result of this Budget?

Maria Caulfield: There are lots of hard-working families in my constituency and if the right hon. Gentleman visits us he can see for himself that they are fed up with having to go out and work long hours often on low pay to subsidise a benefit system that historically has not been there to help such people.

Alison McGovern (Wirral South) (Lab): Will the hon. Lady give way?

Maria Caulfield: I will not give way; the hon. Lady will be pleased to know that I am almost at the end of my speech so I will continue if I may.

There are some great measures in this Bill to support businesses, small and large, which have been the engine-room of our economy over the last few years. Cutting corporation tax from 20% to 18% by 2020 will be a huge help to many of them, and the ability to employ four people full-time on the new national living wage and pay no national insurance at all will be a real incentive to them to take more people on. There is also the increase in the annual investment allowance so that companies can grow their business more easily. All this means employers, not the state, will be increasing people's incomes, so that Government money can be used to fund essential public services instead.

This is a Budget that not only deals with our deficit, but tackles the country's debt in a way that supports those who work hard and do the right thing. This is a Budget that says to the ordinary person in the street that if they work hard, get up early and come home from work late they deserve a decent wage and a home. They should not have their wages topped up with benefits, but instead earn a decent wage in the first place. With the breaks that we are giving to employers, we expect them to invest in their workforce in return.

This is a Budget of aspiration not just for the individual, the family and businesses, but for the country as a whole, and that is why I support it.

3.42 pm

Catherine West (Hornsey and Wood Green) (Lab): First, as this is the last day of term—or at least it has the feel of the last day of term—may I thank you, Mr Deputy Speaker, and all the team in the Speaker's Office for their warm welcome to all us new Members? That has made a huge difference to the beginning of what I hope is a long parliamentary career.

When I saw that today's business would be a Second Reading debate on the Finance Bill with such exciting Ministers giving their remarks I thought it might be a bit dry, but in fact it has been stimulating and interesting, in particular the discussion of wages. I am glad we have got on to the question of low pay; that came up in the election and I am very pleased that the Treasury team has given it some thought. However, as somebody who worked hard on the living wage at local government level, I am a little concerned that it took a long time to introduce it in a meaningful way; the current living wage is £9.15 in London and introducing that in inner London takes an enormous amount of work for a large organisation such as a local authority or a business.

I am also a little worried about there being a cliff-edge in respect of the removal of working tax credits from those on low pay. We need a sliding scale to cover the fact that we have such a flexible workforce, which many say is a good thing. The trouble with that is that people can be in and out of work, on varying rates of pay in different sorts of employment, and have numerous different employment situations. Working tax credits tend, therefore, to be a safety net for people on low incomes, so, although this debate about low pay is to be welcomed, I am concerned that we will end up with less security for low-paid people. It may even create a perverse incentive: people may not want to take risks in the workplace and may even turn back to benefits. They may be worried

that over the long term they will not be able to sustain themselves on what the Government call a living wage but which, in fact, is just an increase in the minimum wage.

Mr MacNeil: I hope the hon. Lady agrees that the Chancellor, in his description of the new wage that he has earmarked, has tried to downgrade what we all know as the living wage. That is reprehensible.

Catherine West: I thank the hon. Gentleman for his intervention and wish him a happy birthday. I am sure it is wonderful to be 21 again.

I understand that there are many examples of the living wage up in Caledonia, and many London authorities and others are trying their darnedest to introduce the living wage, which is a good and positive step.

Clause 45, on the climate change levy, removes the levy exemption for renewable source electricity generated on or after 1 August 2015. Unhappily, that is an example of the Tories undermining investor confidence in renewable energy. They have already tried to halt the development of the cheapest form of clean energy, by pulling the plug on onshore wind, and that comes hot on the heels of the rather flat green deal. I am not sure whether any Members know about the green deal. It was introduced back in 2010, it was heralded and much money was spent on it. The promotion money probably helped a few public relations companies to keep going, but the number of households that took up the deal was very low.

Alison McGovern: My hon. Friend makes an important point. May I remind her of the promise made—it sounds bizarre now, though I remember it being made at the time—to be the greenest Government ever?

Catherine West: I thank my hon. Friend for her intervention. Does she also remember the huskies trip? I am not sure whether we will be visiting polar bears any more with the huskies, but I remember around 2009 the promise to which she refers and, for a short while, a real sense that we were generating some momentum and genuinely approaching green issues with energy and commitment.

I wonder whether, as we move towards the Paris summit, we will see any improvement and any genuine debate, because this Budget fails to give any hope on the green agenda. I am pleased that Opposition colleagues have chosen the climate change levy as one of three topics to be debated in Committee in September. That is when we will all have more of a chance to debate this important deal—or lack of—and when we will table amendments.

Some of the statements on taxation are quite welcome, particularly those provisions that assist people on low and medium incomes. However, there are other provisions with which we could do more. In particular, we could consider gaining a little bit more from the financial sector. As we know, there have been some announcements on anti-avoidance measures. Provided that HMRC is resourced adequately to deal with those, we might see some positive developments in that regard.

However, we could be doing much more in relation to private equity and hedge fund managers. We could strengthen some of the proposed measures around the "Mayfair" tax loophole. For example, we could look at

[Catherine West]

how private equity fund managers manage to shrink their tax bills, arranging to pay 28% capital gains tax rather than 45% income tax, which is what we could be getting.

Members will be aware from their advice surgeries that we are still in the tail of the recession. There should not be one rule for certain people in society and another rule for others. That is why we need to consider charging that 45% income tax rate—rather than the 28% capital gains tax—on the portion of income paid out of the profits of the funds that those managers manage, which is called carried interest. Carried interest is their remuneration for managing other people's money and should therefore really be taxed as income tax. Their ability to pay capital gains tax on what is properly income also allows fund managers to avoid paying any national insurance contributions on a major portion of their income.

The “Mayfair” tax loophole also permits some fund managers to reduce their tax bills even further, sometimes qualifying for additional capital-gains reliefs such as entrepreneurs' relief. I do not hear that being offered to the small cafés or the small businesses on our high street, but the entrepreneurs' relief for people in the City allows them to pay just 10% tax on up to £10 million of their carried income. That is why I throw back the idea that this is a Budget for working people—perhaps it is a Budget for those who work in the square mile. Some people in the City are still getting a 40% tax cut. They are paying less tax on much of their income than many nurses and teachers. We know what is happening to public sector recruitment: we are losing nurses and teachers every day, because they tend to earn much lower wages than others, and of those wages they are paying a higher proportion in tax than our friends in the City.

Huw Merriman (Bexhill and Battle) (Con): Is it not the case that raising the tax threshold to £12,500 may help not only those in the City who are paid very low rates, but the very people that the hon. Lady is talking about outside the square mile?

Catherine West: I am very concerned about those people who are on that level. Indeed, many people in the financial sector, a large percentage of whom live in my constituency, work very long hours and are on low pay. I welcome some of the new tax changes, which is why I will abstain rather than vote against Second Reading tonight. However, we also know that certain others who go in on the tube with those lower paid workers, or ride their bikes in with them, might, in a good year, be earning between £1.2 million to £15 million or more. Using the private equity industry's own statistics, we estimate that the “Mayfair” loophole may be sacrificing UK tax revenues of between £280 million to £700 million every year. That is likely to be a conservative estimate as it does not take into account forgone national insurance contributions, or the effects of some fund managers qualifying for additional entrepreneurs' relief. Given that the Chancellor's smaller plans are predicted to raise more than £350 million a year, we can be confident that a further tightening of the rules will raise substantially more. A simple legislative change, similar to those already achieved in our neighbouring European countries—

I make no apologies for mentioning the word “Europe” in this Chamber—could ensure that some of the highest earners of the financial sector start to pay a fairer share in tax. That could be introduced as early as in this Bill, with a small change to the proposed legislation.

In conclusion, let me make some general points about productivity. The first relates to childcare, and this Budget and Bill and the various elements of productivity that need to accompany them. I understand from press reports this morning that various Departments face a difficult time on their savings targets, and I am worried that some of the good things that have come out of this Budget, small though they be in number, will be undermined by things such as the lack of childcare provision. In particular, I am thinking about cuts to local authorities, which are trying to introduce the Government's 30-hour pledge on childcare. Children's centres and Sure Start centres will once more be facing terrible cuts. We know that it is crucial to get women, and parents in general, back into the workforce, and that that is key to proper growth in the economy. Many economists have estimated that if we can return women to the workforce within two years after the birth of their first child—and indeed after the birth of subsequent children—the economy can take off exponentially. In many local authority areas, however, children's centres and nurseries are closing, whereas they should be remaining open to provide that crucial childcare.

Mr MacNeil: I fully support what the hon. Lady is saying, and she had no less an authority than Tim Harford in the *Financial Times* writing, about seven or eight weeks ago, on exactly the same point. He highlighted how Sweden has done exactly what she is describing: enabled women to go back into the workplace, to develop their skills and to go further—and of course this yielded higher taxes—unlike in the UK, where they decide to stay at home and the taxman and mothers lose out.

Catherine West: I agree. There are many positive examples of universal free childcare in other European countries and I wonder whether that is the sort of measure we should be looking at, rather than just cutting back for cutting back's sake.

Childcare is crucial, but so, too, is transport. Unfortunately, in the past fortnight the Government have announced that important rail projects are no longer going to go ahead, including electrification in the midlands, and they have dithered over the airport decision, perhaps because there is division in the top ranks of the Conservative party. Those sorts of decision need to be taken quickly, at the beginning of the Parliament, so that we give the right signals about getting on with investing in our infrastructure and in social mobility.

We know that young people will be negatively affected by this Budget, not just by the cuts to housing benefit and the reduction in working tax credits for younger families, but by the transition from university grants to loans. This does not specifically relate to the debate on this Bill, but we know that the background to the Bill is the situation young people face when coming out of university. I know of a student at London Metropolitan University who will come out with a £54,000 debt after three years of studying social care and will be virtually unable to pay that back over her working life. The good announcements on the employment and training levy are undermined by the university grants situation and

the 24% projected cuts to further education, which we know provides the glue to bring together the crucial employment provisions.

I could not sit down in this Chamber without quickly mentioning housing, which, as we know, is crucial, and not only to a vibrant economy and not only in the social housing sector, which I have specialised in over the years. Affordable housing is also crucial to the workforce and to those who wish to rent in the private sector, given that in London and the south-east that sector is ridiculously expensive. A family with three children who wish to rent in Finsbury Park—not Chelsea, but Finsbury Park—would require a household income of £75,000 to do so. Indeed, the average age at which Londoners get on to the housing ladder is now closer to 40 than to 30. It is crucial that we address this situation in this Parliament so that we can address social mobility and productivity. Unless a young person has access to unlimited family funds for education and housing, they face, under this Government and with this Budget and this Finance Bill, a genuinely bleak future.

4 pm

Lucy Frazer (South East Cambridgeshire) (Con): There are two questions we ought to consider when thinking about passing this Finance Bill: first, if now is not the right time to balance the books, when is; and, secondly, is it right that our laws should ensure that it pays to work and that work pays?

Let me turn to the first question. Our GDP grew by 2.6% in 2014 and our economy is now the fastest growing in the western world. We have seen an increase in jobs growth, with 2 million more jobs created over the past two years. In the three months to April 2015, employment continued to rise and unemployment continued to fall.

As a matter of principle, it is right that our Government are fiscally responsible. In the previous Parliament the Labour party backed the charter for budget responsibility, recognising that it is necessary to cut the deficit. There is never a good time to implement tough decisions, but if now is not the right time, no time ever will be.

Mr MacNeil: Will the hon. and learned Lady give way?

Lucy Frazer: I will.

Mr MacNeil: I thank the hon. and learned Lady; I feel that I am taking advantage of this birthday—I might start claiming that every day is my birthday. Would she like to comment on the behaviour in Iceland, where there have been no cuts in public spending but where debt has fallen by 8% and the deficit has fallen to zero? It has done that not through austerity, but by growing its economy. The key metric is debt to GDP, not cuts.

Lucy Frazer: What is absolutely essential is that we have a strong economy, because through a strong economy we can build up business. Looking at one isolated country is not a great example—consider what is happening in Greece, which has not balanced its books and has a crippling economy. Balancing the books is absolutely right.

Mr MacNeil *rose*—

Lucy Frazer: I have already taken one intervention from the hon. Gentleman, so I will carry on.

The question arises: what are the Opposition really waiting for before balancing our nation's books? This Budget helps make work pay for the poorest in society and encourages those who do not have a job to get one. It seeks to ensure that we build a society in which work is rewarded.

Alison McGovern: The hon. and learned Lady asks what the Opposition are waiting for before balancing the books. I am waiting for the Chancellor to meet his promise. In that regard, what representations has she made to him about the detail in the Red Book pushing out his deficit target by yet another year?

Lucy Frazer: It is interesting that the Opposition were pushing—

Alison McGovern: Answer the question.

Lucy Frazer: I am answering the question. It is interesting that the Opposition were pushing for less austerity but now, when the Chancellor increases the time frame in which he wants to make the changes, the hon. Lady opposes it.

The Bill reduces taxes on working people by further increasing the personal allowance to £11,000 in 2016. The living wage will improve the lives of many people across the country. With tax credits, people are often penalised by deciding to change their hours because they lose far too much of their earnings. The Budget changes that.

It is worth noting that Labour has proposed no amendments of any nature to the Bill, which suggests that, at the very least, not everyone in the Labour party is opposed to all of it.

Barbara Keeley: The hon. and learned Lady is just not right on the detail. This is not the time for amendments today; this is Second Reading. We will table many amendments; she just needs to wait.

Lucy Frazer: I am grateful for that intervention. But clearly it is the time, because the SNP has tabled an amendment, and so have the Greens.

Alex Salmond *rose*—

Lucy Frazer: So I come to the points raised.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We can have only one person on their feet. Mr Salmond, you know that better than anybody. If Lucy Frazer wishes to give way, she will, but we cannot have both standing on their feet. Are you giving way or not?

Lucy Frazer: Mr Deputy Speaker, I am not giving way.

Mr MacNeil: Go on, for old times' sake.

Lucy Frazer: If it was the birthday boy, I would be giving way.

[Lucy Frazer]

It is remarkable that the position of both the SNP and the Greens is that this Finance Bill does not address the economic needs of the country and it continues to deepen the social divide between those who have and those who have not. Both amendments are very similar. But on both those questions, nothing could be further from the truth.

Stewart Hosie (Dundee East) (SNP): Will the hon. and learned Lady give way?

Lucy Frazer: On the economy, it is an economic necessity— [Interruption.] When is your birthday?

Stewart Hosie: Will the hon. and learned Lady give way?

Lucy Frazer: Let me finish the sentence; then I will give way. On the economy, it is an economic necessity that as a country, we live within our means.

Stewart Hosie: I have no problem at all with getting to a position where any state lives within its means; it is how we get there that matters. But the hon. and learned Lady surely has misspoken. If a Government are choosing to increase inheritance tax thresholds while taking billions from the poorest with changes to tax credits, then they are indeed taking from the poor to give to the very wealthy.

Lucy Frazer: The hon. Gentleman is absolutely right that the question is how we get there. But when we are in a time of economic improvement, that is the very time in which we need to make changes. The changes to inheritance tax go back to a key principle and a key policy that we hold as Conservatives, which is that when you work hard and you spend money to buy a home to look after your family, and when you are taxed on the income with which you buy your home and pay tax, in the form of stamp duty, when you pay for your home, it is right not to have a third taxation when you leave your home. We all instinctively want to leave what we have earned to our children.

Stewart Hosie: Will the hon. and learned Lady give way?

Lucy Frazer: No; I have not finished. There is one further point. We are not taking from the very poorest; we are giving to the very poorest. [HON. MEMBERS: "You are not."] In some ways we are giving to the poorest. The introduction of the national living wage will mean that about 2.5 million people will immediately get a pay rise.

Stewart Hosie *rose*—

Lucy Frazer: I gave way and I shall just continue.

Mark Durkan *rose*—

Lucy Frazer: I shall continue. On society, it is very important that people are encouraged to work and that work pays. I agree with the director of the Living Wage Foundation that

"work should be the surest way out of poverty". That is what the Bill seeks to achieve.

4.8 pm

Caroline Lucas (Brighton, Pavilion) (Green): Thank you, Mr Deputy Speaker, for the opportunity to contribute to this debate. I have two fundamental objections to the Bill. First, it continues the Government's cruel and counterproductive austerity agenda, which is both socially destructive and economically illiterate. Secondly, it flies in the face of the Government's own rhetoric about the threat of climate change to our economy, society, security and wellbeing. Not only does it ignore the public interest in mitigating climate risk, but it fails to realise the economic benefits to the UK of being at the forefront of the global transition to a zero-carbon, resource-efficient, sustainable economy.

Over the past few months, hundreds of leading UK businesses—not just environmentalists—have repeatedly called on the Chancellor to prioritise green investment and climate action, warning that the UK's green economy is at a crossroads without clear policy direction. It is astonishing that, this year of all years, when the Government say that we need a bold agreement at the climate summit in Paris, the Treasury is undermining both the UK's reputation and, more importantly, the chances of meeting our own emission targets. It is hard to see how the Government really do think that "Do as I say, not as I do" demonstrates any real leadership.

One such backward provision in this Bill is the change to vehicle excise duty. The Government claim that

"the new VED system will be reviewed as necessary to ensure that it continues to incentivise the cleanest cars."

Yet once again there is a gaping chasm between the spin and the substance, because while zero-emission vehicles still pay nothing—so no change there—high-polluting cars will pay far less tax than at present. Again, it is not only those concerned with air pollution and climate change who are pointing out the idiocy of this measure. Once more the Chancellor has managed to unite industry and environmentalists, with the Society of Motor Manufacturers and Traders saying that

"the new regime will disincentivise take up of low emission vehicles. New technologies such as plug-in hybrid, the fastest growing ultra low emission vehicle segment, will not benefit from long-term VED incentive, threatening the ability of the UK and the UK automotive sector to meet ever stricter CO₂ targets."

Maria Caulfield: The hon. Lady cannot have it both ways: she is either anti-austerity or she is not. The measures on VED that the Chancellor introduced in this Budget were to help low-income families who cannot afford a new car. Under the previous system, people who could afford to change their car were paying less VED than those who could not afford to do that. What does she say to the hard-working families in her constituency who will benefit from this measure?

Caroline Lucas: I say to the hard-working families in my constituency that I do not see why they have to choose between austerity and a greener world. We can have both if we have a bit of leadership, which this Government have been so conspicuously failing to provide. Why should only richer people be able to afford greener cars? No, we want to make greener cars the norm, because it is the poorest people who suffer from the air pollution that is caused by the cars that this Government are happy to have all over our roads. The hon. Lady's question was wrong and misguided. I am very proud to

say that I am standing up for some of the poorest people in my constituency, who should be able to have decent air quality as well as not suffering from the horrendous austerity that her Government are rolling out in front of them right now. In case the Chancellor has not noticed, air pollution in the UK is a serious public health crisis that is leading to 29,000 premature deaths every year. I would love to hear what the hon. Lady says to her constituents when they are facing that degree of air pollution and health imbalance as a result of her Government's policies.

Maria Caulfield *rose*—

Caroline Lucas: I would love to hear it, but not that much, so I am going to continue.

Then we have the senseless proposal to tax renewable energy as if it were a fossil fuel by removing the climate change levy exemption for renewables.

Stewart Hosie: On the VED changes being intended to tackle the debt or the deficit, I am sure the hon. Lady will have heard the Chancellor say that the entire set of measures was fiscally neutral and has nothing to do with bringing down the deficit or the debt.

Caroline Lucas: I thank the hon. Gentleman—my hon. Friend—for that well-made point.

As campaigners have pointed out, the policy on the climate change levy exemption for renewables is like making people pay an alcohol tax on apple juice. The Government claim that it is intended to prevent taxpayers' money from benefiting renewable electricity generated overseas. In fact, it is a completely disproportionate measure that turns a policy that was designed to encourage low-carbon electricity into just an electricity tax for businesses. It is interesting that Ministers remain suspiciously silent on the shocking revelation earlier this year that the Government spend 300 times more on backing fossil fuel projects abroad than on clean energy via the export credit agency. If they are that worried about the issue, one would have expected a little more consistency from them. The scandalous public spending on fossil fuel subsidies should be cut, not support for clean, green, home-grown renewable energy.

I agree with the shadow Energy and Climate Change Secretary, the right hon. Member for Don Valley (Caroline Flint), that removing the renewables exemption from the climate change levy will undermine investor confidence in renewable energy, and that we should instead be seizing the massive opportunities for jobs and investment that moving to a low-carbon economy would provide for this country. I hope that we can work together across all parties to remove this stupendously senseless provision from the Bill altogether.

The Minister spent a long time talking about how important this Bill is for productivity. I am a great supporter of productivity, but I fail to see how, for example, plans to scrap the long-established zero-carbon homes policy will support it. Indeed, in an open letter to the Chancellor, over 200 businesses warned:

"This sudden u-turn has undermined industry confidence in government and will now curtail investment in British innovation and manufacturing".

So much for putting our economy on a stable footing; so much for this Government's phoney concern about energy costs. Scrapping this policy means that future

homes, offices, schools and factories will be more costly to run, locking residents and building users into higher energy bills. Businesses are increasingly speaking out not against the so-called green crap, but against the tsunami of Government blue crap that is putting up energy bills, harming business and undermining climate action.

I have a few last words on the welfare aspects of the Bill. The Chancellor can crow about raising the tax threshold so that fewer people on low incomes pay tax, but although that is the right thing to do, it does nothing to change the overall impact of his Budget and of the Finance Bill. As the IFS has shown, it leaves us with a tax and benefits system that is more regressive. The biggest losers are those in the second and third poorest tenths of the population—the working poor. Under the cover of austerity, the welfare cap will make housing, in particular, unaffordable for many families. Young and disabled people have been unfairly singled out to lose benefits. Child poverty already costs Britain upwards of £29 billion, and is set to rise under plans to limit tax credits, which could leave 3 million families on average £1,000 worse off, even allowing for increases elsewhere.

According to Treasury's own analysis, the plan to raise the inheritance tax threshold will benefit high-income and wealthy households. Given that it is one of the easiest taxes to both avoid and evade, and that the very rich often find ways to pay very little, it is clear that this whole area needs a complete rethink.

On tax dodging, I welcome the Government's recognition that the so-called Mayfair loophole needs to be closed. Many of Brighton's residents have written to me about this, and it is thanks to the determination and persistence of individuals and campaigners that we have got this far. Yet again, however, the Government spin machine is in overdrive and the reality does not match the rhetoric. I urge the Chancellor to address that by agreeing that carried interest counts as income and should be taxed as income.

Finally, if the Chancellor is serious about tackling tax dodging, as I hope he is, I urge him to reconsider his opposition to the Robin Hood tax and to adopt the comprehensive policies set out in the tax dodging Bill proposals, which are supported by 25 UK and international non-governmental organisations and would generate about £3.6 billion in the UK.

4.16 pm

Huw Merriman (Bexhill and Battle) (Con): I applaud the content of the Finance Bill, and I am keen to explore certain clauses within it. Before I do so, may I applaud Labour Members for agreeing with the annual investment allowance and rise in the tax allowance? There may not have been as many Labour speakers as one would expect, but those who spoke have been considered in their tone towards the Bill. However, as someone from a socialist background, it makes me sad to see no Labour Back Benchers in the Chamber. I was always told proudly by my parents that Labour was the party of Keir Hardie and Nye Bevan, and those empty Benches would be a huge disappointment to them. None the less, we can perhaps all agree that the argument is being won on the Government side of the House.

Mr MacNeil: Will the hon. Gentleman give way?

Huw Merriman: No, I will not give way. I will make some progress, if I may, and refer to my predecessor, Mr Greg Barker, who organised the husky trip that was lamented by the hon. Member for Hornsey and Wood Green (Catherine West).

Clauses 1 and 2, on the income tax and VAT locks, and clauses 3 and 4, the personal allowance and national minimum wage provisions, demonstrate that making work pay means giving workers more of their pay. Raising the personal allowance to £12,500 shows that the Government are committed to that aim. The increase in the tax allowance will take more than 800 of my constituents in Bexhill and Battle out of the tax system altogether, and a further 50,000 of my 80,000 electors will also benefit from the tax allowance increase. Indeed, my constituents will further benefit from the tax locks over this term, which will allow them to plan, save and spend in an organised manner, without fear of the Government raids so beloved by Chancellors between 1997 and 2010.

Mr MacNeil: Once the hon. Gentleman's constituents get past the Blairite spin he is giving us, I am sure they will find that their incomes have actually decreased. Does he think that his constituents will be grateful to him when the changes go through and they find that their incomes have decreased, thanks to this Tory Government?

Huw Merriman: My constituents will be delighted that after the terror that this Government took over from, we are seeing earnings and incomes get back to their pre-recession levels. They are already there for those at pension age, of whom there are many in my constituency, and are getting there for those in other age groups. My goodness, if this Government had not taken the difficult decisions that the hon. Gentleman's party has opposed all the way through, we would not be in the positive situation we are now in.

Stewart Hosie: Will the hon. Gentleman give way?

Huw Merriman: No, I will make some progress, if I may.

I was bemused by the Opposition's attempts to lay claim to the policy of tax locks. Perhaps by losing the election and allowing this Government to gain a majority and introduce these clauses, they have brought the policy about.

This is a one nation Government that seek to help people into work and, in so doing, give them hope, aspiration and pride. By taking those who work 30 hours a week on the minimum wage out of the tax system, the Government are committing to the principle that work pays. Furthermore, by committing to review that principle and assess the tax position of an individual working 30 hours on the national minimum wage when reviewing the tax allowance over and above £12,500 in the future, the Government are demonstrating that they really mean for that proposal to be here to stay.

Alison McGovern: I am listening carefully to the hon. Gentleman. I am especially pleased to hear that he pays great attention to the views of his constituents. When a single parent with two kids who loses thousands in tax credits comes to his surgery and explains how much worse off they are in work, what is he going to say?

Huw Merriman: I will say that this Government, by creating millions of jobs, will give that individual the opportunity to get into work. If I were on the Labour or SNP Benches, I would say, "We will keep you on subsidies, keep you in your place and not give you hope, aspiration and a better opportunity for your life."

Alison McGovern: Will the hon. Gentleman give way?

Huw Merriman: No, I will not give way. I will make progress.

The first four clauses demonstrate that the Government are on the side of the worker, not the abstainer.

Clauses 7 and 8 relate to corporation tax and the annual investment allowance. I welcome the measures to reduce corporation tax to 19% by 2017 and 18% by 2020. In my constituency of Bexhill and Battle, the Government and East Sussex County Council have ploughed millions of pounds into a new link road between Bexhill and Hastings, which will deliver new homes, 500,000 square feet of new business park and a country park. The new link road and the labour that will come from the new housing will, if delivered in conjunction with the high-speed rail project from Bexhill to London St Pancras that we hope to get, encourage new businesses to relocate and existing businesses to expand.

However, we need to do more than deliver infrastructure. We need to encourage entrepreneurs to take risks, create new jobs and deliver wealth. That wealth will then be delivered to the Exchequer and the country as a whole. I therefore welcome the cut to corporation tax, which tells the world's companies that UK plc is open for worldwide business, with the lowest corporation tax in the G7. I hope to use the favourable economic climate to champion the idea that companies should locate themselves in my constituency and to end its status as a constituency with no major corporate headquarters within its boundary.

I welcome the permanent status of the annual investment allowance. The temporary two-year allowance did much to boost spending on plant and machinery in rural constituencies such as mine. The trickle-down effect on suppliers, producers and small businesses has been immense. I welcome the manner in which my Government use the tax system to give firms more money to invest, rather than using the model of Government borrowing and spending, which crowds out private companies from the market.

The final clause that I wish to consider is clause 9 on the increased nil-rate band for homes that are inherited by descendants. Representing Bexhill and Battle as I do, I feel that the policy of effectively increasing the inheritance tax threshold to £1 million per couple will be highly relevant and even more highly welcome. Individuals who have worked hard and done the right thing deserve the right to hand on the fruits of their labour to their descendants, and that is particularly welcome in a period when interest rates on savings and investments has been low and delivered low yield, albeit that that has helped those with mortgages.

I welcome the mantra behind the Bill: lower taxes to make work pay; fairness by clamping down on those who do not pay their fair share of taxes; and rewarding endeavour by encouraging companies to invest and expand in this country by sending out positive signals

that business is open under this Conservative Government. I look forward to proclaiming proudly the Government's economic policies over the summer, and I am pleased that Labour Members have already stolen a march and are perhaps doing so already.

4.25 pm

George Kerevan (East Lothian) (SNP): Thank you for your forbearance, Mr Deputy Speaker. I had to slip out of the Chamber to take part in the Treasury Committee's questioning of the Chancellor, and I bring a few bon mots from him to add to the debate.

The test of the Finance Bill and Budget is whether it will raise productivity—one might ask why the Chancellor has waited for five years to get round to that necessary development, but that is the test. Does the Bill meet the test? No it does not. Between the March Budget and the summer Budget, the Chancellor has reduced projected capital spending and we raised that point in questions to him this morning, but in his boyish way he avoided answering it. Nevertheless, we have seen a reduction in the projected capital spend.

Capital spending is vital. It is the basic thing we need to get the plant, machinery and infrastructure that raise productivity, and Britain's fundamental weakness in productivity is that we do not spend enough on capital and plant per worker. The Chancellor is cutting his projected capital spending, and he has done that in the five months since the March Budget and now—I wonder why.

The Chancellor had an interesting explanation for why he is doing that—in the Treasury Committee he could not avoid saying that that is what he was doing—because he said that he had discovered a way of making the outcome of his spending more efficient so that he needs less of it. If he goes on in that way, in another five months and by the time we get to the autumn statement, he will have reduced capital spending projections even more. I am talking about capital spending projections to 2020, so there is no real indication in the Budget that productivity will rise.

There are other things wrong with the Budget. Consider the investment allowance that the hon. Member for Bexhill and Battle (Huw Merriman) alluded to. De facto, the annual investment allowance is being cut from £0.5 million to £200,000. I know that, formally speaking, the available capital allowance was a marginal £20,000, and an emergency £0.5 million level was introduced in a previous Budget. Like some classic huckster trying to sell, the Chancellor pretended that the capital allowance was going to be removed on 1 January 2016, so that he could suddenly appear and say that actually it will be £200,000. We all knew that he was going to do that because in the autumn statement and the March Budget, while talking about his desire to raise productivity, he somehow neglected to tell us that the annual investment allowance was going to be not £20,000 but £200,000 in January.

Mr MacNeil: My hon. Friend might recall that before the general election, if memory serves me right, only one party was praised in the *Financial Times* for its plans to raised productivity, and that was the SNP. Could that be why we polled 51% of votes in the seats where we stood, but the Conservatives polled only 37% across the seats where they stood?

George Kerevan: I know that is true from talking to the small businesses in my constituency.

The Chancellor claims to want a productivity revolution, but that is given the lie by the fact that in the autumn statement in December and the March Budget he did not announce that the £500,000 allowance would stay or that it would in fact be £200,000. Investment requires long-term confidence—telling businesses well in advance what they can do in terms of investment. The fact that the Chancellor did not tell us, but has produced a rabbit out of a hat in the summer Budget, tells me that he is not that serious.

We have also heard today that the Chancellor intends to cut corporation tax progressively over the spending period to 18%. I do not gainsay that, but I ask the House to look at what happens when cutting corporation tax significantly is combined with a de facto reduction in the annual investment allowance. Surely we want to cut corporation tax to encourage firms to use their surplus capital to invest in plant and machinery. It is therefore necessary to maintain the £500,000 level—or perhaps even raise it further—to encourage firms to put their money into plant and machinery to raise productivity. By de facto cutting the investment allowance from £500,000 to £200,000 at the same time as cutting corporation tax, the Chancellor will encourage firms to keep their surplus capital sitting in the bank, instead of investing in plant and machinery. That is what has been happening in this country, and that is one of the reasons why productivity has fallen since 2008.

Stewart Hosie: Is it not therefore all the more important—at a time when the banks are still not lending fully—to incentivise to the highest possible extent to encourage businesses to use their own resources for investment?

George Kerevan: I take my hon. Friend's point. We need incentives that co-ordinate and integrate, not just a series of random measures that allow the Chancellor to make headlines here and there but do not have an impact on productivity in the longer term.

The surplus balances held by British companies total something in excess of £0.5 trillion, and some estimates put it at more than £1 trillion. A reasonable estimate is £0.5 trillion or £550 billion. How do we incentivise firms to take that money out of the bank and put it into plant and machinery and create jobs? The Chancellor is doing his best to provide incentives in another direction. Raising the inheritance allowance on property is another way of encouraging shareholders—when shares are bought back by companies—to put their money into existing bricks and mortar rather than invest in companies.

We have a Budget that claims to be about productivity, but provides none of the efficient incentives required to get plant and machinery that will create jobs. Let us look at what has happened to productivity since 2008. Initially, when the recession started, UK productivity fell. What normally happens in the first few years of a recession, as workers are shed and firms rely on using their existing plant and machinery more intensively, productivity rises. It rose in most of the advanced industrial countries in Europe in the two or three years after the recession, and in America. Thereafter, we would expect firms to start to invest in new innovation and developments, and productivity would rise not simply from the shedding of labour but from expansion,

[George Kerevan]

new product lines and new companies. That is what has happened in America, which had a significant increase in investment and innovation, and productivity has risen significantly in a long-range curve, as American companies have grabbed market share. In the UK, we saw a second downward bump in productivity in 2011. That came just as the Chancellor realised the mistake he had made in rushing for austerity between 2010-11. He had made massive cuts, but at that point he changed. We have had several long-term plans. In 2011, his new long-term plan was to turn on the monetary tap and crank up an artificial housing boom. Of course, that created even more incentives for individuals, financial companies and businesses to put money into trading in property, rather than in factories and manufacturing.

What we saw post-2011 was British productivity getting even worse, while the productivity of other industrial countries—in particular the United States, but also China—started to improve for the very best of reasons: they were investing in new plant machinery. We have not solved our productivity problem because we have not got the incentives right. I see nothing in the Budget to change that.

4.35 pm

Mark Durkan (Foyle) (SDLP): Mr Deputy Speaker, you and others have made the comment that today is a day on which a birthday has occurred, so before I have to, in response to interventions, may I say to the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) breithlá sona dó? Go maire sé on lá.

I should also make an apology, because I missed a birthday yesterday in the debate on the Welfare Reform and Work Bill, which relates to the Budget measures.

Mr MacNeil: The hon. Gentleman gives me the opportunity to make a bilingual intervention—in Irish and in Scottish. Go raibh míle maith agat agus mòran taing.

Mark Durkan: We are getting far off the Finance Bill.

The Government told us that the Finance Bill should be taken as part of a whole suite of measures from the Budget, including those in the Welfare Reform and Work Bill. Yesterday, we missed the six-year birthday of the Second Reading debate on the Child Poverty Bill in 2009, when the then shadow Secretary of State for Work and Pensions, now the Home Secretary, said:

“When we talk about child poverty, we are also talking about family poverty. Children are poor because their parents are poor...I would almost like to change the name of the Bill from the Child Poverty Bill to the child and family poverty Bill.”—[*Official Report*, 20 July 2009; Vol. 496, c. 613.]

The measures in the Welfare Reform and Work Bill and the Budget tell us to forget that child poverty has anything to do with parental and household income, and that the Government are going to abolish definitions of child poverty. We heard from the Chancellor of the Exchequer today at Treasury questions that he believes the Budget is offering a contract: higher wages for less dependence on welfare. He said that people would support that contract. I think more people will see the con trick in what the Chancellor is doing than the contract.

Alex Salmond: It will not have escaped the hon. Gentleman's notice that the Government seem to have run out of speakers on the Second Reading of the Finance Bill. Might that be because of the reality that thousands of families with children in every single constituency in this country are going to be worse off as a result of the Budget? Is that why the Tory party seems so unenthusiastic about supporting the Budget?

Mark Durkan: The right hon. Gentleman makes a very good point. I think many people will wonder about the paucity of attendance on the Benches at such an important debate today. We have been served notice that there will be various amendments in later stages of the Bill, but I think people would have expected a bigger attendance here today. Given the impact it will have on many people with marginal incomes and the consternation that many people feel about MPs' pay increases and other matters, they will be wondering where everybody is.

Mr MacNeil: There are questions about where Labour and Tory Members are at the moment. Will the hon. Gentleman hazard a guess that they are perhaps off at merger talks?

Mark Durkan: Maybe they are away celebrating other people's birthdays. [*Laughter.*] Maybe the hon. Gentleman, having had so many interventions, can now safely go and celebrate his. We all know he was here and not somewhere else. In the provisions on the national living wage and some of the other early clauses, the Chancellor seems to be doing exactly what he decried his predecessors for doing: passing legislation to put restraints or constraints on himself. He is advertising in legislation his own behavioural discipline. It is the ultimate political selfie to put oneself into legislation. Some only last for the life of the Parliament, yet are being put into legislation. How gratuitous a political exercise is that? Perhaps that is why other hon. Members cannot see fit to indulge the Bill too much.

Government Members have said that the charter for budget responsibility is a key issue, which it is, but a key aspect of the charter is the welfare cap. In yesterday's debate, we heard references to the benefits cap—there has been much discussion about the benefits cap, which affects households—but less attention has been paid to the overall implications of the welfare cap, which was first introduced as part of the charter last year. If we look at what the summer Budget, as opposed to the March Budget, does for the welfare cap over the next four years, we find some revealing figures. In the March Budget, the overall welfare cap for the UK for 2016-17 was £122.3 billion; in this Budget, it is £115.2 billion. For 2017-18, it was £124.8 billion in the March Budget; it is £114.6 billion in this Budget. It was £127 billion for 2018-19 in the March Budget, ahead of the election; it is £114 billion in the summer Budget, after the election. For 2019-20, it was £129.8 billion in the March Budget; in this summer Budget, it is £113.5 billion. Over those four spending years, that is a cumulative cut of £46.5 billion, as a result of the charter for budget responsibility and the welfare cap.

Many Opposition Members—or perhaps not many of us, as I think only 20-odd of us voted against the welfare cap when it was introduced—said that what

the Treasury was bubble-wrapping as a neutral budgetary tool would turn into a vicious cuts weapon, and now we see it, in the name of the welfare cap. When there is so much discussion about the benefits cap, people forget that the real story is the welfare cap, and that will bear on people in my constituency and lead to more conflict around the next wave of welfare reform when it comes to the Northern Ireland Assembly.

We heard earlier from the hon. Member for East Antrim (Sammy Wilson) and we heard yesterday what he thinks the implications of the cap will be. If he was still here, I would be saying to him directly that on this issue he and his party need to catch on; they have been wrong in the past, and it is a bit late to be scrambling now, when they have invited this very situation. Many of us told them that their support for the welfare cap, on top of their support for the last wave of welfare reform in the Assembly, would lead to this very situation, but they told us to forget about those concerns because there was nothing we could do about it.

Alex Salmond: Will the hon. Gentleman accept that Members from eight political parties last night voted against the welfare Bill, so perhaps it is a case of “better one sinner than repenteth”?

Mark Durkan: Yes, I certainly have no problem with that, and I welcome the breadth of opposition. I also welcome the depth of opposition I heard from some hon. Members who, because of their party’s Whips situation, did not vote but whom I know care passionately about a number of issues and have served notice that they will vote in the amendment stages. I hope, therefore, that we can go further in this Bill and yesterday’s Bill to build on that.

However, let us be clear: this Bill purports to cover more than just the issues that we discussed yesterday. Hon. Members have referred to the questions around corporation tax, and of course the Government have served notice that they are going to reduce it. I am someone who has supported the measures to give Northern Ireland the devolved capacity to vary the rate of corporation tax, and I have no issue or argument against that. Indeed, I predicted that one of the reasons why the Conservatives were so keen to devolve corporation tax was that they wanted to create an excuse or cover to do so in England and Wales as well.

However, although that can be welcome in Northern Ireland at one level, because it means that the cost of any variation in corporation tax for us will be less in time, let us be clear that, contrary to what the hon. Member for East Antrim said yesterday, it will not be parties such as mine holding these issues up; it will be the tactics and policies of the Government, who are trying to create a budgetary arm-lock on the devolved Executive. They are basically saying, “Unless you get your Assembly to pass the legislation that we want in respect of welfare reform, we are going to create budget stress”—which in turn will lead to a budget crisis, which in turn will become a political crisis—“as the price of your failure to do so.”

When we are locked in that budget crisis—which will be contrived and the result of the Government bullying us on welfare reform—they will then say, “You don’t have a balanced and sustainable budget; therefore, you’re not getting your corporation tax powers.” Just as the

Government said they would not introduce the corporation tax Bill until they were satisfied with what it looked like the Assembly was going to do on welfare reform, so they have built in a clause for Northern Ireland in the Bill that says that, come 2017, they will not switch on the power unless they are satisfied that there is a balanced and sustainable budget.

When it comes to the outstanding measures in the Scotland Bill, I hope that hon. Members present in the Chamber will be mindful of the possible need for a clause to prevent the Treasury from adopting any such tactic on the dual exercise of welfare powers between Westminster and the Scottish Parliament, because the “twilight zone” difficulty that Northern Ireland has got into offers a very salient warning.

Jim Shannon (Strangford) (DUP): I have the utmost respect for the hon. Gentleman, and he knows that, but the real reason why we have an impasse in Northern Ireland is the unfortunate delay from the SDLP in supporting the Stormont House agreement, which everyone signed up to. With that comes the delay in the corporation tax benefits for Northern Ireland. Surely it is time now for his party to honestly say, “Let’s support the Stormont House agreement, let’s get corporation tax back and let’s help everyone across the whole of the political spectrum in Northern Ireland.”

Mark Durkan: I would offer the hon. Gentleman the mutual observation of respect, but would also say, first, that we are not holding anything up. The legislation has already been passed. It provides for the switch-on of the powers in 2017. It is the Treasury that is imposing the condition, and let us remember that it is locked on to that condition in a way that is completely wrong and unwarranted. It is basically saying, “Yes, you have the nominal legislative power over welfare reform, but unless you do it exactly to our taste, as karaoke legislation, then we are going to interfere with your budget and claw back from the Barnett formula.” That is wrong. The Treasury has other ways of trying to control these things. If this is about welfare spending, then the Treasury already has a welfare cap that allows it to police welfare spending—literally—without creating budget stress within the Executive and between parties, so there is a different course that can be followed on all this.

As for some of the other provisions, I have no doubt that the Government will go further in their cuts to corporation tax. I know that they are saying that they want to get to 18% by 2020, but the Chancellor said in the second year of the last Parliament that there would be no more corporation tax cuts in that Parliament and of course there were. He is exactly lining up to do that again.

Let me touch on some of the other issues. The hon. Member for East Antrim rightly mentioned the road fund, in that the Chancellor said in his statement that the Government would have to work out exactly what would happen with the equivalent moneys in Northern Ireland—the money that would be raised in vehicle duties. However, I hope it is not the case that only the moneys raised directly in vehicle duties in Northern Ireland would be hypothecated for those purposes. Given the nature of our economy and the fact that many of the key commercial vehicles on our roads are not registered in Northern Ireland—many of those servicing many of our companies, not least in the retail sector, come from

[Mark Durkan]

outside the region—and also, obviously, given our higher rurality, we have high relative overheads on roads, so we would need something more than that.

I asked the Financial Secretary earlier to clarify the position on banking because he seemed to be saying that the bank levy had largely served its purpose: the Government had had to introduce it, but it was very much of its time, and now we needed to move on to something different. Let us recognise that although clause 18 rightly says that, in future, banks will not receive tax relief on expenses for compensation payments made to customers in respect of certain defined issues, until now the banks have been able to claim that tax relief. There is a catalogue of huge liabilities that they face because of their own wrongdoing, but they were able to absorb all that along with the bank levy, so it is not as though the bank levy was a serious burden to them.

Of course, the Government have responded to pressure from the likes of HSBC and StanChart, who have been saying that they will move if something is not done about the bank levy. So the Government have moved on the bank levy, but they are trying to tell the rest of us that that will be more than compensated for by the surcharge on corporation tax. If they reduce corporation tax by much more than they are currently advertising, that surcharge will not amount to as much. Given how they have rolled over on the bank levy, it is not very hard to canvass the suspicion that they will equally ameliorate the intended surcharge in response to the same threat.

On renewables, I do not intend to go on at anything like the same length or in the same colour as the hon. Member for East Antrim, but I want to make it clear that there is a different view from Northern Ireland. We see the Chancellor's measures as directly interfering in our capacity to have a greener economy and to grow firms and businesses. It is a key target of the single electricity market in Ireland, north and south, to achieve over 40% supply from renewables. It is a key element in the grid investment that is needed. It is also a key aspect of the market, both north and south, to seek to export in terms of renewables. The Chancellor's measures therefore fundamentally interfere in one of the growth sectors in Northern Ireland. It is a growth sector not only in terms of generation but in terms of renewable technologies, and the investment and export that goes with those. We take a fundamentally different view from that of the hon. Member for East Antrim. Let me be very clear: on issues such as contracts for difference, we have different politics, different starting points and different end points.

I agree with the hon. Gentleman on the age restriction on the national living wage; the fact that it does not apply to under-25s is grossly wrong. The whole concept of the national living wage as put forward by the Chancellor is not only an attempt to slightly enhance or rebadge the minimum wage; it is a blatant attempt to puncture the living wage, and to change its agenda and what is intended by it. That comes alongside other measures that we have discussed, such as changes to tax credits, which will directly take over £1,200 a year—over £100 a month—from people who are in work.

We are told that nobody who has more than two children at the moment will lose out as a result of the changes to the limits on child benefit; that will come

later. If we are really to believe what Conservative Members were telling us earlier—that the number of children that people are having is an economic choice to do with the availability of tax credits and the eligibility for benefits—we need to hear from relevant Ministers how they will cope with the baby boom that we will have before April 2017, as people ensure that children are born in time to qualify for benefits. There will be either a race for benefits or a race for births, or both, if we believe half of what we heard across the way yesterday.

The new banking measures replace the big measures that were introduced by the Prime Minister and the Chancellor during the last Parliament, otherwise known as Project Merlin. A fairly effete bank levy was intended to sort out the banks and put manners on them. Now we have a new Project Merlin: the Chancellor seems to have decided to take key social policies from Merlin Entertainments. A family means two adults and two children, and no more. There is no deal for anyone who goes beyond that.

4.55 pm

Tommy Sheppard (Edinburgh East) (SNP): I rise to speak in support of the SNP amendment and, hopefully, to persuade the House to deny the Bill a Second Reading.

Before I go into the details of the Bill, I want to deal with a question of overview. Over the years, we have grown used to hearing glib statements from the Government, and soundbites rather than substance. Many of us marvel at the fact that the Conservatives manage, without smile or grimace, to get the words “working people” out of their mouths quite so often, given that, we suspect, some of them rarely meet the working people of this country, let alone have their best interests at heart. We have also grown used to the phrase “long-term economic plan”, although the plan has been going for five years and has so far failed to meet every single objective that was set for it by the Chancellor. The latest mantra we hear consists of six words: the Conservatives believe in “high wages, low taxes, low welfare”. That is the type of society that they want to see.

I think it was the hon. Member for Gloucester (Richard Graham) who, at an early stage in the debate, asked the Opposition spokesman, the hon. Member for Birmingham, Ladywood (Shabana Mahmood), whether she agreed with the general direction indicated by those six words. I do not want to misrepresent the hon. Lady, but I did not hear her response, and I think that she tried to dodge the question. Well, I do not want to dodge the question. I want to say that I consider that statement to be facetious, glib and shallow, and that it is not a statement with which my colleagues and I agree.

I want to see a society in which there are high wages, fair taxes and decent welfare provision for everyone, and that is what I think we should be aiming for. I believe that prosperity is not just about what we have as individuals, and the wealth that one family gets through a wage packet, but about the things that we have together, in our society and in our communities. I believe in the whole concept of the social wage. If we know that we have well-funded, adequate, strong public services in respect of, for instance, health and education, and if we know that we have a strong system of social insurance that gives us a safety net should we fall ill, suffer disability, or find ourselves between periods of employment, we are much richer as a result. That is our attitude, and that is the philosophy in which we believe.

Let me now deal with some of the provisions in the Bill. So far, no one has discussed the tax lock provisions in clauses 1 and 2. The Government are saying that, for the remainder of the current Parliament, they will take upon themselves a legal obligation not to increase VAT or income tax. I made some inquiries about that, because I thought it a strange thing for the Government to want to do. After all, they are the Government now, and they will be the Government next year and for the following five years. If these provisions are included in what will become the Finance Act 2015, it will only take a clause in the 2016 Finance Bill to overturn them. They are therefore literally not worth the paper on which they are written. That is another example of a Government who prefer public relations to concern about the public finances.

The second detailed issue that I want to raise is that of the personal allowance. Members on both sides of the House will probably welcome the increase in the allowance and, as we are told, the ability of people to keep a little more of what they earn; but let us not kid ourselves.

Angela Crawley: IFS figures state that a £1,000 increase in work allowance available to a single parent earning £12,000 would boost their income by £650 a year, whereas in contrast a £1,000 increase in personal allowance would mean a family would benefit by only £70, resulting in further child poverty. Does my hon. Friend agree that this will not help families?

Tommy Sheppard: I agree with my hon. Friend and was just about to make that point, which has been endorsed by the IFS and others. The personal allowance is one lever we can use to enable people to keep more of what they earn, but we should not fool ourselves that it is going to do something about the lowest paid in our society and that it is the only thing we should do. Let us compare and contrast it with action on the work allowance, for example, which is the amount of money people are allowed to earn before they begin to lose benefit. As my hon. Friend said, increasing that by £1,000 would have a much better effect than increasing the personal allowance by £1,000.

Our manifesto had a proposal to increase the work allowance to 20% to allow people to keep more of the money they earn. That would also provide a powerful incentive for people either to go out and get higher paid work or to get more work, knowing they would be able to benefit from that and would not lose benefits as a consequence. Under these current proposals, however, someone who today has a part-time job earning, say, £5,000 a year will either lose benefits or have to work less and earn less than £5,000 to keep their benefits. Either way, their household income will go down. That will make the poorest in our society poorer still, and it is a serious indictment of this Government that that is the direction they are going in.

On inheritance tax, I do not think any Member of this House would suggest for one minute that people should not be allowed to pass on their good fortune to their children. All of us believe in that, but this is the question: when doing that, should the luckiest in our society who have benefited the most, as well as passing most of what they have on to their children, also make some contribution to other people's children and society as a whole? That is why we have taxation, after all.

Governments and their policies are about priorities and this Government have shown their priority is to look after people who live in £1 million houses and make the tax burden easier for them while clobbering the poorest in our society.

I also want to echo the comments of my hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin), who proposed our amendment, and ask the Minister to examine in the context of this Bill the serious value added tax anomaly that has built up in Scotland with our police and fire and rescue services. There is an opportunity to remove this anomaly whereby the forces in Scotland are the only ones in all of these islands that have to pay VAT. Police Scotland has to pay £23 million a year to the Exchequer. That is extremely unfair and it places a great burden on that service. The money would be better spent on police officers on the streets defending us against crime. Given the Government's apparent commitment to doing something about crime in our society, I hope they will take that on board. If Ministers cannot deal with this point in today's debate, perhaps they will at least give an undertaking to look into it as the Bill goes to Committee.

The insurance premium tax measure is a clear example of this Bill's policies not being about those who can afford to pay the most and who have the broadest shoulders and are able to cope with this burden. Those who live in high-crime areas are usually in poorer households and poorer communities, and they will face heavier insurance bills—if, indeed, they can afford to buy insurance. As a result of this policy, we are taxing people who have to pay those premiums in those areas more than people in the leafy suburbs who are much better able to pay. This is an iniquitous, devious little measure, and it should be rejected.

I have two further points to make. First, there is the most interesting question of this entire debate—and we have sat here for hours now. It is, where are Her Majesty's loyal Opposition? I was taken aback when I heard the Labour party's representative say that it would abstain on this Bill, so I spent an hour out of the Chamber doing a little research. On 6 July 2010, the Labour party voted against the Second Reading of the Finance Bill. On 26 April 2011, the Labour party voted against the Finance Bill on Second Reading. Members may see where I am going with this. On 16 April 2012, there was a Division on Second Reading and Labour voted against the Finance Bill. On 15 April 2013, there was a Division on Second Reading of the Finance Bill and Labour voted against it. On 1 April 2014, Labour voted for its own reasoned amendment and then against Second Reading of the Finance Bill.

For five years the Opposition have voted against the Government's Finance Bill on its Second Reading. Can it possibly be that the difference then was that it was a coalition Finance Bill put forward with the Liberal Democrats, and that, now, the Opposition find this Finance Bill, put forward just by the Conservative party, to be more acceptable? Even I would find that incredibly implausible, so I urge and plead with Labour Members, because the country needs better than this. The people who did not vote for the Conservative party—63% of them—expect it to be opposed in this Chamber, and, even if Labour Members agree with one or two things in the Bill, surely they can see that its overall rubric and intent is to penalise those people in

[Tommy Sheppard]

society whom they should stand up for. I appeal to Labour Members to reconsider their position on this issue and to join us in the Lobby tonight as we vote against the Bill on its Second Reading.

My final point is this: in my country this Government have no mandate to bring forward these proposals. They got 14% of the votes in Scotland; they have one out of 59 Scottish MPs. Our country is completely opposed to the Bill, and the people have sent us here with a mandate to oppose it. That more than anything else shows the need for these measures to be transferred to the Scottish Parliament—in order that the Scottish Government can deliver to the Scottish people their own democratic wishes and the type of society that they want to see.

Barbara Keeley *rose—*

Alex Salmond *rose—*

Madam Deputy Speaker (Mrs Eleanor Laing): Order. The right hon. Member for Gordon (Alex Salmond) puts me in something of a dilemma, because he appears to be indicating that he wishes to take part in the debate, but I do not recall that he was here for the opening speeches. I do not think he was, was he? If he wishes to contradict me with evidence, I will of course accept his point. I will allow him to explain.

Alex Salmond: I am grateful for the opportunity, Madam Deputy Speaker. I have been here for some substantial time in this debate—not for the opening speeches, but longer than just about any Labour or Conservative Member, apart from those on the two Front Benches. Indeed, I was here when the total number of Labour and Conservative Members present was in single figures. I am well aware of the rules of the House, Madam Deputy Speaker—[*Interruption.*]

Madam Deputy Speaker: Order. It is not for anyone else to judge who will speak and not speak in the Chamber. The right hon. Gentleman is, indeed, well aware of the rules of the House, as a seasoned performer in this Chamber. I know that he will appreciate that I also am aware that he was here for much of the debate, but not for the opening speeches. There are other people whom I have prevented from speaking earlier this afternoon because they were not here for the opening speeches. It is, however, obviously open to the right hon. Gentleman to intervene during the winding-up speeches that are about to begin from the Front Benches.

Sir Edward Leigh (Gainsborough) (Con): On a point of order, Madam Deputy Speaker. I am very interested in your ruling, Madam Deputy Speaker. In future, will it not be open to members of the Whips Office, either Government or Opposition, to drag people in late in a debate to speak? Will that not be open to the Whips Office?

Madam Deputy Speaker: That has never been the case. If a Member is not here for the Minister's opening speech and the opening speech of the Opposition, whichever Opposition that might be, they do not have a right to be called in the debate. But I have just ruled that there is

nothing to stop a Member making an intervention in the speech of another Member, should there be some very pressing and important point that that Member wishes to make.

Simon Hoare (North Dorset) (Con): Further to that point of order, Madam Deputy Speaker. I understand the ruling entirely, but will you clarify one thing? Is the speech of the principal spokesman from the Scottish National party to be deemed as an opening speech to which Members should be listening, or do the opening speeches principally come from the Treasury team and the Official Opposition?

Madam Deputy Speaker: Normally, speeches from the Treasury Front Bench and the Official Opposition Front Bench count as the opening speeches. But I have to say that that is a very narrow way of looking at the issue. If a Member wishes to take part in a debate—[*Interruption.*] Order. If a Member wishes to take part in a debate, it would be courteous and proper to be here for the whole of the debate. I am making no criticism of the right hon. Member for Gordon, who was here for much of yesterday's debate and for much of today's debate. I am just not allowing him to make a speech; it is not that I am not allowing him to say anything.

Alex Salmond: On a point of order, Madam Deputy Speaker. May I just point out that it is not immediately obvious to Members that a Second Reading debate on the Finance Bill will not be able to fulfil its time slot—they are not aware of that at the start of a debate? But, Madam Deputy Speaker, may I say that, as ever, your ruling has been most gracefully made, and therefore will be most gracefully accepted.

Madam Deputy Speaker: I thank the right hon. Gentleman for his graceful point of order.

5.11 pm

Barbara Keeley (Worsley and Eccles South) (Lab): Thank you, Madam Deputy Speaker, for calling me to speak. It seems that it is third time lucky.

We have had a lively debate. We heard speeches from the hon. Members for Charnwood (Edward Argar), for Kirkcaldy and Cowdenbeath (Roger Mullin), for Dudley South (Mike Wood), for East Antrim (Sammy Wilson) and for Lewes (Maria Caulfield), my hon. Friend the Member for Hornsey and Wood Green (Catherine West), the hon. and learned Member for South East Cambridgeshire (Lucy Frazer), and the hon. Members for Brighton, Pavilion (Caroline Lucas), for East Lothian (George Kerevan), for Foyle (Mark Durkan) and for Edinburgh East (Tommy Sheppard).

Last week, the Labour Opposition voted against the Budget, which my hon. Friend the Member for Streatham (Mr Umunna), the shadow Business Secretary, described as “unfair” and “regressive” and

“not equal to the challenges that we face as a country.”—[*Official Report*, 14 July 2015; Vol. 598, c. 768.]

This is the context in which we start our scrutiny of the summer Finance Bill. There has been much rhetoric and spin from Ministers but little acknowledgment of the hardship that the Government's measures will cause to more than 3 million people on low incomes. We heard much on that point today.

The hon. Member for Edinburgh East challenged my hon. Friend the shadow Chief Secretary on Labour's stance on the general direction of the Finance Bill. I am not a *Hansard* writer, so I do not claim that this is absolutely verbatim, but it is worth repeating what my hon. Friend said, which was that Labour disputes the Government's characterisation of the measures in the Budget and the Bill. We do not see them as they see them. They use these descriptions of national living wage, working people and so on, but we do not see it that way. However—this is an important point—the measures we oppose are not all in this Bill. Some will be in delegated legislation. I hope that explains our position to the hon. Gentleman.

Given the hardship that the Budget's measures will cause to 3 million families on low incomes and that we debated yesterday, the tax lock is of course welcome. However, there were giveaways in this Budget, which are detailed in the Finance Bill, such as the cut to inheritance tax. That featured a number of times in the debate. I want to question the priorities that are behind the choices made by this Government. Whenever we talk about increases to the national minimum wage, we must bear in mind, as many Members have done, that the cuts to tax credits more than outweigh those wage increases. My hon. Friends have taken the opportunity to outline our opposition to these regressive measures that will hit more than 3 million working people. Despite the gimmick of the tax lock on VAT and income tax, the Government's other tax increases will also have an impact on families over and above the impact from cuts in tax credits.

Ian Blackford: I am pleased that the hon. Lady mentioned Labour's opposition to the impact of the tax credits, but there is concern on the SNP Benches and elsewhere in the country—this goes to the heart of the matter—that people who will be affected by the Budget and what is happening in this Finance Bill need leadership. It is that failure to give leadership—to oppose, as the Opposition party in this House—and to stand up for people who are affected by these measures on which the Labour Opposition will be judged.

Barbara Keeley: I do not believe that is the case. We have been through the whole of the last Parliament being the official Opposition and we are still in that position again after the election, much to our chagrin. I know there are a lot of new Members in the House, but I must say that a Bill does not pass through the Commons in one sitting—it does not pass through the Commons in one day—because it goes to Committee. When we come back in September we will have a Committee of the whole House, and we have started to table amendments for debate on those days. There are also Public Bill Committee sittings, Report and Third Reading, so there are many occasions when speeches can be made.

Alex Salmond: As my hon. Friend the Member for Edinburgh East (Tommy Sheppard) pointed out, the Labour Opposition have divided the House on the Finance Bill for every Budget since 2010. What is it about this Budget—this extraordinary, regressive Budget—that makes it such that the Labour party does not want to support our opposition to it?

Barbara Keeley: I have made the point about the characterisation of the Budget. The right hon. Gentleman will have to take my word for it that some earlier Finance Bills contained all the measures that were in the Budget. Much of this Budget is split. It is not all in this Bill or the Welfare Reform and Work Bill. Some of it will be in delegated legislation. There will be plenty of opportunities to make the arguments he puts. Opposing at this point is not the only thing that we can do as an Opposition, and Members will just have to take my word for that.

Despite the gimmick of the tax lock on VAT and income tax, the Government's other tax increases will have an impact on families over and above the impact from cuts in tax credits, as I said. The rate of insurance premium tax is increasing by more than 50%, which will be a hit to the cost of insurance for the family home, the family car and family holidays. A number of hon. Members referred to that. Insurance industry experts have raised concerns about the impact that this tax increase could have on the take-up of insurance. They have warned that it may mean policyholders buy less cover, in effect "taxing protection". Half the poorest households do not have home contents insurance, and those households are more than three times as likely to be burgled as those with insurance. That leaves low-income households less financially able to replace goods lost through burglary, fire or flood. That point obviously was not understood by the hon. Member who mentioned it earlier.

We have welcomed the increase in the minimum wage set out in clauses 3 and 4. The Government are adopting a Labour policy to increase the value of the national minimum wage, a measure we introduced in 1998 in the face of fierce opposition—one could almost say ferocious opposition—from Conservatives. My hon. Friend the Member for Hornsey and Wood Green spoke effectively about implementing the real living wage and about the safety net that tax credits can provide as people move in and out of low-paid work. We had a number of useful interventions in which hon. Members clarified the status of the real national living wage versus the increased national minimum wage. Leaving aside that issue, it would help if the Chancellor got his facts right. In an article in *The Guardian* yesterday, he claimed that 2.7 million people would gain £5,000 each from the increase to the national minimum wage, but the Low Pay Commission tells us that there are, in fact, 1.4 million people in minimum wage jobs, including only 1.2 million people who are over 21. Perhaps the Minister can tell us why the Chancellor persists in using such incorrect figures.

There is real concern about the impact of minimum wage increases on social care provision, funded through local authority budgets, if the Government do not fund the increase in the minimum wage as it is a new burden on local authorities. The care sector is one of the lowest-paid sectors. The planned increases in the national minimum wage for care workers have been estimated by the Local Government Association to cost £330 million this year, rising to £1 billion a year by 2020. The Opposition believe that low-paid care workers should have a wage increase, but we obviously need to find ways to fund it that do not involve further cuts to care or other local authority services. I am sure that my hon. Friend, who was leader of her council, has battled through that, as have other local authority leaders.

[Barbara Keeley]

Ministers are clearly in a mess over the funding of social care. Since the Budget, the Government have abandoned their manifesto pledge to cap care costs from next year, as we heard in Treasury questions this morning. Indeed, the vice-president of the Association of Directors of Adult Social Services has said that the pressures of rising demand, punitively reduced budgets and the impending obligation to pay increased wages all “put an intolerable strain on social care finance.”

Abandoning the care cap seems to be a short-term palliative to those funding issues, but it will come at a high cost to people living with dementia and other long-term conditions.

The Opposition therefore question the Government’s priorities. Bringing in the nil-rate band of inheritance tax for properties worth up to £1 million when the property passes to direct descendants will cost almost £1 billion by 2020 onwards, yet families of people who need social care for long periods can lose nearly all the value of their homes through paying for care. It seems, unless the Minister can enlighten us otherwise, that there is no ray of hope for them in this Parliament.

The IFS has described the removal of the climate change levy exemption on renewables as a measure that makes “no economic sense”. Friends of the Earth has said that the change shifts the climate change levy from a carbon tax to just a tax on all electricity consumed. A number of interventions and speeches touched on that.

Andrew Gwynne: Of course, we should not be surprised about the changes to the climate change levy, given that the Government have already signalled their direction of travel through their proposed changes to onshore wind. Does my hon. Friend agree that that is a retrograde step, given that the United Kingdom is such a leader in renewable energy?

Barbara Keeley: Indeed I do. My hon. Friend the shadow Chief Secretary noted that the Chartered Institute of Taxation has suggested having some kind of audit and report on the way forward for the sector, which would be very helpful.

The removal of that exemption will come at a cost to companies and to the environment. It makes little sense to remove the exemption for renewable energy generators in the UK. It will not only increase tax on business consumption of energy, but reduce the relationship between the tax paid and the carbon content of the energy, as a number of Members have noted. The Opposition believe that the Government should be encouraging the renewables sector to develop and grow. Cutting green subsidies risks being a false economy and may cost the UK economy more in the long term.

It is right that banks should pay their fair share of tax. The bank levy, as many Members have noted, was designed to discourage risky borrowing. Now the Government plan to reduce the bank levy gradually. Instead, banks will be subject to an 8% corporation tax surcharge on bank profits from January 2016. The IFS estimates that the change to the bank levy will cost the Exchequer £1.8 billion from 2021 onwards, whereas the 8% corporation tax surcharge on bank profits will raise only £1.3 billion.

There is a question of priorities here. Is it fair at this time, when working families are going to be made worse off by the Government’s plans, to reduce the levy paid by the banks in that way? The Minister will probably say that it will make money in the longer term, but many concerns have been raised. The IFS and other organisations have raised concerns about the possibility of perverse incentives and disproportionate impacts on parts of the banking sector.

We want to ensure that the Bill helps to create a system in which banks are taxed proportionately and fairly. A number of concerns were raised about the impact of the corporation tax surcharge on bank profits on building societies and challenger banks. We clearly need to examine the issue closely in Committee of the whole House.

On tax avoidance, the Financial Secretary to the Treasury, who is not in his place, was asked whether £5 billion was small beer. Certainly, our Labour target for tax avoidance was £7.5 billion by the middle of this Parliament, and Labour Members have raised many points of concern about tax avoidance, including on the importance of going further to close the Mayfair loophole. We will return to those tax avoidance issues later in our scrutiny of the Bill.

Although we agree with some measures in the Bill, others obviously need to be amended. It is clear that the Budget, and hence the Finance Bill, together with the Welfare Reform and Work Bill, will have a regressive impact, and the Finance Bill highlights the wrong priorities chosen by this Government. The Chancellor claimed that his Budget was moving us to a low-tax society, when tax increases are actually at twice the level of tax cuts. Budget giveaways, like the cut to inheritance tax, look like the wrong priority when they are viewed against measures to penalise 3 million of the lowest-income households by £1,000 a year. Families will also be penalised when they take out insurance on their family car or home contents, if they can still afford to take out insurance on their car and home contents. A point which I come back to because it is so important is that the Government’s priorities mean that one group of families, with homes to a value of £1 million, are to be protected from inheritance tax, while the families of people needing social care over long periods will have no cap on the costs of their care.

We will return to the issues of bank taxation, the insurance premium tax and the climate change levy in our debates in Committee in September, and I hope Ministers will have time in between for more reflection on their priorities.

This is not the pre-recess Adjournment debate, but a number of good wishes have been expressed and I should like to add to them. I will take a chance here and wish the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) happy birthday; I am sure I made a mess of the pronunciation. Madam Deputy Speaker, I would like to wish all Members of the House a good recess and wish all the Officers and you a good summer, with some time off for a break before we return.

5.26 pm

The Exchequer Secretary to the Treasury (Damian Hinds): It is a pleasure to close this wide-ranging and lively debate. The right hon. Member for Gordon (Alex Salmond) reminded us, in a timely intervention, that it could have

gone to any hour, but in the event it was not to be. We were helped in our timeliness by the Labour party. It has only been a short week so far, but it has not been a great week for Labour unity. Nevertheless, it has discovered a new answer to the question of how not to show disunity, which is preferably not to show up at all.

This Government have set out a bold plan for the next stage of Britain's economic recovery and this Finance Bill helps us to deliver it. The Bill will help move our economy from a low-wage, high-tax, high-welfare economy to a higher-wage, lower-tax, less welfare-reliant economy. It rewards work and ensures that hard-working families can keep more of the money they earn. It cuts taxes for businesses, helping them to create jobs and deliver the growth we need to secure the future prosperity of our nation. And it tackles avoidance.

Alex Salmond: Let us get to the nub of this. Is it not the case, confirmed by a number of analysts, that in every single constituency in this country, thousands of families with children will be worse off as a result of the Budget? What does he say to those low-paid families who will be substantially worse off as a result of this Budget?

Damian Hinds: What "he" says is that eight out of 10 families will be better off as a result of the blend—the complete set—of measures in the summer Budget.

Sir Edward Leigh: With regard to the point about removing tax credits to families with more than two children, I want to establish a principle which I think is quite important. Perhaps I should declare an interest: I have six children. I apologise for that. I just want to establish that the Government are not following the sort of liberal line that there is an ideal family—that a family of two children is more worthy than one of one or three or four or five. The Government are not approaching the subject from that viewpoint, are they? We can at least establish that principle, can we not?

Damian Hinds: I can confirm that absolutely. We have not managed six in my household but we do have three, and I, like my hon. Friend, do not think there is an ideal number of children to have in a family. I do not think it is for Government to say what that should be. But what we do say is that in making decisions about starting a family and about growing their family, people in different circumstances, whether they are supporting themselves entirely through employment or with the help of benefits, should have to make the same sorts of decisions.

Caroline Lucas *rose*—

Damian Hinds: I must make progress. I must respond to several points that were raised in the debate.

This Bill takes the next steps towards Britain's sustained economic security, putting us on the right path towards meeting our ambition to be the most prosperous major economy in the world within a generation. As the hon. Member for Worsley and Eccles South (Barbara Keeley) pointed out, the Bill is not about everything that is in the Budget. The Finance Bill is limited in scope specifically to tax measures intended for general expenditure. The national living wage is not within its scope, but as the direct question came up of how the Government would bring it in, I confirm that we will be making regulations to introduce it for April 2016.

I want to respond to a number of other points. The hon. Member for Kirkcaldy and Cowdenbeath (Roger Mullin) suggested that changes to inheritance tax were only to protect the rich. As a result of rising house prices, inheritance tax increasingly hits people with normal family homes and, without action, the number of estates facing an IHT bill was forecast to double from about 35,000 in 2014-15 to 63,000 in 2021. As he will know, there are provisions such that it is clawed back from the very largest estates so that the wealthiest people do not in fact benefit.

The hon. Gentleman and the hon. Member for Hornsey and Wood Green (Catherine West) and others mentioned the so-called Mayfair loophole and the treatment of carried interest. Carried interest is treated as a capital gain in the UK, as in most other jurisdictions, because it is not exactly the same as a salary; it reflects the return to the manager in terms of some of investment risk that they have undertaken. That is aligned to the tax treatment applied to other investors.

The hon. Member for Kirkcaldy and Cowdenbeath spoke powerfully about the vital and sometimes dangerous work done by the emergency services in Scotland, as did the hon. Member for Edinburgh East (Tommy Sheppard), and asked about VAT treatment. The discontinuation of local funding for police, fire and rescue services in Scotland was a decision by the Scottish Government, not the UK Government. The Scottish Government were explicitly advised of the VAT consequences of that reorganisation. Because these bodies are no longer funded through local taxation, the rationale for providing exemption under section 33 of the Value Added Tax Act 1994 does not apply.

The hon. Member for East Antrim (Sammy Wilson), apart from his very engaging mini-debate with the hon. Member for Brighton, Pavilion (Caroline Lucas), asked about take-up of the employment allowance in Northern Ireland. It has been taken up by 27,000 businesses—an 84% take-up rate, which is a wee bit below the UK average, but fairly close to it. Of course, we must continue to draw attention to its benefits.

The hon. Member for Hornsey and Wood Green rightly talked about the vital role of childcare in enabling productivity gains. She mentioned particularly the importance of enabling mums to return to the workplace sooner if they so wish. I am sure that she will therefore welcome our increasing the facility for three and four-year-olds to 30 hours.

The hon. Member for East Lothian (George Kerevan) talked about the productivity problem. I am sure that he would not suggest that it is a new problem, but if he had, it would have been misleading, as it has been around for a long time. I make no apology for the fact that in 2010, facing the economic crisis that we did, the very top priority of the incoming Government was to keep people in work. The success of that approach has been reflected in the 2 million jobs created over the past five years.

The hon. Members for Foyle (Mark Durkan) and for East Antrim asked about what would happen with vehicle excise duty in Northern Ireland. Devolved Administrations will of course continue to get funding for roads through the Barnett formula, and they could establish a specific fund for their roads if they chose.

[*Damian Hinds*]

We heard a number of other excellent speeches. My hon. Friend the Member for Lewes (Maria Caulfield) reminded us of the context of the deficit. My hon. and learned Friend the Member for South East Cambridgeshire (Lucy Frazer) said that it was easy to come up with reasons for not doing things now but that now is the right time to get on with these important measures. She and my hon. Friend the Member for Dudley South (Mike Wood) talked about the importance of businesses in creating jobs, and welcomed the apprenticeships levy.

Fairness was at the fore of the debate a number of times. My hon. Friend the Member for Charnwood (Edward Argar) put it very well when he said that we believe in a low-tax economy in which everyone pays their fair share. He is correct that our plans include improved tax recovery. It is partly because of that that we can ensure that everyone, especially the low-paid, can keep more of what they earn, as my hon. Friend the Member for Bexhill and Battle (Huw Merriman) noted.

Indeed, we have always believed that working people should be free to keep more of the money they earn. That is one of the most powerful incentives to aspiration. During the last Parliament, we increased the personal allowance from the £6,475 we inherited to £10,600. Clauses 5 and 6 will increase the personal allowance to £11,000 in 2016-17 and to £11,200 in 2017-18, and increase the higher rate threshold to £43,000 and to £43,600 respectively. As a result, nearly 600,000 more individuals will be taken out of income tax by 2016-17. These are important steps towards the Government's ambition to increase the personal allowance to £12,500 by the end of the Parliament. We will ensure that, when that is achieved, the personal allowance will be uprated in line with the national minimum wage so that no one working 30 hours on the national minimum wage will pay income tax.

Barbara Keeley *rose—*

Damian Hinds: I had better continue, as I still have several of points to which I need to respond.

The Finance Bill provides further certainty for the people of this country by legislating for the income tax and VAT elements of the tax lock in clauses 1 and 2, which delivers our manifesto commitment to rule out in law any increases in the main rates of income tax, VAT or national insurance for the duration of this Parliament.

Finally, the Finance Bill recognises and rewards the natural aspiration to own your own home not just as a place to live, but as a piece of security, an asset to invest in through your working life, to take with you into retirement and one day to be able to pass on to your children.

Barbara Keeley: I am glad that the Minister has managed to spare some time out of the 90 or so minutes that remain. I raised the issue of the care cap, to which he has not responded at all. It will cost £1 billion to bring in the nil-rate band on inheritance tax. The Minister talked about childcare, but he has not touched on that particular point. [*Interruption.*]

Madam Deputy Speaker (Mrs Eleanor Laing): Order. I cannot hear the hon. Lady. The Members who have been in the Chamber for the whole debate will wish to

hear her and the Minister's answer. If other people, who have not been here for the debate, wish to have conversations, they can have them outside the Chamber.

Barbara Keeley: Will the Minister respond to the point I raised: is it reasonable to spend £1 billion so that people can pass on the value of their homes while others—people with dementia and other long-term conditions—can lose everything they have and all the value of their home through paying down care costs?

Damian Hinds: The hon. Lady will know that we still intend to bring forward the cap. It has had to be delayed, but we intend to do it during this Parliament. The Budget delivers for all the people of this country, including those who work hard, save hard and want to be able to pass on an asset to their children. In the Bill, we introduce a new £175,000 per person transferable allowance when a person's home is passed on at death to their children or grandchildren. With the allowance, married couples and civil partners can now pass on an estate worth up to £1 million before having to pay any inheritance tax.

Mark Durkan: Will the Minister give way?

Damian Hinds: I will not give way, if the hon. Gentleman will forgive me.

Productive businesses are the fundamental drivers of national growth. Back in 2010, our corporation tax rate was 28%. Over the course of the last Parliament, we reduced it to its current level of 20%, the joint lowest in the G20. We are reaping the rewards of that, with the UK growing faster than any other G7 economy in 2014. Now we will go further. Clause 7 cuts the rate to 19% in 2017 and to 18% in 2020. The cuts will save businesses a further £6.6 billion by 2021. In addition, clause 8 sets a new permanent level for the annual investment allowance. At £200,000, it is the highest ever permanent level.

We need to invest more in our roads, because their quality has fallen behind as a result of decades of under-investment. That is why we have the reform of vehicle excise duty, which supports the creation of a new roads fund and puts vehicle excise duty revenues on a long-term, sustainable footing.

To respond to the hon. Member for Brighton, Pavilion, the incentives will still be there to purchase lower-carbon vehicles in the first year rates. We know from research that people focus on the first year rate in particular when buying a car. We will do that while dealing with the unfairness that my hon. Friend the Member for Lewes rightly identified, whereby people driving a second-hand car can pay a lot more than those who can afford to buy a new model every couple of years.

It is right that banks make a fair contribution to the public finances that reflects the risk that they pose to the UK economy. That is why we introduced the bank levy in the last Parliament. The additional contribution needs to be balanced with consideration for the UK's global competitiveness. Therefore, we are legislating for a package of measures that includes making sure that banks cannot profit from the fines they incur and the supplementary rate of tax. I reassure hon. Members about the impact on smaller challenger banks, which we greatly support. The way in which the charge is structured will ensure that they are not adversely or unduly affected.

This is an ambitious Finance Bill for an ambitious nation. It rewards work and investment, provides certainty and security for families and businesses, delivers significant tax reform, helps our economy to be even more competitive internationally, and ensures that the burden of fiscal consolidation is distributed fairly. The Finance Bill marks the next step forward in our long-term economic plan and I commend it to the House.

Question put, That the amendment be made.

The House divided: Ayes 61, Noes 307.

Division No. 52]

[5.41 pm

AYES

Ahmed-Sheikh, Ms Tasmina
Arkless, Richard
Bardell, Hannah
Black, Mhairi
Blackford, Ian
Blackman, Kirsty
Boswell, Philip
Brock, Deidre
Brown, Alan
Cameron, Dr Lisa
Chapman, Douglas
Cherry, Joanna
Cowan, Ronnie
Crawley, Angela
Day, Martyn
Docherty, Martin John
Donaldson, Stuart
Durkan, Mark
Ferrier, Margaret
Gethins, Stephen
Gibson, Patricia
Grady, Patrick
Grant, Peter
Gray, Neil
Hendry, Drew
Hosie, Stewart
Kerevan, George
Kerr, Calum
Law, Chris
Lucas, Caroline
MacNeil, Mr Angus Brendan
Mc Nally, John
McCaig, Callum

McDonald, Stewart
McDonald, Stuart C.
McDonnell, Dr Alasdair
McGarry, Natalie
McLaughlin, Anne
Monaghan, Carol
Monaghan, Dr Paul
Mullin, Roger
Newlands, Gavin
Nicolson, John
O'Hara, Brendan
Oswald, Kirsten
Paterson, Steven
Ritchie, Ms Margaret
Robertson, Angus
Salmond, rh Alex
Shannon, Jim
Sheppard, Tommy
Skinner, Mr Dennis
Stephens, Chris
Thewliss, Alison
Thompson, Owen
Thomson, Michelle
Weir, Mike
Whiteford, Dr Eilidh
Whitford, Dr Philippa
Wilson, Corri
Wishart, Pete

Tellers for the Ayes:
Marion Fellows and
Jonathan Edwards

NOES

Adams, Nigel
Aldous, Peter
Allan, Lucy
Allen, Heidi
Amess, Sir David
Andrew, Stuart
Ansell, Caroline
Argar, Edward
Atkins, Victoria
Bacon, Mr Richard
Baker, Mr Steve
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Berry, James
Bingham, Andrew
Blackman, Bob
Blackwood, Nicola
Blunt, Crispin
Boles, Nick
Bone, Mr Peter
Borwick, Victoria
Bottomley, Sir Peter
Bradley, Karen
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, rh James
Bruce, Fiona
Buckland, Robert
Burns, Conor
Burns, rh Sir Simon

Burrowes, Mr David
Burt, rh Alistair
Cairns, Alun
Cameron, rh Mr David
Campbell, Mr Gregory
Carmichael, Neil
Cartlidge, James
Cash, Sir William
Caulfield, Maria
Chalk, Alex
Chishti, Rehman
Chope, Mr Christopher
Clark, rh Greg
Clarke, rh Mr Kenneth
Cleverly, James
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colville, Oliver
Costa, Alberto
Cox, Mr Geoffrey
Crabb, rh Stephen
Crouch, Tracey
Davies, Byron
Davies, David T. C.
Davies, Glyn
Davies, Dr James
Davies, Mims
Davies, Philip
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donelan, Michelle
Dorries, Nadine
Double, Steve
Dowden, Oliver
Doyle-Price, Jackie
Drax, Richard
Drummond, Mrs Flick
Duncan, rh Sir Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Mr Nigel
Evennett, rh Mr David
Fabricant, Michael
Fallon, rh Michael
Fernandes, Suella
Field, rh Mark
Foster, Kevin
Fox, rh Dr Liam
Francois, rh Mr Mark
Frazer, Lucy
Freeman, George
Freer, Mike
Fuller, Richard
Fysh, Marcus
Garnier, rh Sir Edward
Garnier, Mark
Gauke, Mr David
Ghani, Nusrat
Gibb, Mr Nick

Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Chris
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, rh Robert
Hall, Luke
Hammond, Stephen
Hancock, rh Matthew
Hands, rh Greg
Harper, rh Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Heaton-Harris, Chris
Heaton-Jones, Peter
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoare, Simon
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Howarth, Sir Gerald
Howell, John
Howlett, Ben
Huddleston, Nigel
Hunt, rh Mr Jeremy
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, rh Sajid
Jayawardena, Mr Ranil
Jenkin, Mr Bernard
Jenrick, Robert
Johnson, Boris
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kennedy, Seema
Kinahan, Danny
Knight, rh Sir Greg
Knight, Julian
Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Leadsom, Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, rh Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lord, Jonathan
Loughton, Tim

Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 May, rh Mrs Theresa
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 McPartland, Stephen
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Mordaunt, Penny
 Morris, Anne Marie
 Morris, David
 Morris, James
 Morton, Wendy
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Paisley, Ian
 Parish, Neil
 Patel, rh Priti
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David

Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Throup, Maggie
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Watkinson, Dame Angela
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wilson, Sammy
 Wollaston, Dr Sarah
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
 Sarah Newton and
 Simon Kirby

The House divided: Ayes 301, Noes 75.

Division No. 53]

[5.54 pm

AYES

Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Mr Henry
 Benyon, Richard
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Blackwood, Nicola
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, Karen
 Brazier, Mr Julian
 Bridgen, Andrew
 Brine, Steve
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, Alun
 Cameron, rh Mr David
 Carmichael, Neil
 Cartlidge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colville, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, David T. C.
 Davies, Glyn
 Davies, Dr James
 Davies, Mims
 Davies, Philip

Davis, rh Mr David
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Donelan, Michelle
 Dorries, Nadine
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duncan, rh Sir Alan
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Mr Nigel
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Fox, rh Dr Liam
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Green, Chris
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Griffiths, Andrew
 Gummer, Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matthew
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George

Question accordingly negated.

*Question put forthwith (Standing Order No. 62(2)),
 That the Bill be now read a Second time.*

Hollobone, Mr Philip
Hopkins, Kris
Howarth, Sir Gerald
Howell, John
Howlett, Ben
Huddleston, Nigel
Hunt, rh Mr Jeremy
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, rh Sajid
Jayawardena, Mr Ranil
Jenkin, Mr Bernard
Jenrick, Robert
Johnson, Boris
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, rh Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kennedy, Seema
Knight, rh Sir Greg
Knight, Julian
Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Leadsom, Andrea
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Sir Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, rh Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Mackinlay, Craig
Mackintosh, David
Main, Mrs Anne
Malthouse, Kit
Mann, Scott
Mathias, Dr Tania
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McLoughlin, rh Mr Patrick
McPartland, Stephen
Menzies, Mark
Mercer, Johnny
Merriman, Huw
Metcalfe, Stephen
Miller, rh Mrs Maria
Milling, Amanda
Mills, Nigel
Milton, rh Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morris, Anne Marie
Morris, David
Morris, James
Morton, Wendy
Mundell, rh David
Murray, Mrs Sheryll
Murrison, Dr Andrew
Neill, Robert
Nokes, Caroline

Norman, Jesse
Nuttall, Mr David
Offord, Dr Matthew
Opperman, Guy
Osborne, rh Mr George
Parish, Neil
Patel, rh Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, rh Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Philp, Chris
Pickles, rh Sir Eric
Pincher, Christopher
Poulter, Dr Daniel
Pow, Rebecca
Prentis, Victoria
Prisk, Mr Mark
Pritchard, Mark
Pursglove, Tom
Quin, Jeremy
Quince, Will
Raab, Mr Dominic
Redwood, rh John
Rees-Mogg, Mr Jacob
Robertson, Mr Laurence
Robinson, Mary
Rosindell, Andrew
Rudd, rh Amber
Rutley, David
Sandbach, Antoinette
Scully, Paul
Selous, Andrew
Sharma, Alok
Shelbrooke, Alec
Simpson, rh Mr Keith
Skidmore, Chris
Smith, Henry
Smith, Julian
Smith, Royston
Soames, rh Sir Nicholas
Solloway, Amanda
Soubry, rh Anna
Spelman, rh Mrs Caroline
Spencer, Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stuart, Graham
Sturdy, Julian
Sunak, Rishi
Swire, rh Mr Hugo
Syms, Mr Robert
Thomas, Derek
Throup, Maggie
Timpson, Edward
Tolhurst, Kelly
Tomlinson, Justin
Tomlinson, Michael
Tredinnick, David
Trevelyan, Mrs Anne-Marie
Truss, rh Elizabeth
Tugendhat, Tom
Turner, Mr Andrew
Tyrie, rh Mr Andrew
Vaizey, Mr Edward

Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Warburton, David
Warman, Matt
Watkinson, Dame Angela
Wharton, James
Whately, Helen
Wheeler, Heather
White, Chris

Whittaker, Craig
Wiggin, Bill
Williams, Craig
Williamson, rh Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wood, Mike
Wragg, William
Wright, rh Jeremy
Zahawi, Nadhim

Tellers for the Ayes:
Simon Kirby and
Sarah Newton

NOES

Ahmed-Sheikh, Ms Tasmina
Arkless, Richard
Bardell, Hannah
Black, Mhairi
Blackford, Ian
Blackman, Kirsty
Boswell, Philip
Brake, rh Tom
Brock, Deidre
Brown, Alan
Cameron, Dr Lisa
Campbell, Mr Gregory
Carmichael, rh Mr Alistair
Chapman, Douglas
Cherry, Joanna
Clegg, rh Mr Nick
Cowan, Ronnie
Crawley, Angela
Day, Martyn
Docherty, Martin John
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donaldson, Stuart
Durkan, Mark
Edwards, Jonathan
Farron, Tim
Ferrier, Margaret
Gethins, Stephen
Gibson, Patricia
Grady, Patrick
Grant, Peter
Gray, Neil
Hendry, Drew
Hosie, Stewart
Kerevan, George
Kerr, Calum
Kinahan, Danny
Law, Chris
Lucas, Caroline
MacNeil, Mr Angus Brendan

Mc Nally, John
McCaig, Callum
McDonald, Stewart
McDonald, Stuart C.
McDonnell, Dr Alasdair
McGarry, Natalie
McLaughlin, Anne
Monaghan, Carol
Monaghan, Dr Paul
Mulholland, Greg
Mullin, Roger
Newlands, Gavin
Nicolson, John
O'Hara, Brendan
Oswald, Kirsten
Paisley, Ian
Paterson, Steven
Pugh, John
Ritchie, Ms Margaret
Robertson, Angus
Robinson, Gavin
Salmond, rh Alex
Shannon, Jim
Sheppard, Tommy
Skinner, Mr Dennis
Stephens, Chris
Thewliss, Alison
Thomson, Michelle
Weir, Mike
Whiteford, Dr Eilidh
Whitford, Dr Philippa
Williams, Mr Mark
Wilson, Corri
Wilson, Sammy
Wishart, Pete

Tellers for the Noes:
Owen Thompson and
Marion Fellows

Question accordingly agreed to.

Bill read a Second time.

FINANCE BILL (PROGRAMME)

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

That the following provisions shall apply to the Finance Bill:

Committal

(1) The following shall be committed to a Committee of the whole House—

- (a) Clauses 16, 17, 43 and 45;
- (b) Schedules 2 and 3;

(c) any new clauses, and any new Schedules, relating to the subject matter of those clauses or Schedules.

(2) The remainder of the Bill shall be committed to a Public Bill Committee.

Proceedings in Committee

(3) Proceedings in Committee of the whole House shall be completed at one day's sitting.

(4) Those proceedings shall be taken in the order shown in the first column of the following Table.

(5) Each part of the proceedings shall (so far as not previously concluded) be brought to a conclusion at the time specified in relation to it in the second column of the Table.

Table

<i>Proceedings</i>	<i>Time for conclusion of proceedings</i>
Clause 43 and any new clauses or new Schedules relating to the subject matter of that clause	Two hours after the commencement of proceedings on the Bill
Clause 45 and any new clauses or new Schedules relating to the subject matter of that clause	Four hours after the commencement of proceedings on the Bill
Clauses 16 and 17 and Schedules 2 and 3, and any new clauses or new Schedules relating to the subject matter of those clauses and Schedules	Six hours after the commencement of proceedings on the Bill

(6) Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 20 October 2015.

(7) The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

(8) When the provisions of the Bill considered, respectively, by the Committee of the whole House and by the Public Bill Committee have been reported to the House, the Bill shall be proceeded with as if it had been reported as a whole to the House from the Public Bill Committee.

Consideration and Third Reading

(9) Proceedings on Consideration and on Third Reading shall be completed at one day's sitting.

(10) Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

(11) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

Programming committee

(12) Standing Order No. 83B (Programming committees) shall not apply to proceedings in Committee of the whole House or to proceedings on Consideration or Third Reading.—(*Gavin Barwell.*)

Question agreed to.

Business without Debate

DELEGATED LEGISLATION

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

CRIMINAL LAW, NORTHERN IRELAND

That the draft Justice and Security (Northern Ireland) Act 2007 (Extension of duration of non-jury trial provisions) Order 2015, which was laid before this House on 4 June, be approved.—(*Gavin Barwell.*)

Question agreed to.

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

NORTHERN IRELAND

That the draft Northern Ireland Assembly (Elections) (Amendment) Order 2015, which was laid before this House on 8 July, be approved.—(*Gavin Barwell.*)

Question agreed to.

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

HEALTH AND SAFETY

That the draft Health and Safety at Work etc. Act 1974 (General Duties of Self-Employed Persons) (Prescribed Undertakings) Regulations 2015, which were laid before this House on 22 June, be approved.—(*Gavin Barwell.*)

Question agreed to.

Nic Dakin (Scunthorpe) (Lab): On a point of order, Mr Speaker. I wish to draw this House's attention to a vote in the other place, of 320 to 139, in favour of setting up a Committee of both Houses to examine the issue of English votes for English laws. I hope that the Government will look at this matter, in the interest of going forward in a cross-party way, before they come back with new proposals in the autumn.

Mr Speaker: Of course, in common with most attempted points of order, this is not a matter for the Chair. That said, I can confirm that the House of Lords has communicated by message that it has resolved that a Joint Committee should be appointed to consider the Government's proposals on English votes for English laws, a resolution to which it desires the agreement of the Commons. This message will be printed in the *Votes and Proceedings* in the usual way. There is nothing for me to add at this stage, except to say that the hon. Gentleman looks duly satisfied that he has made his point and it is on the record.

On a point of order, I call the hon. Member for Na h-Eileanan an Iar.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Thank you very much, Mr Speaker—excellent pronunciation, yet again. On a point of order, Mr Speaker. Following the point of order last night from my hon. Friend the Member for Perth and North Perthshire (Pete Wishart) asking that the furniture be altered in this House so that the real Opposition could actually be in a place of opposition, is it in order that the party should change the seating instead, so that the actual Opposition—the SNP 56—sit in the right place, in opposition to the Tory party?

Mr Speaker: I do not want to be accused, least of all by the hon. Gentleman, on this, the last day before we rise for the summer recess, of lacking a sense of humour, but I think he might be being just a tad facetious.

After my little effort—well intentioned, though perhaps inadequate—to name his constituency, I should just say, in all humility, that I am quite open to lessons, either from him or from any of his colleagues arrayed across the Opposition Front Bench, in pronunciation or elocution, if they think that I would be a suitable pupil. We will leave it there for now.

PETITIONS

Speed limit and traffic calming on Monmouth Road in Walsall

6.10 pm

Valerie Vaz (Walsall South) (Lab): The petition states—
[Interruption.]

Mr Speaker: Order. I think we need to hear fully this petition about the speed limit and traffic calming on Monmouth Road in Walsall, which we cannot adequately do if people are leaving the Chamber noisily. People will leave the Chamber in a decorous manner, following the example of the hon. Member for North Dorset (Simon Hoare), who is leaving in a very statesmanlike fashion. The hon. Member for Walsall South (Valerie Vaz) is assured of a fair hearing on behalf of her constituents.

Valerie Vaz: Thank you very much, Mr Speaker. The petition, which has been signed by 223 people, states:

The petition of residents of the UK,

Declares that there is currently a 30mph speed limit on Monmouth Road, Bentley, Walsall, where there is a primary school and the entrance to a playing field. The playing field entrance is in constant use by dog walkers, families and the football clubs. Many vehicles travel at excessive speeds. There is a risk of serious incident if measures are not put in place to reduce the speed of vehicles using Monmouth Road.

The petitioners therefore request the House of Commons to urge Walsall Metropolitan Borough Council to implement a 20mph speed limit and traffic calming measures on Monmouth Road, Bentley, Walsall.

And the Petitioners remain, etc.

[P001537]

Humanitarian situation in Yemen

6.12 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I rise to present a petition on a matter of great importance to people in my constituency and across the UK. I have received numerous representations from my constituents about the dire humanitarian crisis in Yemen. A petition on the matter has been signed by more than 600 individuals in Liverpool alone.

Due to the ongoing conflict thousands of people have lost their lives and homes, and utilities, ports and airports have been destroyed. The United Nations has declared its highest level humanitarian emergency in Yemen. The British embassy has closed, and there are now no embassies open in the country. Many British citizens, or immediate relatives of British citizens, are currently stranded in Yemen. Because of the conflict they cannot cross into neighbouring countries to apply for the visas that they need. Little or no support is being offered to help these people. The petition states:

The petitioners therefore request that the House of Commons urges the Government to take urgent action to ease the suffering of friends and families of British citizens in Yemen by speeding up and simplifying the application process for visa or entry requirements, by allowing the issuing of temporary sponsored visas for relatives and dependents of British citizens residing in the UK who are waiting for visas or whose passport applications are being processed and by coordinating evacuations for vulnerable British citizens who are in urgent need of evacuation from Yemen.

Following is the full text of the petition:

[The petition of residents of the UK,

Declares that the dire inhumane situation in Yemen due to the armed militia conflict (civil war) and the coalition bombing has led to thousands of people losing their lives or being injured as well as the destruction of thousands of homes, utilities, ports and airports; further that the United Nations now recognises the situation in Yemen as the world's biggest humanitarian crisis; further that many British citizens and sole dependents and relatives of British citizens are stranded in Yemen; further that the petitioners have concerns about the requirements for settlement visas because the visa requirements cannot be met by many people and because Yemeni nationals who are spouses or children of British citizens cannot cross over into neighbouring countries and cannot apply for such visas as there are no embassies in Yemen; and further that a petition in Liverpool was signed by over 600 individuals.

The petitioners therefore request that the House of Commons urges the Government to take urgent action to ease the suffering of friends and families of British citizens in Yemen by speeding up and simplifying the application process for visa or entry requirements, by allowing the issuing of temporary sponsored visas for relatives and dependents of British citizens residing in the UK who are waiting for visas or whose passport applications are being processed and by coordinating evacuations for vulnerable British citizens who are in urgent need of evacuation from Yemen.

And the petitioners remain, etc.]

[P001536]

Humanitarian situation in Yemen

6.14 pm

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I present this petition on behalf of many of my constituents, but it is also of concern to many citizens throughout the United Kingdom. The horrendous humanitarian crisis in Yemen is causing great distress to my constituents, as many British citizens' sole dependants and relatives are stranded in dire, life-threatening circumstances. The petition states:

The petitioners therefore request that the House of Commons urges the Government to take urgent action to ease the suffering of friends and families of British citizens in Yemen by speeding up and simplifying the application process for visa or entry requirements, by allowing the issuing of temporary sponsored visas for relatives and dependants of British citizens residing in the UK who are waiting for visas or whose passport applications are being processed and by coordinating evacuations for vulnerable British citizens who are in urgent need of evacuation from Yemen.

Following is the full text of the petition:

[The petition of residents of the UK,

Declares that the dire inhumane situation in Yemen due to the armed militia conflict (civil war) and the coalition bombing has led to thousands of people losing their lives or being injured as well as the destruction of thousands of homes, utilities, ports and airports; further that the United Nations now recognises the situation in Yemen as the world's biggest humanitarian crisis; further that many British citizens and sole dependants and relatives of British citizens are stranded in Yemen; further that the petitioners have concerns about the requirements for settlement visas because the visa requirements cannot be met by many

[Mrs Louise Ellman]

people and because Yemeni nationals who are spouses or children of British citizens cannot cross over into neighbouring countries and cannot apply for such visas as there are no embassies in Yemen; and further that a petition in Liverpool has gathered many signatures.

The petitioners therefore request that the House of Commons urges the Government to take urgent action to ease the suffering of friends and families of British citizens in Yemen by speeding up and simplifying the application process for visa or entry requirements, by allowing the issuing of temporary sponsored visas for relatives and dependants of British citizens residing in the UK who are waiting for visas or whose passport applications are being processed and by coordinating evacuations for vulnerable British citizens who are in urgent need of evacuation from Yemen.

And the petitioners remain, etc.]

[P001538]

Chemotherapy Drug Abraxane

6.15 pm

Nic Dakin (Scunthorpe) (Lab): The petition states:

The Petition of residents of the UK,

Declares that the chemotherapy drug Abraxane, used for treating people with pancreatic cancer, is being reviewed by the Cancer Drugs Fund panel at the end of July 2015; further that the drug should be retained on the Cancer Drugs Fund list of approved drugs; further that pancreatic cancer has the worst survival outcome of any of the 21 most common cancers with less than 4% of patients surviving 5 years or longer and that these low survival rates have remained virtually unchanged for the past 40 years; further that there are currently very few treatment options available for patients and that Abraxane offers a treatment option that some patients may be able to tolerate better than the most effective treatment currently available; further that ultimately Abraxane will give more patients access to life-extending treatment; further that removing Abraxane from the Cancer Drugs Fund will see pancreatic cancer patients in England disadvantaged; further that there is clinical support and demand for Abraxane and it is the only pancreatic cancer drug on the Cancer Drugs Fund; and further that an e-petition on this matter was signed by 2700 individuals.

The Petitioners therefore request that the House of Commons urges the Government to retain the chemotherapy drug Abraxane on the Cancer Drugs Fund list of approved drugs.

And the Petitioners remain, etc.

[P001539]

Lambeth and Southwark Milkspots

6.17 pm

Helen Hayes (Dulwich and West Norwood) (Lab): I wish to present a petition on behalf of my constituents, which has been signed by 4,000 residents. It raises the

important issue of milk spots cafés in Lambeth and Southwark, which exist to support new mothers who are breastfeeding their babies. They are staffed by expert midwives from King's College Hospital, and provide a gold standard for post-natal breastfeeding support in the community, being free, accessible and held daily, and allowing continuity of care from skilled health professionals. King's College Hospital has recently announced that it intends to recall those specialist midwives to perform general midwifery, with the aim of skills-sharing, and to replace them with midwives who have been given basic training, with no obvious expert support.

The health benefits of breastfeeding for mothers and babies are proven, but women, particularly in deprived areas, need support to establish it, and to overcome the initial pain and challenges which are common, and which lead many women to give up in the early weeks. It is not clear that the replacement support will be sufficient for babies with complications such as tongue-tie. The petition protests against the proposed end of the current staffing arrangements.

The petition states:

The Petitioners therefore request that the House of Commons require the Department of Health to urge King's College Hospital to preserve the existing staffing arrangements of the Lambeth and Southwark Milkspots, and to investigate other means of sharing skills amongst its midwives.

And the Petitioners remain, etc.

Following is the full text of the petition:

[The Petition of residents of Dulwich and West Norwood,

Declares that the Lambeth and Southwark Milkspots cafés staffed by expert midwives from King's College Hospital provide a gold standard of postnatal breastfeeding support in the community, being free, accessible, held daily, and allowing continuity of care from skilled health professionals; and further declares that King's College Hospital has announced that it intends to recall these specialist midwives with basic training, without any obvious expert support, and this will leave women with complicated needs without adequate support, advice or referral to hospital services; and that around 4,000 people have signed a Change.org petition to protest against the proposed end of current staffing arrangements.

The Petitioners therefore request that the House of Commons require the Department of Health to urge King's College Hospital to preserve the existing staffing arrangements of the Lambeth and Southwark Milkspots, and to investigate other means of sharing skills amongst its midwives.

And the Petitioners remain, etc.]

[P001540]

Public Transport (Greater Manchester)

Motion made, and Question proposed, That this House do now adjourn.—(Stephen Barclay.)

6.19 pm

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Thank you, Mr Speaker, for granting me this debate on an issue of vital importance to me and the vast majority of the 2.7 million people who live in Greater Manchester. I was advised as a new MP never to request the last Adjournment debate of the week with a title broader than my constituency. I appreciate that this is the last parliamentary business before the summer recess and have no doubt that you, Mr Speaker, like me, the Minister and other hon. Members present are itching to get out of this place and into a pair of Speedos as soon as possible, so I hope the debate will be an excellent way to start the summer. I thank all colleagues present in the Chamber: my hon. Friends the Members for Manchester, Withington (Jeff Smith), for Stretford and Urmston (Kate Green), for Worsley and Eccles South (Barbara Keeley), for Blackley and Broughton (Graham Stringer) and for Denton and Reddish (Andrew Gwynne), and on the Government Benches the hon. Members for Bolton West (Chris Green) and for Bury North (Mr Nuttall). *[Interruption.]* Yes, and the Labour Whip is from London. I also thank the Minister for his attendance and response and Transport for Greater Manchester for its assistance to me in preparing for the debate.

This debate is particularly timely, as devolution to northern cities as part of the Government's much-vaunted northern powerhouse initiative offers a huge opportunity for improvements in Greater Manchester's public transport. My aim for this debate is to make my own contribution on what I and my constituents would like to see happen, and to ask the Minister whether he believes the powers to achieve that will be forthcoming.

Greater Manchester needs an improved public transport system, and in particular greater capacity. Improvements have been made in recent years, such as the expansion of our iconic Metrolink system, but more needs to be done to meet the needs of our growing city. We need these improvements to cater for increased demand for leisure travel in a city where the population is expanding, but crucially we need them for the economic benefit that a vastly improved public transport system would bring. If Greater Manchester is truly to thrive, as London has, the movement of a skilled workforce around the conurbation is vital.

I am sure the Minister will agree with that, not least because over a third of jobseekers in Greater Manchester state that lack of transport is one of the top barriers to their attending an interview or getting a job. Furthermore, the expected growth in Greater Manchester jobs is likely to mean at least 30,000 more trips into the city centre at peak times in the near future, while at the same time 31% of households in Greater Manchester have no access to a car.

One of the main points I wish to make in this debate, however, is that it is not just travel into the city centre and back out again that needs to be upgraded, but, fundamentally, travel between the outer parts of Greater Manchester to facilitate the easier movement of people to jobs, and to ensure places like Tameside do not miss out on the benefits of "devo-Manc". Currently, our

public transport system is largely based on getting into and out of the city centre, but I am convinced that we must improve the connectivity between the outer parts of Greater Manchester if we are to unlock its economic potential, and I am absolutely certain that we can do that. In this debate I shall address the issues around rail, rolling stock, Metrolink, buses and car use that I want to see tackled in order to achieve that.

I must start on a negative point, however: the incredibly disappointing news regarding the electrification of the trans-Pennine line that the Government disclosed recently. When the electrification of the trans-Pennine route was first announced back in 2011 I was very pleased and very supportive, not least because it would finally end the problems of under-capacity and unreliable services that my constituents in Stalybridge and Mossley, and those of other Members in the Chamber, were enduring daily. Coupled with the wider Rail North and northern hub work, the benefits would be huge, and I was delighted that my constituents would be able to see the improvement. I was also hoping to see my casework decrease, as poor, overcrowded services from Stalybridge are rightly regularly raised with me as an issue. Yet four years later that optimism and anticipation has all but disappeared thanks to this Government's handling of rail policy.

I was incredibly disappointed to be told of what the Government describe as an "indefinite pause" of work on the trans-Pennine electrification, a disappointment shared by my constituents and colleagues on both sides of the House. The *Manchester Evening News* even went so far as to describe this as the "Northern Powercut", which should give the Minister some sense of the anger rail users in Greater Manchester feel. We are still yet to receive a full explanation of why the work has been delayed, with the Government principally blaming Network Rail. I hope the Minister will shed some more light on this in his reply. The Prime Minister denied in a recent reply to me in this House that this amounted to a cancellation of the work, although announcing a "pause" without setting a date for work to be completed, or even restarted, seems to me to be pretty close to a cancellation. Therefore, I want to press the Minister on whether he can give a cast-iron guarantee before the House today that the electrification work will definitely be completed, even if he cannot give a date for its completion. That would provide some much needed clarity for rail users in Greater Manchester.

One related issue, which deserves specific attention, is that of the poor-quality rolling stock on all lines serving Greater Manchester. The Pacer trains used by Northern Rail are quite frankly not fit for purpose and in desperate need of replacement. If the Minister is not aware of the type of trains I am talking about, their nicknames, which include boneshakers, cattle trucks, bus bodies and pacemaker trains, should give him some idea of the esteem in which they are held by fed-up commuters in Greater Manchester.

The trains were of course intended as a stop-gap solution for rolling stock back in the 1980s, but they are still in use today on major commuter routes in and out of Manchester city centre, screeching round corners and disliked by almost everyone who travels on them. The Prime Minister himself has promised to end their use in the north of England, yet commuters see no progress, so will the Minister in his reply tell the House how he intends to achieve this?

[Jonathan Reynolds]

The one bright light at the end of the tunnel, I understand, is that those trains will have to be gone by 2020, as they do not comply with disability discrimination legislation. I appreciate that there are good intentions on the issue, but because of the wider problems in train franchising, stemming from the west coast main line debacle, in my constituency we actually saw the threat of newer trains being removed and transferred to the home counties. The pressure on the remaining fleet of diesel trains has become acute and will only get worse until electrification is completed. We fought off that proposal, but it means that my constituents repeatedly hear negative stories about the trains in our area, and I want to give them some hope for the future.

One area of public transport in Greater Manchester that has expanded successfully is the Metrolink network, and the new lines recently opened to Rochdale, Oldham and Ashton-under-Lyne have been very welcome. It is no coincidence that the number of passenger journeys, which has been increasing year on year, reached 31 million in 2014-15, and Metrolink has become a visible symbol of Manchester.

There are issues that Metrolink does need to address, because customer satisfaction is not as high as it could be, and there have been some teething problems along the new routes. But overall I believe that Metrolink is a hugely important asset, and I would like to see it extended to my own constituency of Stalybridge and Hyde. Extending Metrolink to my constituency could be a radical new phase for the network.

As I previously noted, greater orbital connectivity between areas outside Manchester city centre would be of great benefit to Greater Manchester as a whole. To use the example of my own borough, Tameside has a significant inter-dependence with the neighbouring boroughs of Stockport and Oldham, not least because Stockport has nearly three times as many jobs as Tameside, and many Tameside residents fill those jobs.

Andrew Gwynne (Denton and Reddish) (Lab): Will my hon. Friend give way?

Jonathan Reynolds: Of course I will give way to my Tameside colleague.

Andrew Gwynne: As well as being a Tameside colleague, I am a Stockport Member of Parliament. My hon. Friend makes an excellent point about the need for orbital public transport around Greater Manchester. On existing infrastructure, he will know that there is a very under-used line between Stockport and Stalybridge, which serves Reddish South and Denton stations, with one train a week in one direction only. Is that not precisely the infrastructure that could be utilised to bring about the orbital service to which he refers?

Jonathan Reynolds: It absolutely is. It seems absurd, given the cost of creating new rail capacity, to have a line that is not utilised, when the reason it was not originally closed but turned into what is called a parliamentary service no longer applies, because transport patterns have changed so much. When we consider the bus links between Tameside and Stockport, with less than one bus an hour in some parts of my constituency, it does seem absurd.

In putting forward this case, I want people to recognise the crucial point that, primarily due to the completion of the M60 motorway, people now choose more than ever before to live and work in different parts of Greater Manchester. Our public transport network needs to reflect that change in travel patterns. Many boroughs, including Tameside, are very keen to see an orbital expansion of the Metrolink network to connect key town centres, and to see it extended to Manchester airport, with the huge potential for jobs and growth that could bring. I would love to see Metrolink extended to run from Stockport town centre, through to Denton and Hyde, and then on to Ashton to create a genuine circle line for south and east Manchester.

Metrolink is wholly operated by Transport for Greater Manchester, but central Government have always been instrumental in supporting it, including when it comes to expansion, so I would be interested to know the Minister's thoughts on whether this Government would support further Metrolink expansion—perhaps using Government funds to match the retained revenue from the increase in business rates that might occur through expansion.

Barbara Keeley (Worsley and Eccles South) (Lab): There will be profound disappointment among my constituents, who have suffered the installation—or part-installation—of the Leigh guided busway, which is a gross mistake. We should have had Metrolink built. Guided busway schemes are expensive, and that one should never have been installed.

Jonathan Reynolds: I know that my hon. Friend feels strongly about that. The expansion of Metrolink could certainly fulfil such a need.

I want to go on to the subject of buses. Journeys by bus within Greater Manchester remain the predominant form of public transport used, with over 210 million journeys last year, but bus patronage continues to flatline, as opposed to what we have seen in London, where it has vastly increased. Transport for Greater Manchester recognises that that is an issue, and the preferred answer seems to be much further transport devolution.

I am very much in favour of bus regulation, similar to that in London. I know that Transport for Greater Manchester, too, is keen to explore the benefits of bus franchising in order to properly integrate and co-ordinate the public transport network so as to secure the growth in bus usage that has been lacking in recent years. A model such as the London one would mean a simpler single identity and a set of easier multi-modal fares and tickets across Greater Manchester as passengers' travel patterns change. A good recent example of why this is necessary is surely the Healthier Together hospital reorganisation initiative, which shows that there is a crucial need for local transport authorities to be able to plan bus services and not be at the whim of timetables that do not always suit passengers' requirements. We also need to be able to guarantee transport services in order to better provide other public services.

Of course, the true test of a region's public transport success is whether it manages to decrease the number of car journeys taken—something that Greater Manchester has not yet achieved. The benefits of this are obvious, not least in terms of emissions and air quality, about which, as the shadow Climate Change Minister, I care a

great deal. We should want people to get out of their cars and on to public transport, both for leisure and for commuting purposes. Greater Manchester did attempt this in a rather crude way with a proposal to bring in a London-style congestion charge back in 2008. The proposal was put to the people of Greater Manchester, and to say that it was overwhelmingly rejected would be an understatement, with 79% of votes cast being against bringing it in. I always smile when we talk about the Scottish independence referendum and it is suggested that it is difficult to make the case for voting no. That was not our experience in Greater Manchester with the congestion charge proposal.

That shows the scale of the challenge faced. One of the reasons why so many people were against bringing in that congestion charge was that they felt that the public transport infrastructure was not adequate for them to feel confident enough to ditch their cars. There is an argument that this was a chicken and egg scenario, and that public transport would be sufficiently improved if the demand existed, but that the demand would never materialise while the public transport infrastructure was not deemed adequate.

Kate Green (Stretford and Urmston) (Lab): My hon. Friend will be aware that there are difficulties with the capacity and the reach of bus services, and that in recent weeks we have seen the withdrawal of night bus services. Does he agree that our strategy should be a 24-hour transport strategy for a 24-hour city?

Jonathan Reynolds: Absolutely. I look enviously at the night tube proposal for London. In big cities, so much of the offer within the evening economy is attractive, yet for people who live in my constituency, which is a relatively short distance from Manchester city centre, access is severely limited. The trains do not run and night buses are infrequent and under threat, so it is a huge issue.

If the investment is put into the public transport infrastructure, people will be more than willing to use it if it meets their needs. The benefits to the area, to the economy and to people's health should not be understated. We often hear a great deal about London in terms of health and life expectancy because of the pollution issues, but those problems are seen in Greater Manchester too. Progress has been good, with improvements year on year in the number of non-car journeys, and I know that Transport for Greater Manchester is committed to further improvement. I also believe that there is huge potential in cities for the expansion of electric car use. I recently tested our electric car charging infrastructure in Greater Manchester, but I will leave that for another Adjournment debate.

An improved public transport system in Greater Manchester is vital to the region's economic growth and to the success of "devo-Manc" and the northern powerhouse initiative, as I am sure the Minister would agree. A fully integrated transport network including all modes of public transport is key to this, and can be achieved only by devolving further powers to the region. In particular, I believe public transport should be one of the directly elected Mayor of Manchester's key areas of responsibility, much as it is in London.

I hope that in his reply the Minister will be full of warm words for Greater Manchester and for the northern powerhouse, and feel able to express his agreement with

a lot of what I have said regarding what Greater Manchester needs. What I want most from him, however, are not just words, but a firm commitment that the Government recognise the need in Greater Manchester, and that powers and access to funding will be forthcoming in order to allow us to fulfil that need. One thing that can always be said of us in Greater Manchester is that if we are given the tools we will always do the job.

Barbara Keeley *rose—*

Mr Speaker: I assume the hon. Lady has the consent both of the hon. Member for Stalybridge and Hyde (Jonathan Reynolds) and of the Minister.

Jonathan Reynolds *indicated assent.*

The Parliamentary Under-Secretary of State for Transport (Andrew Jones) *indicated assent.*

6.34 pm

Barbara Keeley (Worsley and Eccles South) (Lab): I wish to make only a small number of points, because my hon. Friend the Member for Stalybridge and Hyde (Jonathan Reynolds) made an excellent speech and most of us from the area would agree with almost everything—if not everything—he said. As an MP representing Salford, Worsley and Eccles South, I wish to talk briefly about the knock-on effect that this delay in rail electrification is having on planned upgrades affecting local rail services. We were in a ridiculous situation over the winter. As a result of rail electrification, we faced greatly increased congestion and delays while a bridge was rebuilt just off the A6 in Salford. It caused problems and tailbacks for commuters. We went through weeks and months of delays on the roads so that a bridge could be rebuilt for a project that has now been delayed. That sort of thing makes people really angry. All we have now are the delays and uncertainty.

Excellent work is being done by the Friends of Eccles Station, the Friends of Patricroft Station and the Friends of Walkden Station, which are dedicated friends groups in my constituency. They do award-winning work, brightening up the stations with flower planting, gardening, murals and other artwork, but they do not want just to make the stations better; they want better rail services too. They do not only talk to me about the wonderful work that they are doing to make commuting easier for people. They are as aware as I am that, for example, 70 to 80 people are left on the platform at Walkden station at peak times in the morning because we do not have the rolling stock and they cannot get on the trains. Those groups are all committed to improving our rail services. They want more services to stop at the stations on the way into Manchester, more and better carriages, and improved, up-to-date rolling stock. The promise—the tantalising, faraway thing—was that rail electrification would have a knock-on effect, and that rolling stock would become available for our local rail services. What we now have is uncertainty and delay. Those excellent groups, which do all that work in trying to get that modal shift, are profoundly disappointed.

Junction 13 of the M60 is one of the most congested anywhere in the country. Transport Ministers are looking at the string of motorways—the M60, M62 and M602—that span around my constituency to try to do something

[Barbara Keeley]

about the congestion, given that we do not have the congestion charge, thank goodness. But there is no improvement in sight. We cannot shift people on to rail, because there is no capacity, so we have truly faced the northern power cut to which our excellent *Manchester Evening News* has referred—and all the while congestion is building up. I implore the Minister to think of all those wonderful campaigning groups and the wonderful work they do in trying to improve our rail services, and tell us what hope we can give them that all their work is not in vain and that some improvement is in the distance.

6.38 pm

Graham Stringer (Blackley and Broughton) (Lab): I congratulate my hon. Friend the Member for Stalybridge and Hyde (Jonathan Reynolds) on obtaining this Adjournment debate and on making such an excellent speech about transport in Greater Manchester. I wish to make three relatively simple points, the first of which is about the congestion charge. Greater Manchester has done better than most conurbations during this recession in terms of creating jobs and getting local people into those jobs. Our economy is thriving, with the city itself and Greater Manchester feeling vibrant and healthy. I have to say that had we had the congestion charge, none of that would have happened. The congestion charge would have actually created more congestion, it would have imposed a tax on individuals in low-paid jobs and on business, and it would have been a disaster for Greater Manchester. People such as my hon. Friends who campaigned against it are to be praised and that outcome is to be celebrated.

My second point is that I welcome the Government's announcement that they will introduce a buses Bill, which will allow a franchising system for buses in Greater Manchester on a similar pattern to the one that we have in Greater London. Since buses were deregulated in 1985, it has undoubtedly led to a loss of patronage on the buses and a concentration of bus routes on radial routes into and out of the city centre.

That brings me to the point that my hon. Friend the Member for Stalybridge and Hyde raised, because while it is important to connect communities—towns—to the centre of Manchester, it is almost as important to connect those towns. The fact that private bus companies operating in a deregulated system can make more profit on radial routes means that there is a focus on those routes. The private Stagecoach and First Group pull their buses off routes that go around the periphery of Greater Manchester and put them on radial routes, and that leads to the isolation of those communities.

Many communities that are served well, or have an adequate bus service, during the day are not served at all at weekends and in the evening, which makes it difficult for people to access hospitals and employment. If, and when, the Government introduce a franchising system for Greater Manchester, I am sure that Transport for Greater Manchester will use that system to ensure that those communities get a better service.

Does the Minister have a timetable or schedule for the introduction of the Bill? I would be interested to see one, because people in The Dog and Duck and other public houses in Greater Manchester, and on buses and

trams, talk about the regulation of buses in a way that they do not talk about many of the things that happen in this House. Bus deregulation is a real, live issue for the people of Greater Manchester.

My third point—my hon. Friends the Members for Stalybridge and Hyde and for Worsley and Eccles South (Barbara Keeley) referred to it—is on the pause, or stopping, of the electrification of the railway between Leeds and Manchester. Just as communications within Greater Manchester by buses and trams are important for the economy, the connections with other cities are vital for the improvement of the economy in Greater Manchester, and there is huge disappointment that that scheme has been paused. I would ask the Minister, if he can, to clarify some of the issues.

In the Transport Committee yesterday we had an interesting evidence session with the Secretary of State for Transport. I have the most enormous respect for him as a Member of this House and as a Cabinet Minister, but he was unable, or unwilling, to provide some of the evidence that would help hon. Members for Greater Manchester and the people of Greater Manchester to understand what has really happened and the reason for the pause. When he was asked what the overrunning cost was on the great western line, there was no answer from him. However, it was not just a matter of the figures, although he certainly did not trust the Committee enough to tell us what they were. His permanent secretary tried to help him by saying that in addition to the finance was the difficulty, on that very old route out to Bristol and the south-west, of obtaining planning permissions and dealing with some genuinely difficult engineering works. If it is the latter, it should not affect the midland main line, down the east of the city, and it certainly should not affect the Manchester-Leeds route. If it is the former, we need to know the cash figure. That makes me very suspicious about what is really going on, as the electrification of the two lines that have been paused was central to the Government's election campaign a few weeks ago. We need to understand that issue.

The other thing that puzzled me yesterday was that when the Secretary of State talked about the reasons for the pause—the rail Minister, the hon. Member for Devizes (Claire Perry), has said very similar things—we were told that the electrification was being done back to front, with stanchions for the electric wires being put up before the route had been aligned. That is clearly the wrong way to do it. This is vital to transport in Greater Manchester, so I hope that the Under-Secretary of State for Transport, the hon. Member for Harrogate and Knaresborough (Andrew Jones), can explain the reason for the pause. Is it because of an overrun of costs in the south-west? Is it because the planning of the Manchester-Leeds route was done backwards and there is going to be, in the words of the rail Minister, a better, more efficient and more effective scheme? Whichever reason it is, that will be key to how long it takes for the project to get started again and to be the basis of the northern powerhouse.

Again, I congratulate my hon. Friend the Member for Stalybridge and Hyde on bringing very important matters about Greater Manchester to the House and on giving the Minister an opportunity, I hope, to clarify them for the people of Greater Manchester and for right hon. and hon. Members.

6.46 pm

Andrew Gwynne (Denton and Reddish) (Lab): I, too, commend my hon. Friend the Member for Stalybridge and Hyde (Jonathan Reynolds) for securing this important debate, albeit that it has perhaps kept a number of Greater Manchester MPs in the House of Commons for longer than they had anticipated on the last day before the summer recess.

I commend my hon. Friend the Member for Blackley and Broughton (Graham Stringer) for making some very important points, not least about bus deregulation. He has long championed the cause of re-regulation of bus services in Greater Manchester, but not in the old monolithic way. He has been quite progressive in that he has always said openly that he is not against competition between bus companies, but that it should not be on-street, causing the chaos that we have seen over the past 20-odd years. It should be done in a controlled manner in a tendering system whereby Transport for Greater Manchester—or Greater Manchester Passenger Transport Executive, as it used to be known—could set the standards, the network and the ticketing arrangements, and we could have the properly planned and effective bus network across the county that, sadly, we have been missing for far too long.

My hon. Friend the Member for Stalybridge and Hyde talked about rail services and his desire, which I share, to have some kind of orbital service. Orbital services, not necessarily involving trains but certainly involving buses, are not new; we used to have them. Until about 10 or 15 years ago, there was a service that ran from Bolton in the north through Bury, Rochdale, Oldham, Ashton-under-Lyne, Denton and Stockport all the way to Manchester airport—the 400 Trans-Lancs Express. That was great for getting from Bolton in the north of the county through to Manchester airport in the south, along the eastern towns. There were similar services in other parts of Greater Manchester. As my hon. Friend the Member for Blackley and Broughton said, those services, sadly, were removed in favour of services into Manchester. The perversity of the current transport network in Greater Manchester is that 15 years ago someone who lived in Denton and wanted to get to Manchester airport could get a bus, but now they have to get a bus into town and then a bus out of town. The journey is twice as long and twice as expensive so, realistically, most people will not use that method of getting to Manchester airport from my constituency.

My hon. Friend the Member for Stalybridge and Hyde raises an important point about the underuse of the existing rail infrastructure in Greater Manchester. If ever there is a line that highlights that best, it is sadly the Stockport to Stalybridge line, which runs through my constituency.

Perhaps the Minister does not know the history of that line. It used to serve a useful purpose back when trans-Pennine trains went into Manchester Victoria. Services from the south of the country go into Manchester Piccadilly, so if one was connecting from one of those services to a trans-Pennine service in the days before Metrolink, rather than going into Manchester Piccadilly and trudging across Manchester city centre with one's baggage to Manchester Victoria, one would get off at Stockport and use the very useful service from Stockport

to Stalybridge, where they could connect to the trans-Pennine trains. When trans-Pennine trains were diverted into Manchester Piccadilly, that link was no longer necessary.

Having said that, the eastern side of the conurbation has grown and travel patterns, including travel-to-work patterns, have changed. We now have a piece of infrastructure with two stations, Reddish South and Denton, that are sadly served by one train a week in one direction only. The service is so pathetic that one cannot even get a return ticket from the constituency of my hon. Friend the Member for Stalybridge and Hyde to mine.

We have two excellent friends groups: the Friends of Reddish South Station and the Friends of Denton Station. For seven or eight years, they have championed the desire for a train service that uses the Stockport to Stalybridge line, or at least part of it. There is even a connection just north of Ashton Moss that would allow trains to be diverted along the line into Manchester city centre. I urge the Minister to look carefully at their campaigns, which I fully support, and to try to get Northern Rail and Network Rail to include in the new franchise a proper passenger service that utilises that line.

Barbara Keeley: On behalf of my right hon. Friend the Member for Leigh (Andy Burnham), who is not here, I want to mention the importance of keeping such urban rail lines open. Leigh must be one of the last places in the country that has no railway and no stations at all. I am sure that he would have added to this debate if he had been here. It is vital to keep such lines open.

Andrew Gwynne: My hon. Friend is absolutely right. Apart from Denton and Reddish South, which do have rail lines and stations, Leigh is probably the poorest served community by rail in Greater Manchester.

Lastly, I want to mention integration. It is all fine and well having great rail services and Metrolink services; possibly one day even having tram-train services, with trams using some of the under-utilised rail infrastructure across Greater Manchester, thereby reducing the capital investment that new tram lines cost the taxpayer; and having improved bus services when we have a properly franchised, re-regulated system, but none of that is any good to my constituents unless there is joined-up transport planning and integration.

The Chancellor announced in the Budget that the northern powerhouse is to secure an Oyster-style card that may, by the sounds of it, be used across the whole of the Northern franchise. That is an important step forward, although I am not sure that we want to be using state-of-the-art technology on 1980s, clapped-out Pacer trains, so I hope that the Minister will answer the questions from my hon. Friend the Member for Blackley and Broughton on the timing of the upgrades and the introduction of the new rolling stock in Greater Manchester.

My one desire is that we end up with a transport system like that in London. Ten years ago when I first became a Member of Parliament, I could not believe it when London MPs complained about the state of public transport in the capital city. If I decided to start a journey on one mode of transport in Greater Manchester—tram, for example—and then connect to

[Andrew Gwynne]

a train and finish my journey by bus, as someone can in London with an Oyster card where the services join up, people in Greater Manchester would have thought I was bonkers. The services do not join up, and that is the problem. Someone would be left stranded on some station in the middle of the constituency of my hon. Friend the Member for Stalybridge and Hyde, without the opportunity to get a return ticket.

Jonathan Reynolds: My hon. Friend makes a fine point. We have probably all had the experience of standing at Stockport station, perhaps on the way home, and working out that it is quicker to get back to London than to a place such as Stalybridge on public transport. That really illustrates the point.

Andrew Gwynne: My hon. Friend is right. It is frustrating because someone can be so near to home, yet so far when they look at that board at Stockport station and realise that they have to wait for such a long time to get a connecting service to somewhere relatively close.

I know that Ministers are in the process of devolving powers to the mayor and the combined authority, which is right. We believe in devolution, and we know that our elected representatives in Greater Manchester have the capacity to take on those new powers, and to plan and prepare for a better transport system. We also need help and understanding from the Department for Transport, because where the transport system in Greater Manchester is today is not where we wish it to be. To get it to where we want it to be will require not only local leadership, direction and commitment, but also that same level of commitment and resources to flow from central Government.

I urge the Minister to answer the points that my hon. Friends have raised about electrification and orbital transport, and also, please, to give us some hope that this pause will not be for long. We desperately need a better transport system in all parts of Greater Manchester.

6.57 pm

The Parliamentary Under-Secretary of State for Transport (Andrew Jones): I congratulate the hon. Member for Stalybridge and Hyde (Jonathan Reynolds) on securing this debate about public transport in Greater Manchester. There are so many positives to this subject that it provides a fitting conclusion to our business in the House this afternoon.

There is a vibrancy to the city of Manchester and the surrounding area, which transport investment has helped to create. Last year there were 267 million public transport journeys in that area, linking people with jobs, services, shops, leisure opportunities, and of course friends and family. It is an issue on which we and partners in Greater Manchester agree, recognising the intrinsic link between transport and growth, targeting our joint resources at locally determined priorities, and revolutionising the relationship between Westminster and those best placed to take—and be held accountable for—local investment decisions.

Because Greater Manchester has a track record of strong governance and effective delivery, the Government have supported it with investment and the devolution of

powers. That has delivered the largest public transport investment programme outside London, and placed Greater Manchester at the heart of the northern powerhouse.

Local leaders have expressed their support for what is happening. They are very positive, although I did not always catch that tone of positivity in the speeches of some hon. Members who spoke earlier. This is a golden time for public transport investment, not just in Greater Manchester but across our country, and Greater Manchester is showing the way. Other areas are looking at what it is achieving with some envy.

Let me mention some of the revolution that has taken place in public transport in Greater Manchester in recent times. I remember clearly the opening of the first phase of Metrolink between Bury and Altrincham in 1992, and it has continued to grow. The extension to Greater Manchester airport was delivered last year ahead of time and on budget. In between those two milestones, we have seen Metrolink lines opened to serve Ashton-under-Lyne, Chorlton, Droylsden, East Didsbury, Eccles, Media Village, Oldham, Rochdale and Wythenshawe. Metrolink is now the largest light rail network in the UK with 60 miles of track, 92 stops and—

7 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—(Stephen Barclay.)

Andrew Jones: Metrolink will see investment of more than £240 million in 120 new trams by 2017: it will be brighter, more spacious and reliable. It is also hugely popular with the travelling public, with more than 31 million passenger journeys last year and we expect that figure to reach 40 million by the end of the decade.

Work is now under way to develop a further line to the Trafford centre—a key element of our devolution deal with the Greater Manchester combined authority, which gives it control of a reformed “earn back” deal for 30 years, giving it the certainty needed to invest in that and other schemes. Hon. Members have talked about growth in the network. I am all in favour of growth, but it will be determined locally and supported nationally.

It is not just Metrolink that is seeing investment rise and passenger numbers grow. That is also happening on the rail network. Successive Governments have failed to invest properly in our rail network, much of which dates back to the Victorian era. When the Government came to power, we faced a choice between putting a brake on growth and opportunity and cutting investment, or investing in public transport to drive growth. The Government chose to invest for the future.

Chris Green (Bolton West) (Con): I congratulate the hon. Member for Stalybridge and Hyde (Jonathan Reynolds) on securing this vital debate.

The Farnworth tunnel in Bolton is being expanded to provide the capacity needed for the electrification of the rail line from Manchester, through Bolton and on to Preston. Does my hon. Friend agree that that shows our commitment to improving public transport in Greater Manchester?

Andrew Jones: I certainly do agree with my hon. Friend, who makes a timely intervention. Only yesterday the giant tunnelling machine was named “Fillie” by a local schoolgirl who has links with the area. The tunnelling machine being used for the Farnworth tunnel is greater in scale than those used on Crossrail, so this is a significant investment.

Rail is a big success story. Our rail industry is struggling to cope with the scale of passenger demand. Over the last 20 years, passenger numbers have grown from 750 million to 1.6 billion. In Greater Manchester last year there were 25 million rail journeys, compared with just 22 million five years ago and 18 million 10 years ago. Rail is vital to the local economy, and more and more passengers are using Manchester Piccadilly, Victoria and Oxford Road. Town centre stations, such as Stockport and Bolton, remain among the busiest in the Greater Manchester area, and that is excellent news. But passenger growth needs to be provided for, and the rail network in Greater Manchester needs investment to improve people's journeys and to support economic prosperity. That is why the investment in the northern hub has been so important—something that Greater Manchester and the north have called for for years. It was supported across parties and regions—I am a Yorkshire Member, but I heartily supported that investment and lobbied for it in the last Parliament.

The northern hub is a significant scheme and commitment that will deliver better journeys, modern trains and more seats, including electrification between Manchester and Liverpool, with new trains and quicker journeys. Further electrification is under way between Manchester and Bolton and, further afield, planned between Blackpool and Preston. The magnificent redevelopment of Manchester Victoria station and the provision of a fourth platform at Manchester airport station have been completed.

We have also seen the reopening of Todmorden Curve, which is providing a direct link between Manchester and Burnley for the first time in 40 years. As hon. Members mentioned, most importantly and popularly, the outdated Pacers will disappear from the north's railways. I am aware of Pacer trains, as they serve the Leeds-Harrogate-York line and I catch them most weeks—indeed, I think most colleagues representing northern constituencies are aware of them. They are disappearing, and that was part of the invitation to tender in the franchise process.

Several hon. Members mentioned their concern regarding the recent announcement of the pause on trans-Pennine electrification. That is most certainly very disappointing. An improvement in the area's rail links is critical, but it is because it is critical that we have to get a grip on Network Rail's management of the work. We cannot tolerate cost overruns on the scale last seen on the west coast main line upgrade. The Transport Secretary has taken action to reset the programme and to get it back on track. This includes pausing the work on midland main line electrification and north trans-Pennine electrification east of Stalybridge, but let me be absolutely clear: this is a pause; it is not a stop. This is about getting the project back on track. To do that, we have a new chair of Network Rail, Sir Peter Hendy, who has a proven track record of delivering on major transport challenges. He will report in autumn to the Transport Secretary on how that will be achieved.

The hon. Member for Worsley and Eccles South (Barbara Keeley) talked about work on rail in her constituency. That work is not paused. The area of trans-Pennine investment in northern electrification that is paused is to the east of Stalybridge. If she would like any further information, I am of course more than happy to help to provide it after the debate.

Barbara Keeley: The uncertainty is twofold. I mentioned the excellent friends groups. The Minister should take them into account in terms of the expansion of passenger numbers, because they do a great job in letting people know about rail services. They are constantly frustrated by Network Rail, because it has not been willing to talk to them or to consider timetable changes. Nothing moves for them in terms of getting the better services through these stations. If there is to be a report, these local aspects of our urban services really need to be looked at, too.

Andrew Jones: I agree that friends groups across many parts of the north do a very valuable job and the hon. Lady is right to highlight that. In terms of having a responsive rail service, part of that is having franchises that generate growth. Of course, the previous Northern franchise was a no-growth franchise. Her basic point, however, about listening, communicating with the public and supporting those seeking to drive public transport usage is clearly appropriate.

Let me absolutely clear: this is a pause, not a stop. Even without electrification, we will see significant improvements to rail in the north. On trans-Pennine services between Leeds and Manchester, there will be better journeys, more modern trains and additional capacity as part of the new franchise. The new franchise arrangements will be awarded later this year, to come in from April next year. To put to one side any concerns hon. Members may have, let me say that the budget for rail enhancements remains intact.

There is one huge rail project that has not yet had a mention in the debate: HS2. I have to mention it, because it will have a significant impact on public transport in Greater Manchester. We are committed to building the full Y network of HS2, including building the line from Birmingham to Crewe earlier. There is more work to be done on further analysis and final decisions on the preferred route. We are also looking at the case for accelerating construction of the Leeds to Sheffield part of the line. HS2 will transform north-south connectivity throughout our country and cut journey times. For example, the journey time between Manchester and Birmingham will be cut to 41 minutes—currently it is one hour and 28 minutes—which is a saving of 47 minutes.

The point, however, is not really about speed, but capacity on the network. We have not built a railway line north of London in our country since the reign of Queen Victoria. Indeed, our railway network is only a fraction of the size it was. The Beeching cuts might have been appropriate at the time—they were before I was even born—but they might not look quite so right now. We have failed to invest historically in our rail infrastructure, and HS2 is a part of correcting that.

Jonathan Reynolds: I am grateful to the Minister for mentioning HS2, of which many in the Chamber are firm supporters in the light of what it will bring to

[Jonathan Reynolds]

Greater Manchester. I say to him, however, that because a project of that size has a high price tag, it often arouses public cynicism about whether it is worth the money. It would be a grave problem as regards public opinion in Greater Manchester if the work was seen to proceed without trans-Pennine electrification being reinstated and a clear date being set for completion. From representations I have had, I think that could be a significant problem. I wanted to highlight that to him in good faith because I think he will appreciate the point I am making.

Andrew Jones: I do indeed appreciate the points being made—they have been made to me before—but as regards investment in our classic rail network and in HS2, I make the point that it is not one or the other; it is both. Progress on both needs to happen in parallel. I hope that reassures the hon. Gentleman and those who have contacted him.

The huge increase in capacity that HS2 will deliver will transform rail connections around our country, but even that will not be enough. Many rail journeys in the north, particularly east-west journeys, are too slow, too infrequent and suffer from unacceptable overcrowding, which has put people off using our rail network and certainly discourages development of city-to-city connections and business. The Government are determined to improve the situation, and we will do this in partnership with the north.

In the Budget, the Chancellor allocated £30 million to Transport for the North, which will act as a single voice for the whole of the north and work with us to identify the strategic transport investment priorities across the entire region. It is fantastic that we are seeing far more devolution. We should be working on the principle that decisions affecting local services should be taken as near as possible to where those services are delivered, so that they are more tailored to local needs. Incidentally, that devolution in transport is mirrored by other areas of devolution and is very encouraging and long overdue.

I would like to say a little about local transport. Most journeys in Greater Manchester are local and often less than 5 miles. We have invested heavily, alongside Greater Manchester, through our local major scheme budgets—the local sustainable transport fund and the cycle city ambition grant—and most recently with the local growth deals through which more than £500 million has been provided to support local transport investment, including improvements to the Bolton to Manchester bus corridor; enhancements to Salford central station; and new transport interchanges in Ashton and Stockport; plus, of course, the new trams for Metrolink.

Most journeys by public transport in Greater Manchester are by bus. In 2014, out of the 267 million public transport journeys I mentioned earlier, 211 million were on the bus network. Buses are vital. I am a huge champion of them. They are part of the answer to our public transport challenge. As the hon. Member for Salford and Hyde mentioned, unlike with Metrolink and rail, passenger numbers are not growing and, despite significant investment in facilities and vehicles, have continued to decline. Greater Manchester has ambitious plans to arrest this decline, and it is right that areas with

ambitious plans to grow and develop should be given the powers they need to promote an integrated transport system.

We signed a groundbreaking devolution deal with Greater Manchester last year in which we committed to providing it with powers to franchise its bus services, and we will legislate to make this deal a reality. The hon. Member for Blackley and Broughton (Graham Stringer) asked about the timing. I will have to check with the Leader of the House, but I am expecting a bus Bill to come through the House later this year. Areas such as Greater Manchester that are given the powers to franchise their services will be able to better integrate buses with other public transport modes and plan services to link with new developments or regeneration projects.

Franchising will provide local areas with the opportunity to introduce more Oyster-style smart ticketing—not necessarily the exact same technology—to improve service for passengers. It is a powerful tool for making public transport more attractive by making it more convenient and removing some of the barriers that people encounter in switching from one mode of transport to another. Smart ticketing integrates bus, train and tram journeys, driving convenience. Our aim is for public transport in Greater Manchester and across the north to become more convenient and attractive and for it to build on the enormous growth in demand that we are seeing. We know that a better transport system supports economic growth.

Before I finish, I would like to add that although this debate has focused on public transport, we are by no means neglecting the motorist. We have incredibly ambitious plans for our road network up and down the country. Specifically in Manchester, the M62 will provide a continuous four-lane smart motorway to Leeds. Similarly, the M60 between junctions 8 and 18 is being improved and will become a smart motorway. The south-east quadrant of the M60, between junctions 24 and 4, is also being upgraded.

Barbara Keeley: I understand that the Minister is taking a very positive outlook in his speech, but I should tell him that the M60 smart motorway roadworks are an out-and-out disaster, causing my constituents and many others to be kept awake at weekends and leading to great delays. I am happy to seek an Adjournment debate to tell him about it at much greater length, but we have got two years of torment ahead of us, so please can he not adopt such an optimistic outlook?

Andrew Jones: I am somebody who is generally a glass-half-full person. I find it reasonably difficult not to take quite a positive tone and, as I have just gone through the significant transport investments and the progress being made in Greater Manchester, I am feeling relentlessly cheerful, so I am not entirely sure that I can change the tone with which I operate. However, I nevertheless agree that it is unsettling and causes problems when we have roadworks. I regularly use the M1, about 40% of which has seen the introduction of smart motorways, and I have not yet found a way—and nor has Highways England—to work on the roads without having some roadworks.

Barbara Keeley: Will the Minister therefore accept my invitation to come along and tour the bit of the M60 motorway that goes through my constituency—we have

three motorways in my constituency; I am really lucky—so that I can show him the extent of the disruption and the problems caused for my constituents? I would be happy to do that.

Andrew Jones: I have some knowledge of the area, having driven along that road only very recently, and there is indeed a challenge. I recognise the difficulties—I do not mean to make light of them—and we see that all over the country where road works are taking place. We are in the middle of a huge period of road investment. We are seeing a tripling of the budget in our first road investment strategy and we will be opening the process for the second road investment strategy—RIS2—later this year. Delivering such a significant scale of investment will cause some disruption. I am certainly keen to hear from colleagues about the challenges they are facing locally, and I will be taking them up with Highways England, but we need to get through this period. In part, this goes back to the long-standing failure to invest in our transport infrastructure over decades. We are playing catch-up and it is not at all straightforward.

Hon. Members have asked about the powers and the finances to deliver our ambitions. This Government are driving devolution and investing in public transport in record numbers. I would say gently to hon. Members that they are pushing at an open door. This Government are buying the idea that transport investment is a driver of economic growth—a regenerator of communities—and has a positive social function. Devolution is taking place in an unprecedented way. I hope that provides some comfort to hon. Members.

In summary, I hope I have been able to demonstrate just how important public transport in Greater Manchester is to this Government. We are committed to working alongside Greater Manchester in delivering the improvements that it decides are the most important for its economy, its residents and its future.

Question put and agreed to.

7.19 pm

House adjourned.

Westminster Hall

Tuesday 21 July 2015

[MR CHRISTOPHER CHOPE *in the Chair*]

Human Rights (Saudi Arabia)

9.30 am

Stewart McDonald (Glasgow South) (SNP): I beg to move,

That this House has considered human rights in Saudi Arabia.

It is a pleasure to serve under your chairmanship, Mr Chope. I want to make it clear at the outset that I am Stewart Malcolm McDonald; to my right is my hon. Friend the Member for Cumbernauld, Kilsyth and Kirkintilloch East (Stuart C. McDonald), whose constituency and first name are entirely different. We are not to be confused.

At just 31 years old, Mr Raif Badawi is currently in a Saudi prison following a sentence of 10 years' imprisonment, 1,000 lashes and a fine of over 1 million riyal. His "crime" is that he dared to speak out for secular liberalism and to question the authoritarian rule of his country. It is no crime at all. Raif Badawi's case has captured the hearts and minds of people right across the world—not only because of the brutal and medieval sentence that has been bestowed on him, to which I will return, but because his writings represent the values of freedom and progress that inspire so many across the world.

Human progress takes great strides forward when our ability to think, write, argue and present our ideas in an open discourse is honoured. However, Mr Badawi is being made to fight that battle with his life. Throughout history, people have had to do the same—fight the forces that want to keep silent those of us who believe in liberal progress. Artists such as Salman Rushdie, who is a personal inspiration, thinkers such as Galileo, political leaders such as Aung San Suu Kyi, feminists such as Emmeline Pankhurst and gay rights activists such as Harvey Milk—all of them fought for liberal progress and free thinking in order to advance humankind. All of them did so in the face of severe hostility, the threat of imprisonment or sometimes even death.

Raif Badawi and his fearless writings on human rights will surely join those great names in our history books, but he cannot join them just yet: he is too young and still has too much to offer our world and the cause of progress. He also still has too much love to give to and receive from his family. Raif's wife, Ensaf, and his three children, Terad, Najwa and Miriyam, do not deserve to be robbed of their husband and father. Each and every time I see the photograph of Raif and his three beautiful children, who are happily wrestling for their father's love, I am haunted to my core. What must they think of their father? What must they think of their country—of the world they live in and their future place in it? I secured this debate not only to give Raif some hope that people in this country and across the world are working to ensure his freedom, but so that his children know that their daddy's freedom matters to this House and to people across the world, and that we will not stop until they are reunited with him.

The sentence that has been delivered is deliberately evil. Not content with a prison sentence and a fine that he could never hope to pay, the wicked Saudi regime had to go one further: 1,000 lashes to the back. Although the lashes have now been stopped, I want to illustrate the suffering endured by those who receive a lashing. Dr Juliet Cohen, head of doctors at Freedom from Torture, has said:

"When the cane strikes, the blood is forced from the tissues beneath... Damage to the small blood vessels and individual cells causes leakage of blood and tissue fluid into the skin and underlying tissue, increasing the tension in these areas..."

The more blows are inflicted on top of one another, the more chance of open wounds being caused. This is important because they are likely to be more painful and at risk of infection, which will cause further pain over a prolonged period as infection delays the wounds' healing".

The Saudi regime literally wants to whip Mr Badawi into obedience, believing that to discipline his mind, it is necessary to discipline his body. Although the involvement of doctors has halted the lashes for now, just consider the position a doctor is put in when assessing Mr Badawi's wounds. The most fundamental guiding principle for any medical professional is that they shall not inflict harm. If a doctor were to declare that his wounds had sufficiently healed, they would do so in the knowledge that they would be sentencing him to another round of the most wicked punishment that he could endure—except he cannot endure it. Make no mistake: Raif Badawi has been served the slowest and most barbaric of death sentences.

More widely, Saudi Arabia is not known for its sympathy towards human rights of any sort or for its balanced approach to criminal justice. It does not matter whether someone is a liberal blogger, a human rights activist, a woman, a gay man or woman, or from a religious or ethnic minority. Last year alone, Saudi Arabia beheaded 90 people; this year, that figure had already been matched by the end of May. It is almost as though the regime has been caught off guard by the new kids on the block, Daesh, and is trying to show them who is top dog in the region when it comes to tyranny.

I want to compare our response to Raif Badawi's case with our response to the death cult Daesh, which is making the headlines today. We have rightly condemned Daesh for the barbaric way in which it has swept across the middle east and how it has lured young people from this country and others to fight a fanatic's war, something that has even touched my constituency, but—let us not beat around the bush—everything that Daesh has learned, it has learned from the barbaric regime of Saudi Arabia. The difference is that one group of fanatics has a state and the other has yet to be so successful.

If Daesh had a state to govern, do the Government really think that its forms of punishment would be any different from those being used in the Kingdom of Saudi Arabia today? Why do we show these people—these fanatics—such respect? Why do we lower our flags when their dictator dies? Why have we become so deferential, almost submissive, when it comes to publicly shaming them—something that the Government freely do with countries such as North Korea or Iran?

Patrick Grady (Glasgow North) (SNP): Does my hon. Friend think that the refusal to condemn the use of the death penalty might be something to do with the

[Patrick Grady]

fact that, according to *The Economist's* ranking, after China and Iran only Iraq stands between Saudi Arabia in the United States in terms of executions?

Stewart McDonald: My hon. Friend makes my point for me. I was going to put it much more simply: the answer is money. While the Saudi Government value life so cheaply and lash their way to supreme authority over their people, our Government have no problem in doing serious amounts of commerce with them. Not only is Saudi Arabia our largest arms export market, bringing in billions of pounds to our Exchequer, but we co-operate on defence and—would you believe it, Mr Chope—on how it runs its prisons system. Is it any wonder that the Government suffer from such a lack of credibility on human rights in Saudi Arabia?

Crispin Blunt (Reigate) (Con): I congratulate the hon. Gentleman on securing the debate. I am sorry that I cannot stay for the rest of it; the Select Committee on Foreign Affairs is about to meet. On the point about the prison system, it is surely a good thing that the Saudis are buying access to British standards and training to try to improve the very issues in the Saudi criminal justice system that the hon. Gentleman is discussing. That is surely something that we should be involved in.

Stewart McDonald: As a former prisons Minister, the hon. Gentleman is most experienced in these things. I would be willing to accept his point if I could see any concrete evidence at all that our involvement with the Saudi Arabian regime through its prison system was improving human rights. That is not to say that that is not happening, but where is the evidence? I do not see it. That is why the Government face a lack of credibility and a growing scepticism among organisations such as Human Rights Watch and Amnesty International about whether anything meaningful and vociferous is being done.

John McDonnell (Hayes and Harlington) (Lab): I am not intervening simply to demonstrate that there is a McDonnell, as well as McDonalds, in the Chamber. I apologise that I cannot remain in the debate—bizarrely, I have a meeting with the current prisons Minister at 10 o'clock. Does the hon. Gentleman agree that our Government's co-operation with the Saudi Government, and the fact that they have not condemned the case but only expressed concern about it, are interpreted by the Saudis as Britain condoning their behaviour?

Stewart McDonald: It is almost as though the hon. Gentleman can see my speech. I am about to go on to that very point, which he made so well.

When the Government response to the case of Raif Badawi was raised in the House of Lords, Baroness Anelay asked her fellow peers

"to recognise that the actions of the Saudi Government in these respects have the support of the vast majority of the Saudi population."—[*Official Report, House of Lords*, 11 June 2015; Vol. 762, c. 890.]

Will the Minister tell us exactly how the Baroness would know that? Did she, as Francis Wheen suggested in *The Independent*, commission Lord Ashcroft to conduct a poll of Mr Badawi's Saudi compatriots to ask what they

thought of the lashings and beheadings carried out by their Government? If the Minister were a Saudi national and had witnessed a flogging such as that which Mr Badawi and so many others have been through, how likely would he be to speak out against his own Government? I suggest that the Baroness needs to rethink her words rather urgently.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Gentleman on securing the debate. He is referring somewhat tongue in cheek to Lord Ashcroft and polls that might have been conducted in Saudi Arabia. Does he agree that if any such poll were to be contemplated, the prospects for those carrying out the poll would be similar to those of the person he is describing in the debate?

Stewart McDonald: It would probably be the most undemocratic poll ever conducted. We can say a lot about polls in this country, but they are at least honest ones.

Mr Campbell: For the most part.

Stewart McDonald: For the most part, yes.

Last week, at Foreign Office questions, I asked the Minister about two specific points. I hate to say this, but I received an answer to neither, so I want to press the questions now. First, I asked whether the Minister would instruct the United Kingdom ambassador in Riyadh to request a visit to the prison in which Mr Badawi is being held so that we might get a report on his mental and physical state and on the conditions in which he is being held. Will the Minister undertake to give such an assurance?

Secondly, will the Minister state without equivocation—there is plenty of precedent for this, although funnily enough not in Saudi Arabia—that Mr Badawi should be set free? He is a prisoner of conscience and he should not be in prison. Surely the Government agree with that. If so, will the Minister please state that in his response?

Last week in the main Chamber, the Minister sought to give me some kind of reassurance: he said that the Saudi supreme court was reviewing the case. The Minister is a reasonable man, so I am sure he does not seriously expect me or the House to find any reassurance in the fact that the same justice system that put Mr Badawi where he is today is now marking its own homework to determine whether he should still be in prison. The Saudi justice system is not a normal justice system and the Saudi Government are not a normal Government—and we should stop treating them as such. The Minister might be willing to turn a blind eye, but he cannot expect us to ignore the crimes and brutal human rights abuses of which the Saudi regime is guilty.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): As my hon. Friend is aware, Saudi Arabia sits on the United Nations Human Rights Council and hosted an international human rights conference that resolved to combat intolerance and violence based on religious belief, even though the country has one of the worst records of abuse in the world today. The number of executions has been rising and stands at a startling rate: 88 people were executed last year in Saudi Arabia. Surely that cannot continue.

Stewart McDonald: My hon. Friend makes an important point. The Saudi Arabian Government even sought to head the UN Human Rights Council. On the international stage, the Saudis are laughing at us and at human rights, so I hope to see some urgency from the Government. We must not become complacent, although I fear that that is exactly what the Government have become. Worse than that, coming back to the point made by the hon. Member for Hayes and Harlington (John McDonnell), we need to ask ourselves at what point we start to look complicit because of our own weakness and ability to turn a blind eye.

We have seen no evidence whatever—none at all—that the Government are taking the case of Raif Badawi seriously or that they are raising the issue in the most vociferous and public fashion with the Saudi Government. Our Government are not doing anything that the public or I can see. Instead, we lower our flags to half mast when a dictator passes away. For some, that flag might fly proudly over this building as a symbol of unity and strength, but it is fast becoming a symbol of impotence and obedience to the wrong people.

9.46 am

Jim Shannon (Strangford) (DUP): I am pleased to serve under your chairmanship, Mr Chope, and I thank the hon. Member for Glasgow South (Stewart McDonald) for proposing the motion and bringing the debate forward for consideration. I also look forward to the responses of the shadow Minister, the hon. Member for Bristol East (Kerry McCarthy), and of the Minister.

I will speak specifically about the persecution of Christians, to which the hon. Member for Rutherglen and Hamilton West (Margaret Ferrier) referred a few minutes ago in an intervention. Many Members know that I have a great passion for the subject and a great wish to speak on behalf of our brothers and sisters, in this case in Saudi Arabia, who are subject to a mind-boggling level of religious persecution. In the background information for the debate, we were given some idea of other abuses as well, such as the number of people executed in the past year and, unbelievably, the fact that Saudi Arabia has employed yet more new executioners. That tells us a wee bit about where the regime is on human rights.

When most people think about Saudi Arabia, the image that comes to mind is of oil-rich sheikhs and beautiful buildings along with desert. As with most stereotypical images, however, there is a lot more than meets the eye. I will speak about the persecuted Church. The desert kingdom is defined by Wahabism, a purist and strict interpretation of Islam. I am the first to advocate freedom for people to practice their religion, as long as it is not harmful to society, but the worrying aspect in this case is that it is forbidden openly to practice other religions. To be a Christian in Saudi Arabia is to face persecution, limited freedom and liberties, and restrictions on what can be done. Apostasy—conversion to another religion—is punishable by death. The kingdom is also widely known to be a breeding ground for radical Islam, with allegations that Saudi funding is a major source of Sunni terrorism in the world.

Behind the idyllic interpretation of Saudi Arabia, therefore, is an underbelly or undercurrent of terrorism and the suppression of liberty and democratic process.

Open Doors UK, an organisation that speaks on behalf of Christian people throughout the world, has said that converts from Islam to Christianity risk being killed or abused by their own families. House churches are often raided by the religious police. Only back in September, our national newspapers were publishing stories about the Islamic police in Saudi Arabia storming a Christian prayer meeting, arresting the entire congregation, including women and children, and confiscating their Bibles.

Angela Crawley (Lanark and Hamilton East) (SNP): This week a report published by *The Week* outlined 12 things that women in Saudi Arabia still cannot do, including going anywhere without a chaperone, driving a car, voting in elections and wearing clothes or make-up to show off their beauty—I could go on. I suspect that a number of female Members would contend those points and would be aghast if we could not all enjoy equality in this nation. Does the hon. Gentleman agree that the situation in Saudi Arabia is a travesty in this day and age?

Jim Shannon: I thank the hon. Lady for that intervention, and will put on the record that it is not just hon. Ladies who are offended by that; hon. Gentlemen are equally offended, including me. The fact that women are second-class citizens in Saudi Arabia and suffer all the deprivations that they do annoys and angers me greatly. We are holding this debate on their behalf as well.

At the time of the raid on the Christian meeting that I mentioned, it was reported that it was the latest incident in a swingeing crackdown on minorities in Saudi Arabia by the country's hard-line commission—wait for this one—for the promotion of virtue and prevention of vice. Have we ever heard the like—the use of such words to describe the deprivation and restriction of religious liberty? The 28 Christians who were arrested were said to have been worshipping at the home of an Indian national in the eastern city Khafji when the police entered the building and took them into custody. They have not been seen or heard from since, and human rights groups are concerned about their whereabouts.

I know this is short notice for the Minister, but I ask him for a response on the case of those 28 Christians. I doubt it will be possible for him to give one today, but perhaps at a point in the future he will give the House some idea of what is happening to those people, who seem to have disappeared into the ether of Saudi Arabia, as their whereabouts are unknown.

Nina Shea, director of the Washington-based Hudson Institute's Centre for Religious Freedom, told foxnews.com:

"Saudi Arabia is continuing the religious cleansing that has always been its official policy...It is the only nation state in the world with the official policy of banning all churches. This is enforced even though there are over two million Christian foreign workers in that country. Those victimized are typically poor, from Asian and African countries with weak governments."

If we want to sum the situation up, we can do so in five words—all in a day's tyranny. That is the situation for Christian people, and in Saudi Arabia it is indeed all in a day's tyranny.

Voice of the Persecuted has said that in March Saudi Arabia's top Muslim cleric called for the destruction of all churches in the Arabian peninsula, after legislators next door in Kuwait moved to pass laws banning the construction of religious sites associated with Christianity.

[*Jim Shannon*]

Arabic media have reported that, when speaking to a delegation in Kuwait, the grand mufti of Saudi Arabia, Sheikh Abdul Aziz bin Abdullah—my pronunciation of that was not bad going for an Ulster Scot—said the destruction of churches was absolutely necessary and is required by Islamic law. Where is the freedom and religious liberty for those practising Christianity?

Abdullah is considered to be the highest official of religious law in the Sunni Muslim kingdom. He also serves as the head of the supreme council of ulema, which is the council of Islamic scholars, and of the standing committee for scientific research and issuing of fatwas. According to Arabian Business, a news site, Osama al-Munawar, a Kuwaiti Member of Parliament, has announced a plan to submit a draft law calling for the removal of all churches in the country. Al-Munawar has since clarified that that law would apply only to new churches, and that old ones would be allowed to stay standing. If the churches are allowed to stay standing, give people the religious liberty to practise their religious beliefs.

These issues are very worrying when we consider how little it takes to break such strict laws. It seems clear that we must exert what influence we have with Saudi Arabia to ensure that those who want to practise Christianity can do so without fear. In his opening remarks, the hon. Member for Glasgow South referred to contracts we have with Saudi Arabia; I will come to that in a few minutes, but it is important to note that given our business and economic contacts with Saudi Arabia we should have discussions and make efforts on behalf of Christian minorities.

Mr Gregory Campbell: Does my hon. Friend agree that in every context of commerce, including work by private businesses supported by our national Government, every opportunity should be taken to raise with the Government of Saudi Arabia matters such as the persecution of Christians and other minorities, and the persecution of women?

Jim Shannon: I totally agree with my hon. Friend. As the Minister and others who were Members in the previous Parliament will know, back in 2013 the Democratic Unionist party took the opportunity of one of our Opposition day debates to raise the issue of the religious persecution of Christians on the Floor of the House. As a result of that debate, we hoped that Ministers in the Foreign and Commonwealth Office would use their influence wherever they could across the world when religious liberty, religious minorities and human rights were being abused by countries or by dictators. I wholeheartedly support what my hon. Friend said. We need our Government, and the Minister in particular, to take a more proactive stance.

Stewart McDonald: We hear all this talk about raising the issues at the senior levels of Government, but does the hon. Gentleman agree that it is perhaps time to take more action, and, like Sweden, to start ending memorandums of understanding, looking at an arms embargo and perhaps even looking at the withdrawal of ambassadors? I am not seeing any progress whatever.

Jim Shannon: I thank the hon. Gentleman for that. We should consider the idea he has put forward, and the Minister will respond to his point. I noted from the Library's background note for the debate that Sweden has taken that proactive stance and decided to stop arms sales. We have to consider all those steps. We want to be an economic ally of Saudi Arabia and trade with it—we cannot deny that—but we also want to influence what is happening there. If we are not having the sort of influence we wish to—at this point in time I do not see that we are—perhaps we need to look at other ways of having that influence.

The world deplores the scenario in North Korea, but we seem to tolerate the same scenario in Saudi Arabia with barely a mention. Mention North Korea and everyone's hackles will rise; we should be equally angry about the persecution of Christians in Saudi Arabia. Reading a report from someone who had been out there opened my eyes. I will read from it to give Members an idea of what it is like to be a Christian there:

“Visiting persecuted Christians in Pakistan and Saudi Arabia, it's the silence that strikes me most. British nurses hide crucifixes from view; Filipino nurses furtively read banned Christmas catalogues; Christian physicians whisper their weekend plans, referring to church services as ‘gatherings’ at diplomatic compounds;”—

because they have to try to hide what they are doing and when—

“Christian Pakistani matrons scheduling the nursing rota risk false accusations of blasphemy—charges which could result in death.”

That is everyday life in Saudi Arabia for Christian people.

I will quote something connected to the sense that we are looking the other way and leave the idea with Members as a thoughtful submission. It is attributed to the German Jewish essayist Kurt Tucholsky—I am doing well with the names today:

“A country is not only what it does—it is also what it tolerates.”

Let us think about those words very clearly. In Saudi Arabia there is no toleration for Christian minorities, for those with different views or for those who do not conform to its particular rules and regulations.

What are we tolerating in our relationship with Saudi Arabia? I have great respect for the Minister, but I must put this to him: how can we do better? How can we ensure that our nurses and teachers do not fear discussing church or asking for time off to worship their God in the way that He has ordained they should? What diplomatic pressure can be brought to bear to bring change? If the answer is that we have no leverage and can apply no pressure, we must ask ourselves why that is the case—that goes back to the point made by the hon. Member for Glasgow South both in his opening remarks and in his intervention.

There are more than 200 joint ventures between British and Saudi companies, worth \$17.5 billion. Saudi Arabia is the United Kingdom's primary trading partner in the middle east, and even our Prime Minister travelled to extend sympathy at the death of King Abdullah. I do not for a second say that he should not have done that, but I do ask, given the special relationship that we seem to have, what we are doing for the Christian people and other minorities. Have we no leverage despite that relationship? Some tough questions must be asked about

whether we can do more to halt the persecution of Christians, and especially of British Christians, in Saudi Arabia.

10 am

Jeremy Corbyn (Islington North) (Lab): I apologise to the House, Mr Chope, for missing the first few minutes of this morning's debate.

The case of Raif Badawi highlights just how bad the human rights situation is in Saudi Arabia, but it is not the only case. I hope that the Minister will be able to reply to some short, simple points. The UN Human Rights Council has expressed many concerns about human rights, the judicial process and the plight of individuals in Saudi Arabia. That does not appear on the surface to have affected the British Government's relationship with Saudi Arabia very much. As far as I can work out, it has not led to the Government making many remarks to the Saudi Government to try to bring about change. We need to ask about the link between substantial sales of British arms to Saudi Arabia and our apparent inability to criticise the human rights record there. Will the Minister confirm what controls are applied to the export of arms, how many arms licences have been refused, and how many of the weapons or items of equipment sent to Saudi Arabia have been used for internal repression, to suppress demonstrations or to control prisons?

Saudi Arabia's activities in Yemen are extremely well known, and it is not a secret that it has been occupying quite large parts of that country to restore the original Government to power. There are also disturbing reports that it has been using illegal cluster bombs during the bombardment of Yemen. I would be grateful if the Minister would confirm whether that is so. If not, will the Foreign Office find out exactly what weapons that would be illegal under international law have been used by Saudi Arabia? The question of arms supplies has troubled both Germany and Sweden, which have at times either suspended or restricted arms supplies to Saudi Arabia because of human rights abuses, and because of their concern about what they would be used for; but apparently that question has not restricted the British Government very much.

The Foreign Office human rights and democracy report of 2014 said:

"Saudi Arabia continued to make incremental improvements on human rights in 2014, as the government carried on implementing its reform programme...but we continued to have concerns over the human rights situation, particularly in relation to the use of the death penalty, access to justice, women's rights, and restrictions on freedom of expression, freedom of assembly and freedom of religion or belief. There was some progress in women's rights and the death penalty, but significant institutional change in Saudi Arabia is needed to protect the human rights of its residents, especially with regards to the guardianship system and restrictions on freedom of religion or belief."

In fact, the number of executions has gone up, not down, in the past two years. The report continues:

"There were significant changes in the justice sector. On 10 September, the Secretary of State for Justice...visited Saudi Arabia and signed a Memorandum of Understanding (MoU) with the Saudi Arabian Minister of Justice...This should act as a mechanism for dialogue on human rights issues".

We need to know from the Minister how many times meetings have been held with the Saudi Government, what has been achieved through that dialogue, and

what improvements have resulted in the human rights record of Saudi Arabia as a result.

There are many disturbing reports, particularly about the plight of human rights defenders, who seem to have little protection in law. Often they are brutally silenced when they try to speak out about human rights abuses, particularly away from the big cities and in more remote parts of the country. The guardianship system for women means that women's rights are extremely restricted all over the country, yet we carry on as though everything were normal with Saudi Arabia.

Angela Crawley: Government officials in Saudi Arabia have stated their blatant opposition to gay rights and have criticised human rights policies that guarantee freedoms and liberty. Recent police raids have evidently primarily targeted gay people, and several arrests have been made as part of the authorities' latest crackdown on LGBT people. Does the hon. Gentleman join me in condemning that?

Jeremy Corbyn: Absolutely; I thank the hon. Lady for drawing the House's attention to that. The abuse of all human rights in Saudi Arabia is very serious, but the treatment of lesbian and gay people there is particularly appalling. In the UN Human Rights Council, the UK routinely takes up issues of systemic discrimination in many countries all over the world, but there seems to be an unfortunate silence where Saudi Arabia is concerned, and I do not believe that that is the way to act.

Stewart McDonald: The hon. Gentleman is a long-serving Member of Parliament and no doubt over the years has been to many a protest outside the Saudi embassy. Off the top of his head, can he give an example of a meaningful public condemnation of the Saudi regime that has been made in the years in which he has been debating the issue in the House? Can he think of one, or perhaps two?

Jeremy Corbyn: Ministers have often said to me that they are concerned about human rights in Saudi Arabia. Usually the narrative from the Foreign Office is that constructive dialogue is making progress. It is not obvious to me what progress has been made in the matter, but that is what is often said. The Minister, I am sure, can speak for himself.

My last point is about migrant workers. There are hundreds of thousands of migrant workers all over the Gulf states. They are doing the jobs that nobody else wants to do. They run the economy; they run the oil industry; they clean people's houses; they fix the roads; they run the railways. They run just about everything. The whole economy relies on them completely. Generally speaking they are poorly treated everywhere, but 300,000 have been deported from Saudi Arabia, and others who have protested in any way about their conditions of work have been summarily removed from the country. We ought to be aware that that is a systemic problem across the region.

British companies are heavily involved in service industries and oil exploration and exploitation in Saudi Arabia and other places. I am not saying that British companies are particularly exploiting migrant workers, but I do say that Britain should not turn a blind eye to what is happening to many vulnerable people across the region. What is happening in Qatar has at last got some publicity,

[Jeremy Corbyn]

because of the number of migrant workers who have died on construction sites. Things are not that different in every other country of the region.

I hope that the Minister will be able to tell the House that tough representations will be made to the Saudi Arabian Government, and that we will suspend arms supplies to Saudi Arabia if it is shown to be using weapons illegally in the Yemen. There is also the question of past weapons use in Bahrain. I hope he will say that we will demand rights for women, an end to the death penalty, and rights and justice for the migrant workers in the region. We cannot just say that because Saudi Arabia is oil-rich and has huge amounts of money with which to buy arms from us and from other places, human rights standards should be lower. We should say that human rights standards should be the same throughout the world. The declaration of human rights is, after all, a universal declaration, not a selective one. We should make that clear in our foreign policy relationships with Saudi Arabia.

10.8 am

Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP): It is a pleasure to serve under your chairmanship, Mr Chope. I congratulate my hon. Friend the Member for Glasgow South (Stewart McDonald) on securing the debate; he has been a persistent and passionate agitator on the issue since his election, and remains so. He reminded us of the case of Raif Badawi, a 31-year-old Saudi Arabian writer and activist, who is married with three children. My hon. Friend detailed his trial, conviction, horrendous sentence and punishment for the crime described as “setting up a liberal website”. I should declare an interest as a member of Amnesty International, which has been campaigning on the issue.

Following Mr Badawi’s arrest, Amnesty designated him a prisoner of conscience, “detained solely for peacefully exercising his right to freedom of expression”, and noted:

“Even in Saudi Arabia where state repression is rife, it is beyond the pale to seek the death penalty for an activist whose only ‘crime’ was to enable social debate online”.

Numerous other campaign groups, such as Free Raif UK, English PEN and other well known human rights groups, also deserve credit for keeping Mr Badawi’s case in the public eye. Doing that retains pressure on the Saudi authorities and provides support for the friends and family of Raif Badawi, Waleed Abulkhair, who I think is Mr Badawi’s lawyer, and various others. By securing this debate, my hon. Friend has made a further contribution to that important task and provided the hope that he spoke about. Whether even more can come from the debate is down to the Government. I support my hon. Friend’s simple requests that the United Kingdom Government call for Mr Badawi’s release and seek permission to visit him in prison. So far, the UK Government have had too little to say publicly about this issue. We wait with interest to hear what the Minister will say today.

None of this is to say that we fail to recognise the difficulties and complexities involved in international diplomacy. Sometimes diplomacy behind closed doors

can work—indeed, the suggestion so far from the UK Government is that their approach to Saudi Arabia is to pursue diplomacy behind closed doors. However, in this case, public silence is no longer an option; in reality, it never was.

Concern is not enough because, first of all, people see an inherent hypocrisy that is far too large to ignore. As my hon. Friend the Member for Rutherglen and Hamilton West (Margaret Ferrier) highlighted in her intervention, the double standards being applied cannot be tolerated. At the start of this year, in the wake of the horrific *Charlie Hebdo* attack, our Prime Minister walked with thousands of others along the streets of Paris to protest in support of freedom of expression. Among the marchers was the Saudi Arabian ambassador to France. Both France and the United Kingdom have a strong belief in freedom of expression, but the same cannot be said about Saudi Arabia. Just two days before that march, Raif Badawi had received the first 50 lashes for his so-called offence—an offence of expression.

Secondly and even more importantly, to citizens of this country looking in from the outside the process of diplomacy behind closed doors just does not appear to be working or achieving anything, as my hon. Friend the Member for Glasgow South pointed out. The softly-softly approach is seen as amounting to not very much at all. It is simply untrue to suggest that there has been a substantial improvement in human rights in Saudi Arabia through that approach, as my hon. Friend explained. This year, the country has already executed more than 100 people. That surpasses the total for last year.

The slow burn of British diplomacy might even appear to be encouraging an aura or attitude of impunity in the Saudi Government, nurturing the idea that they can get away with human rights abuses if they talk a good game on human rights. As my hon. Friend highlighted, Saudi Arabia is considering seeking the chairmanship of the UN Human Rights Council next year, yet two months ago it advertised for eight new executioners, as the hon. Member for Strangford (Jim Shannon) pointed out. Recently, it hosted a regional human rights meeting just three days before the supreme court upheld the sentence against Raif Badawi. When called out on its human rights record by the media, the Government of Saudi Arabia claim that it is

“one of the first States to promote and support human rights” as if those words on their own are enough.

The case of Raif Badawi has proved to be a rallying point, casting light on problems that, as many hon. Members said, go much further than his own. He is a man whose bravery puts a human face on the statistics that we hear about the scale of human rights abuses in Saudi Arabia, but those statistics and the other stories that we have heard today continue to provide grave cause for concern.

As the hon. Member for Strangford highlighted, the persecution of Christians is extremely concerning. As my hon. Friend the Member for Lanark and Hamilton East (Angela Crawley) set out, the situation for women is also terrible. The few rights that do exist in Saudi Arabia essentially do not extend to women—in fact, “human rights”, in so far as they exist in Saudi Arabia, really means men’s rights. My hon. Friend also highlighted the persecution of LGBT people in that country. The hon. Member for Islington North (Jeremy Corbyn) highlighted concerns regarding Saudi activities in Yemen and the exploitation of migrant workers in Saudi Arabia.

Worse even than the failure publicly to criticise and condemn has been the United Kingdom Government's tendency almost to excuse. As my hon. Friend the Member for Glasgow South highlighted, it was recently suggested in the House of Lords that the treatment of Raif Badawi largely meets with public approval in Saudi Arabia. That is an objectionable argument on so many levels. Not only should we, as hon. Members have said, take such assertions with a large pinch of salt; most significantly, we can never say that human rights abuses are all right and should be ignored if a majority in a particular country agrees with them.

We argue for a new approach, and in Europe, as we have heard today, there are glimmers of hope. The hon. Members for Strangford and for Islington North pointed out that Germany and Sweden have started to speak out, with Sweden withdrawing from a security and trade agreement with Riyadh, effectively blocking arms exports. Meanwhile, Germany has ended an export deal for Leopard tanks because of Saudi Arabia's human rights record and it warned that the sentence against Mr Badawi was damaging relations. We were just speaking of opinion polls, and opinion polls there show that the German public are against any form of trade with the Arab state, with a large majority against arms sales.

Stewart McDonald: My hon. Friend makes an important point about Sweden's trade deals with Saudi Arabia being ended and Germany's refusal to sell tanks to the Saudi regime. Does he share my concern that the United Kingdom Government have not so much as refused to sell a single bullet to the Saudi regime?

Stuart C. McDonald: I absolutely agree. In coming to a conclusion about what my hon. Friend has asked for today, I will say that we recognise the complexities of international diplomacy, but back-room bargaining is no longer enough—indeed, it never really was. At the very least, as my hon. Friend suggests, we require the UK Government to call for Mr Badawi's release and to seek permission to visit him in prison. That is not much to ask. As the hon. Member for Islington North said, the United Kingdom Government need to rethink their approach to Saudi Arabia altogether. Our requests are modest, and we look forward to hearing what the Government have to say in response.

10.17 am

Kerry McCarthy (Bristol East) (Lab): It is, as ever, a pleasure to serve under your chairmanship, Mr Chope. I congratulate the hon. Member for Glasgow South (Stewart McDonald) on securing the debate. Understandably, he focused on the case of Raif Badawi, as did his Scottish National party colleague, the hon. Member for Cumbernauld, Kilsyth and Kirkintilloch East (Stuart C. McDonald). Sometimes a case assumes totemic status in the human rights catalogue. We know that there are many horrific cases of human rights abuses in Saudi Arabia, but sometimes it takes a case such as that of Raif Badawi to capture public attention and focus people's minds, so it is right that the hon. Member for Glasgow South raised it.

We heard from the hon. Member for Strangford (Jim Shannon) about the persecution of Christians in Saudi Arabia. He has been a strong advocate for many years

on the issue of freedom of religion and, in particular, the persecution of Christians, and he made a compelling contribution again today.

We heard from my hon. Friend the Member for Islington North (Jeremy Corbyn) about a number of issues, which I will come on to, such as arms deals, the memorandum of understanding with the Saudi Arabian Ministry of Justice, and migrant workers. However, it is important that as well as focusing on the specific issues that have been raised, we look at the wider questions about what it means for Saudi Arabia to be a Foreign Office country of concern on human rights grounds. It is important that Parliament regularly revisits the question of human rights in Saudi Arabia and questions the nature of our bilateral relationship, as it epitomises the inherent challenges and contradictions in the UK's foreign policy and flags up some of the very difficult questions that we struggle with and have to reconcile.

We heard today some of the reasons why the Foreign Office regards Saudi Arabia as a human rights country of concern: the restrictions on freedom of expression and assembly; concerns about migrant workers; reports of torture being commonplace in prison; and the crackdown on dissent, including legislation equating criticism of the Government with terrorism. Those are not simply internal, domestic matters but questions of international law and universal principles of human rights.

On the specific case of Raif Badawi, which I will return to throughout my response, the hon. Member for Glasgow South eloquently summed up the position. It is very difficult to imagine not just Mr Badawi's plight, but what his family, who are now in Canada, are going through. His arrest and conviction expose Saudi Arabia's disregard for religious freedom and freedom of expression, and his sentence breaches the convention against torture and other cruel, inhuman or degrading treatment or punishment, which Saudi Arabia has ratified. I will refer to several such agreements during my speech, and we have to ask what it means for Saudi Arabia to have ratified them if we continue to see cases such as that of Raif Badawi.

Saudi Arabia is a signatory to the convention on the elimination of all forms of discrimination against women. It is true that there has been a little progress. Women are expected to be allowed to vote in this year's municipal elections for the first time, and 30 of the 140 seats in the Shura Council have been allocated to women. More employment opportunities have also been opened up to women. Those are, however, very small steps. Saudi Arabia still operates the guardianship system, and women are still very much subordinate to men. There is still a ban on women driving, for example. In December, two Women2Drive supporters were arrested and later charged with terrorism-related offences, for the crime of driving a car and being women.

The Government's latest human rights and democracy report lauded Saudi Arabia for its participation in the preventing sexual violence initiative. It is true that there is a new law criminalising domestic violence in Saudi Arabia, but Amnesty International reports that women are still not adequately protected from sexual violence. Although it has not been raised today, we have discussed in the past the plight of the Saudi princesses, on which people seem to have fallen silent. Perhaps the Minister

[*Kerry McCarthy*]

can update us on that. If that is what happens to women in the royal family in Saudi Arabia, what hope is there for ordinary women?

Hon. Members have highlighted the absence of religious freedom in Saudi Arabia, where the rights and wellbeing of minorities—not least Shi'a Muslims, as well as Christians and atheists—need to be protected. Apostasy is punishable by death and Saudi Arabia is one of the most prolific countries, behind only China and Iran, in the use of the death penalty. Last year, the number of executions increased significantly to 86. By June this year, however, Saudi Arabia had already surpassed last year's total, and there have been more than 100 executions. As we have heard, the country has had to advertise to recruit eight more executioners for the public beheadings.

Stewart McDonald: Does the hon. Lady agree that given that Saudi Arabia is advertising for more executioners, no progress is being made on that front?

Kerry McCarthy: The statistics I have just quoted speak for themselves. As I said, the number of executions that has taken place this year has already exceeded last year's total. Clearly, Saudi Arabia is not moving in the right direction on the death penalty. People have been sentenced to death for sorcery and adultery, and they have been executed for confessions allegedly obtained through torture. Juveniles have been executed, which is in clear violation of international law. In that brief summary of just some of the human rights concerns, I have covered five of the Foreign Office's six human rights priorities: freedom of expression on the internet, torture prevention, women's rights, freedom of religion or belief, and the abolition of the death penalty. The Foreign Office has never listed lesbian, gay, bisexual, and transgender rights as one of its six priorities, although that should be a priority, not least because in countries such as Saudi Arabia homosexuality is punishable by death, as several colleagues have mentioned today.

The Foreign Office's sixth thematic priority is business and human rights. We have heard very little of the Government's business and human rights action plan since it was launched in 2013. The previous Foreign Secretary assured us:

"The promotion and protection of human rights is at the heart of the UK's foreign policy".

By contrast, the Prime Minister spoke of his determination to place

"our commercial interests at the heart of our foreign policy."

Therein lies the dilemma. The current Foreign Secretary did not mention human rights at all when he was appointed, and it certainly seems that the commercial heart has had a much stronger beat at the centre of our foreign policy than the human rights heart. I do not deny that we need to attract inward investment and promote UK exports, but we cannot do so at the expense of basic human rights for people in countries such as Saudi Arabia, or by ignoring our international responsibilities. The Foreign Secretary has said that

"Saudi Arabia is an important ally of the UK".—[*Official Report*, 9 June 2015; Vol. 596, c. 1040.]

We would, therefore, expect the Government to use that relationship with a strong ally to discuss their human rights priorities.

Last year, UK arms exports to Saudi Arabia were worth £1.6 billion. Questions have rightly been asked about the inclusion of Saudi Arabia as a priority market for arms sales when it is also a human rights country of concern, but those are questions that Ministers have been unwilling or unable to address. Indeed, Defence Ministers recently told the House that they would not be reviewing the licences to Saudi Arabia, despite the UN's warnings regarding the conflict in Yemen, about which they stated:

"The indiscriminate bombing of populated areas, with or without prior warning, is in contravention of international humanitarian law".

I hope the Minister will be able to tell us whether he thinks the Government's eagerness to sell arms to Saudi Arabia undermines any efforts to challenge the country's human rights record or mutes discussion.

As several hon. Members have mentioned, there seems to be a significant reluctance on the part of the UK Government to speak out on human rights. The Government's initial response to Raif Badawi's conviction and flogging seemed rather timid, and the Prime Minister has been evasive when he has been asked about discussions on human rights with the Saudi authorities. I remember tabling a series of written questions some years ago, in which I asked about discussions. I kept being told that nothing was off the table and there was a broad range of discussion, which is what tends to happen whenever I ask what discussions the Prime Minister has had on human rights. Perhaps the Minister will be able to enlighten us a little more today.

The Minister will, no doubt, tell us that there is a difference between private and public diplomacy. I accept that public condemnation is not always the most effective, and I am not suggesting that it is always appropriate to divulge the details of private conversations with foreign dignitaries. I accept, too, the need to consider our national interest and Saudi Arabia's strategic role in the region. There is, however, a difference between choosing the best approach and turning a blind eye to egregious human rights abuses.

The concern that the British Government has dodged questions of human rights was only reinforced by the comments made by the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski), the chair of the all-party group on Saudi Arabia, during last year's debate on this subject. He stated:

"British officials were petrified at the prospect that I might raise issues involving Christian rights in front of the King. They do not like British Members of Parliament raising such issues".—[*Official Report*, 24 June 2015; Vol. 583, c. 9WH.]

There is a danger that if the UK is perceived to be inconsistent on human rights and to demand higher standards from some countries than others, it will undermine Ministers' attempts to promote human rights in any country. We cannot be seen to have double standards when it comes to universal, inalienable principles of human rights. The international community cannot selectively grant impunity for human rights abuses. Countries such as Saudi Arabia cannot be allowed to hide behind their economic power and strategic importance while the international community criticises other countries more strongly.

That is especially true when Saudi Arabia is a member of the UN Human Rights Council, a body that is supposed to be

“responsible for strengthening the promotion and protection of human rights around the globe and for addressing situations of human rights violations”.

Saudi Arabia has failed to implement the recommendations that it accepted in its universal periodic reviews, however, and it has rejected the recommendation to ratify the international covenant on civil and political rights. As we have heard, the country has ratified other agreements but failed to implement them.

Jeremy Corbyn: The covenant that my hon. Friend has mentioned would also help to protect migrant workers, who, as I pointed out, are incredibly badly treated in Saudi Arabia. Does she agree that we should do more about migrant workers in that situation?

Kerry McCarthy: I absolutely agree. The situation in Qatar, which my hon. Friend mentioned earlier, has shone a spotlight on the plight of migrant workers in the middle east. We should not assume that that is a problem only in Qatar; it is certainly an issue in countries such as Saudi Arabia, and it requires international action, particularly where British companies are involved.

There is limited space for civil society in Saudi Arabia. Amnesty International is denied access, human rights defenders are prosecuted, and non-governmental organisations are required to register—something that few, if any, have managed to do. That all suggests an unwillingness to engage on human rights or to work with the international community, and it makes it all the more important for Saudi Arabia’s allies, such as the UK, to be frank with it. Perhaps the Minister will be able to tell us more about how the UK works with Saudi Arabia on the Human Rights Council.

The UK Government seek to work in partnership with the Saudi Government on some matters. The hon. Member for Reigate (Crispin Blunt) mentioned the memorandum of understanding that the previous Justice Secretary has signed with his counterpart, and the Home Secretary did likewise earlier this year. Given the concerns that we have heard about the criminal justice system in Saudi Arabia—including the use of corporal punishment and amputations—I hope that the Minister will be able to advise us on the conditions attached to those MOUs and the progress that is being made.

Stewart McDonald: Does the hon. Lady support calls by Amnesty International for the British ambassador in Riyadh to visit Mr Badawi in prison to check on the conditions in which he is being held?

Kerry McCarthy: Yes, I certainly do. I am meeting Amnesty later this afternoon, as I do regularly. I hope that the Minister will help facilitate that.

We were told that the UK raised Raif Badawi’s case with the Saudi authorities at a senior level, but six months after his first 50 lashes and after three years’ detention, he remains in prison with the threat of 950 more lashes hanging over him. What assessment can the Minister give of the UK’s actual influence in this situation? King Abdullah was hailed by some as a reformer, but the slow pace of reform failed to prevent immense suffering and discrimination. Although the new king

has taken positive steps, including small steps to protect religious minorities, little has changed so far in terms of basic rights and freedoms.

The UK must be prepared to discuss with Saudi Arabia the need for more fundamental reform if the kingdom is to meet its obligations to the people of Saudi Arabia and the international community. As I said, we recognise the need to work with Saudi Arabia and establish a strong relationship, but a bilateral relationship that turns a blind eye to human rights or silences a partner is inherently fragile.

I referred earlier to the Foreign and Commonwealth Office’s six thematic human rights priorities. I have heard reports that those six priorities have now been abandoned in favour of three vaguer work streams; I do not know whether the Minister is in a position to clarify that, but it is important. As I said, I would like to see the current priorities strengthened by the addition of LGBT rights. I am concerned that the abandonment of those six principles will mean less focus on human rights. It would be helpful if he could advise on that.

10.31 am

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Tobias Ellwood): It is a pleasure to work under your experienced chairmanship, Mr Chope. I begin, as others have done, by congratulating the hon. Member for Glasgow South (Stewart McDonald) on securing the debate. I will not try to say which names are which, but I was grateful for the clarification at the beginning.

I will say as a general remark that this debate has been informative and constructive. From a personal perspective, it is good to see new Members of Parliament from the Scottish National party come here with such a depth of knowledge and interest, and such a commitment to these issues. It is healthy and important to have them at such debates, along with those of the older generation who are regulars at them; I am only sorry that there are not more Members from my party to match them. However, I am pleased that we are here to place on record our relationship with Saudi Arabia and the important human rights aspect of that relationship.

It is worth placing in context where we stand. The UK and Saudi Arabia have a long history of friendship, understanding and co-operation. That relationship is rooted in defence, security, trade and investment, as hon. Members have mentioned. There are many bilateral challenges and opportunities, as has also been said, including Iraq and Syria, ISIL and Daesh and the changes taking place with the new Iranian nuclear deal. As the Opposition spokesperson, the hon. Member for Bristol East (Kerry McCarthy) also mentioned, Yemen is also an issue.

It is important to remind ourselves that the people of Britain have strong bilateral links with Saudi Arabia. Millions of Muslims travel to Saudi Arabia every year to perform the Hajj and Umrah pilgrimages and to visit the holy sites of Mecca and Medina. I understand that 18,000 Britons completed the Hajj in 2014. The bilateral relationship is strong, which allows us to have frank conversations, often behind the scenes.

My speech has now been ruined by my scribbles in trying to answer all the questions that have been asked in this interesting debate. As I have done in the past, I

[Mr Tobias Ellwood]

will do my best to respond now, but if I do not, I will ensure that we scroll through *Hansard* and write to hon. Members individually to give them more details about the important questions that they have asked.

Saudi Arabia and Britain are essential partners and good friends. As a long-time friend of Saudi Arabia, we are able to have honest and meaningful conversations with the Saudi Arabian Government about all issues, including human rights. To be frank, sometimes those conversations are difficult. We remain deeply concerned about Saudi Arabia's use of the death penalty, restricted access to justice, the women's rights situation and continued restrictions on freedom of expression, freedom of assembly and religious freedom.

Margaret Ferrier: One issue that has not been mentioned is human trafficking, rates of which are extremely high in Saudi Arabia. The kingdom is currently designated by the USA as a country of particular concern. The Saudi Arabian Government do not comply with the minimum standards for eliminating trafficking and are not making significant efforts to do so; they have moved from tier 2 to tier 3 due to their lack of progress on anti-trafficking efforts, particularly their failure to protect victims and prosecute those guilty of involuntary servitude. Will the Minister look at that as well?

Mr Ellwood: I will certainly come to those matters if time permits.

The Government's view is a matter of public record, and we continue to make our views known in public and in private through multilateral and bilateral channels. We use the UN universal periodic review process and the FCO's annual human rights and democracy report, which has been mentioned several times, including by the hon. Member for Islington North (Jeremy Corbyn), as well as our own diplomatic engagement with the Saudi Arabian authorities, to raise such concerns at all levels.

We can and do give tough messages, but we must recognise the crucial point that Saudi culture is deeply rooted in widely held conservative social values. We usually judge that our human rights concerns are best raised in private, and we will continue to work with the Saudi Arabian authorities and those in Saudi society advocating human rights reform, but we will continue to stand up for the full range of human rights. That is at the core of the strategy that we are discussing. Many—including, I think, the hon. Member for Glasgow South; I apologise if I misunderstood his tone—have advocated that we should somehow back away and not trade with that country because we should stand up for certain human rights issues. Forgive me if that is incorrect; if so, I will allow him to correct it. If we were to do so, would we give up an opportunity to have influence at the front line in favour of shouting from afar?

Jeremy Corbyn: The Minister mentioned the UN Human Rights Council's universal periodic review, which was very strict and raised many complaints about Saudi Arabia. What are the Government doing to monitor progress on that? Is the UN going to send any special rapporteurs to Saudi Arabia, and have the Saudi Arabian Government agreed to that process?

Mr Ellwood: Again, that is a rather large section of my remarks, and I hope to come to it shortly, so I will continue to make progress.

Kerry McCarthy: On a more general point, the Minister says that representations are being made behind the scenes and that that is the best way to influence the Saudi regime. Can he point to instances in which he feels that British influence has actually made a difference to the Saudis' record on human rights? What changes has he seen as a result of our representations?

Mr Ellwood: Again, I need to make some progress, and then I will answer those questions. It is important, if we have these debates, that we can see progress being made. We must be able to see movement forward. I will give some illustrations of that and of instances in which Britain is trying to assist in that progress.

Turning to some of the specific questions that have been asked, the hon. Member for Glasgow South asked about the lowering of the flag on the death of King Abdullah. I should make it clear that it is a long-standing convention to half-mast the Union flag on Government buildings following the death of any foreign monarch. That is the convention; it was not specifically to do with that particular case.

Many hon. Members, including the hon. Member for Glasgow South, spoke at length about the Raif Badawi case. I give the hon. Gentleman the same answer I gave in the main Chamber: the case is in the supreme court and is under review. We therefore cannot interfere with that process, in the same way that the Saudi authorities would not interfere with our process.

Stewart McDonald *rose—*

Mr Ellwood: The hon. Gentleman raised two specific issues, so I shall just make a couple of points, which might answer the questions that he might be about to ask me yet again.

Raif Badawi has been found guilty of various charges. We strongly condemn the sentence passed, but we must honour the judicial process. Once that process has been completed, we can then take stock and comment on the process itself, but we must be careful not to interfere with it.

Stewart McDonald: *rose—*

Mr Ellwood: The hon. Gentleman is keen to interject, so I will give way.

Stewart McDonald: I am grateful to the Minister. May I press upon him again, as I tried to do earlier, that it is not a normal justice system? He is asking me, and people across the world, to have confidence in the system that put Mr Badawi where he is now. Is the Minister seriously going to stand up with a straight face and ask us to do that? It is nothing short of a joke. It is the same justice system that bestowed upon Mr Badawi a prison sentence, a fine and 1,000 lashes. Minister, we can do better than this.

Mr Ellwood: The case has returned to the supreme court, which reflects the fact that the leadership has taken stock of international opinion and what people have said. The punishment has stopped and is under review. Until that process moves forward, it would be

incorrect to comment on another country's judicial process. That would be interfering, in the same way that the Saudi authorities would be interfering in our processes if they commented on them.

The hon. Gentleman asked whether the ambassador should request to visit Raif Badawi. We will not advocate that; again, it would be inappropriate. Raif Badawi is not a British citizen as such. Once the sentence is upheld, we can obviously look at making contact, but it is not appropriate for our ambassador. That would, again, be seen as interfering with the process. A non-governmental organisation would be in a better position to make that judgment, rather than another country's ambassador going in to see a citizen to whom the ambassador has no direct connection.

Stewart McDonald: Given what the Minister has said, will he ask the Saudi Government if it would be possible for Amnesty International to visit Mr Badawi in prison?

Mr Ellwood: Absolutely; we can certainly put that forward. I would be delighted to make that request.

Religious tolerance and the situation of Christian and other minority religions have been raised in the debate. The British Government strongly support the right to freedom of religion or belief, which is restricted in Saudi Arabia. As the hon. Member for Strangford (Jim Shannon) is aware, our views on the subject are well known. We must recognise that the restrictions on freedom of religion or belief in Saudi Arabia reflect widely held conservative social values in Saudi society. The key to increasing freedom is to focus on tolerance. We must work with Saudi Arabia to identify areas in which different faiths can work together, foster trust and build slowly in more challenging areas.

Jim Shannon: I referred in my speech to the 28 Christians who were arrested. Men, women and children have disappeared into the ether of Saudi Arabian society and into the prison system. I know that the Minister is unable to respond today, and I respect that, but could he respond directly to me, and perhaps to other hon. Members present in the Chamber?

Mr Ellwood: I pay tribute to the hon. Gentleman for the work that he has done in this area. He has raised such issues with regard to a number of arenas, not only Saudi Arabia. I do not have the information he seeks at hand, but I will certainly write to him with more details, if I may.

The hon. Member for Islington North raised the important issue of migrant rights. He also touched on Qatar, which I visited recently. I will not digress now, but I will write to him on that point; we have seen progress, in which Britain has been very much involved.

As the hon. Gentleman will be aware, the amnesty for foreign workers to regularise their status in Saudi Arabia came into effect in 2013. It led to many people—1.5 million, I think—leaving the country. The Saudi Government have now agreed updated bilateral arrangements with a number of labour-supplying countries for legalised workers to remain in Saudi Arabia. We also expect to see more accurate labour records, and recent legal reforms will improve the basic rights of migrant employees. Legislation requires workers to be

paid at least monthly and have access to their own identity documents, and domestic workers to have at least nine hours' rest per day and one day off per week. We welcome any improvement in the legal position of migrant workers. Those are steps in the right direction, but clearly there is more work to be done.

The hon. Member for Bristol East raised the question of the imprisoned princesses. I will write to her with more details, but we have received no further reports since King Salman's accession to the throne in January.

Export licences are another an important subject, given the closeness we have to Saudi Arabia. I make it absolutely clear that we have a robust mechanism in the UK. All exports of arms and controlled military goods are assessed on a case by case basis against the consolidated EU exporting licensing criteria. Concerns about excessive use of force and arbitrary arrest by police and security forces are considered extremely carefully.

In answer to the question about what progress has actually been made, I put my hand up and say that of course serious barriers remain and we want to see a huge amount of progress. The Saudi Arabian Government have confirmed that women will now be able to stand and vote for the first time in municipal elections, which will take place in December 2015. There are already women on the Shura Council, and we understand that 80 women will be standing, across 285 municipalities. There is obviously a long way to go, and we continue to engage with the Saudi authorities, but that is an example of real progress.

Saudi Arabia has also ratified the convention against torture, but, as has been articulated today, allegations of torture continue to be heard, particularly from political activists. We are pressing to work together to implement the requirements of international obligations, particularly human rights conventions. The Saudi Government have recently allowed the quasi-independent body the National Society for Human Rights free access to all prisons and prisoners to assess claims of torture and abuse. That needs to be placed in its context, which includes Raif Badawi.

The Saudi Ministry of Justice continues to implement an ambitious \$1.6 billion reform programme. More than \$1.2 billion has been spent on new courthouses, technology and judicial training. Special courts in family, commercial and labour law are planned. The appeal court and new supreme court have increased access to justice, and a new arbitration department has been formed to reduce the number of trial cases. Nevertheless, the legal system continues to suffer long delays in bringing defendants to court, and delays due to the lack of codification of case law. We have raised our concerns about that, and there are signs that trials are becoming more transparent, with the media and diplomatic community being given access to some trials. We also expect people to be brought to trial more quickly as the number of judges increases.

We have a strong and important relationship with a key ally in the region. I thank right hon. and hon. Members for this thought-provoking debate. I apologise for the fact that I have not been able to go into all the details in the answers that I have given today, but I will certainly write to colleagues with a more informative response.

[Mr Ellwood]

I wish to make it clear that human rights are at the heart of UK foreign policy. As the Secretary of State for Foreign and Commonwealth Affairs has stated:

“It is in the UK’s national interest to help our international partners promote, protect and enjoy human rights; and to find effective ways to tackle violations wherever they occur.”

We have concerns about the human rights situation in Saudi Arabia, which we will continue to raise, but we also recognise that progress has been made. Clearly, more needs to be done. Our friendship with Saudi Arabia affords frank and open dialogue, and we continue to use our close relationship to ensure that the incremental process we are seeing is only the beginning.

10.50 am

Stewart McDonald: I have found this debate both helpful and depressing at the same time.

I will begin by being charitable to the Minister by welcoming his remarks on requesting a visit to the prison by Amnesty International or another NGO, and I look forward to hearing when that request will be formally made to the Saudi Government. I press him to request that visit as a matter of urgency.

I thank other hon. Members for their contributions, in particular the hon. Member for Strangford (Jim Shannon), the hon. Member for Islington North (Jeremy Corbyn), who speaks with great authority on these matters, and, of course, my hon. Friend the Member for Cumbernauld, Kilsyth and Kirkintilloch East (Stuart C. McDonald), who I am sure has not been mixed up with me in the *Hansard* record of this debate. I also thank the hon. Member for Bristol East (Kerry McCarthy), who made a most helpful contribution to the debate.

I began by being charitable to the Minister. He was helpful on the prison visit issue. We did not hear whether he believes Mr Badawi should be set free. What we heard was that he does not believe that it would be

appropriate to intervene, given that the case is up for review by the Saudi supreme court. I have to say that I cannot find the news anywhere in the public domain that the case is supposed to be up for review by the supreme court. I cannot see any evidence of that, so perhaps he could furnish us with it. However, even if the supreme court is conducting a review, I still have no confidence in it. It is the same supreme court that has already reviewed the case, and it is the same justice system that has already lashed Mr Badawi’s back 50 times.

There were a number of contributions to the debate about human rights abuses more widely. In particular, the hon. Member for Strangford made an excellent speech on the plight of Christians in Saudi Arabia. When Britain wants to be a leader in human rights and freedom across the world, I wonder why we are so subservient to what is probably the biggest human rights abuser in the middle east. Indeed, it seems that not a brass penny is spared when it comes to developing the relationship of defence, security, trade and investment that the Minister mentioned. We also often hear that Saudi Arabia is a key strategic partner in combating terrorism, but when will we look at the victims of Saudi terrorism in Saudi Arabia, who themselves are Saudi Arabian nationals?

I fear that we have made little progress this morning. There is much more that needs to be extracted from the Government on what they will do, not only about the case of Raif Badawi but about much, much more.

I will end by saying that Raif Badawi visited my home city of Glasgow. That makes him a son of Glasgow, and so long as he is held Glasgow will not rest until he is set free.

Question put and agreed to.

Resolved,

That this House has considered human rights in Saudi Arabia.

10.53 am

Sitting suspended.

Légion d'Honneur (UK Normandy Veterans)

11 am

Dr Julian Lewis (New Forest East) (Con): I beg to move,

That this House has considered the administration of the award of the Légion d'Honneur to UK Normandy veterans.

It is a great pleasure to bring this subject before the House. It did not come as a complete surprise to me that this admirable scheme, in which the French Government have offered to award surviving veterans—not only from D-day, but from the subsequent campaigns to free France from Nazi occupation—has run into a little administrative difficulty. I hope that the Minister will give us a hopeful sign that the glitches and delays that have temporarily marred a brilliant scheme and a wonderfully generous gesture by the French Government can soon be overcome.

It was some years ago that some Normandy veterans had the opportunity to be awarded the Légion d'Honneur. I have in mind a remarkable gentleman, Bill Price, who will be 101 this Friday. He joined the Territorial Army in 1938 and served throughout world war two. On D-day, he was manning an anti-aircraft gun aboard a ship at Sword beach. He was given his award under a different scheme a few years ago, but it was in 2014, on the 70th anniversary of the D-day landings, that the Government of France made it clear that all surviving veterans of the landings, and of the subsequent campaigns to give France back her freedom, would be honoured in this way.

Bob Stewart (Beckenham) (Con): Does that apply to people in the Office of Strategic Services and to American forces? Does it apply to Canadian forces?

Dr Lewis: My understanding is that it does indeed apply to nationals of other countries, too. I suspect that there has been a bit of underestimation on the part of the French authorities, bearing in mind that most of the people involved would be in their 90s—the authorities probably underestimated the strength and resilience of the sort of people who stormed ashore on D-day and battled their way through France, Belgium, the Netherlands and Germany. The fact that we are dealing with some particularly formidable individuals means that there may be rather more nonagenarians left to claim the award than had originally been anticipated.

To its credit, when the Ministry of Defence prepared the application form for these awards, it did so in a straightforward, simple way: it is a single sheet of paper that asks for certain basic details and for a short paragraph justifying the reason for the award. However, some 3,000 applications have been submitted from the United Kingdom alone, and that is where problems have arisen.

The indication that all might not be well came in a letter from the Defence Minister in the upper House, Lord Astor of Hever, who stated in *The Times* on 19 November 2014:

“The MoD is undertaking administrative work on each application before forwarding it to the French embassy. Extra staff have been allocated in order to process most applications by the end of the year. We would have preferred to have completed this work more quickly but we must respect the terms under which the French confer this award.”

Jim Shannon (Strangford) (DUP): I thank the right hon. Gentleman for bringing this matter to Westminster Hall. As the Member of Parliament for Strangford in Northern Ireland, I am obviously keen for those from Northern Ireland to be recognised. Sometimes those who served are unassuming, although never shy; they may not necessarily wish to register. Have efforts been made to chase up all those people who might otherwise miss out? Many people in the Republic of Ireland, although of a different religious persuasion and tradition, served in uniform in the second world war. What efforts have been made to ensure that they are also included?

Dr Lewis: The Minister will correct me if I am wrong, but I definitely think that it is up to the individual to make the application, wherever they may now be residing. The Normandy Veterans Association, which was recently formally wound up, had membership lists, where records existed. However, there is no way of getting a comprehensive list because tens of thousands of people would qualify if they were still with us today. What has happened, therefore, is that the authorities—particularly the Ministry of Defence—have been doing a very good job of making the application process perfectly straightforward and the scheme well known, so that people know how to apply. There are no complaints about that.

Bob Stewart: I thank my very good friend for giving way. There is a problem with the special forces, with which I have quite a lot of dealings. It is that the Jedburgh teams of the Special Operations Executive, and 1 SAS, in particular—I have met a couple of them—are quite under the cover and remain under the cover. I have been encouraging them to come forward and get their names in, but there are still problems and people are still coming out of the woodwork. The Jedburgh teams, the SOE, 1 SAS and other special forces must be encouraged as well.

Dr Lewis: These people, who went behind the lines in advance of everyone else, are the bravest of the brave. They also take their obligations of confidentiality most seriously.

Bob Stewart: Very seriously.

Dr Lewis: I am glad that my hon. and gallant Friend agrees. Those special forces members should really put this aside now; they are in their 90s, after all. We can say to them, “It’s okay, fellas! Come forward and get the public acclamation that you deserve.” Of course, I am sure that privately they know how much their brilliant, courageous activities are appreciated.

A spate of reports over the intervening months has suggested that there have been hold-ups and delays. A report in *The Times* in November 2014 stated:

“The MoD and French Embassy in London said there had been ceremonies held in London for the award. Both said the level of interest had been higher than anticipated.”

The same report quoted Margaret Dickinson, a lady of 92:

“I was all ready to go to London...Then I got a letter saying that the weather was too bad. They said they thought it would be too bad for a lot of people. I was taken aback. The weather was not that bad.”

[Dr Julian Lewis]

All I can say is that it is just as well that the people organising that ceremony, who were put off by a minor inconvenience such as a rainy day, were not in charge of organising the Normandy landings. Before anyone intervenes, I should say that I know that the invasion was postponed by 24 hours because of bad weather, but I do not think the problem in London was quite on the same scale—and it did not justify postponing that ceremony.

I know that colleagues wish to contribute, so in the time remaining I shall mention a few individuals, to give the House a sense of the people we are dealing with and why it is so important that the French authorities, having made this wonderful gesture with the support of the British authorities, do not now turn a good news story into a catalogue of disappointment.

From my family's own circle of friends, I know of Sergeant Peter Carne, Royal Engineers, who landed on Juno beach on 8 June 1944. He was primarily tasked with constructing Bailey bridges to enable vehicles to break out of the beachhead. Peter will be 93 in two days' time. As it happens, he is in very good health; indeed, he often gives talks about the landings and would relish coming to London or even going to France for an investiture. He sent his form electronically to the MOD on 9 February this year. So far, he has had no receipt and the MOD apparently cannot confirm whether it has passed the form on to the French.

Kirsten Oswald (East Renfrewshire) (SNP): Cannot people such as the brave gentleman to whom the right hon. Gentleman is referring get some kind of reassurance that the system is working? Many people in the situation we are discussing will be reluctant to chase things up because of their character—they might feel that they are being a nuisance. If there was some kind of confirmation for them that things will be progressed, that would be terribly helpful.

Dr Lewis: The hon. Lady makes an important point. As will emerge from my other examples, people have for the most part had confirmation, but the fact that some have not is a cause for concern. I thank her for that helpful intervention.

Retired Royal Marine Stephen Roche, who is Peter's son-in-law, has contacted the French embassy several times. He has been promised a reply, but none has ever come. I will give a few more cases from the recently closed New Forest branch No. 70 of the Normandy Veterans Association. I am particularly obliged to Roy Tamplin, who at the grand age of 91 has meticulously prepared many of the personal details that follow. Roy's own contribution was as a lance corporal in the Royal Air Force. He began as part of the ground crew in the network of New Forest airfields, preparing the aircraft to cover the initial landings. On 17 June, he and his comrades were shipped by landing craft to Gold beach, from where they moved to a forward airfield near Caen to act as a staging post for the Hampshire-based squadrons. Roy survived all that, and campaigns in Belgium and Holland too. His application was made in August 2014 and acknowledged by the MOD on 15 December 2014. It was confirmed that the application had been sent to the French Government, but nothing more has been heard for more than six months.

Another RAF veteran is former Warrant Officer George Heaton, who is also 91. George was an air gunner in a Halifax bomber. D-day began just a little early for him when he was shot down on the night of 3/4 June while attacking targets in the Normandy region. Rescued by the French resistance, George evaded capture and eventually made it home. His application on 1 August 2014 was not confirmed as having been sent to the French until 19 March this year, more than seven months after the application was made.

I turn to the Senior Service. Able Seaman Sidney Slatter, 91, served on the battleship *Ramillies* on D-day itself, bombarding shore batteries and other targets in the vicinity of Bénouville with 15-inch shells, as well as tank formations later on. Sidney's form was sent in August last year and was confirmed as processed and sent on by the MOD in December—since then, not a word. Sadly, Sidney's wife died earlier this week, so she will not be seeing his award.

Veteran Ted Kingswell was an infantryman who landed on 6 June and went on to fight at Nijmegen in Operation Market Garden. Ted is now confined to a care home, but is known to have applied and received an MOD acknowledgement. Two days after Ted fought his way ashore, Rifleman Fred Newman landed on Gold beach. He took part in the long, hard slog through France and into the heart of Germany. Fred is now 93 and has a letter dated 15 December last year confirming that his application had been forwarded to the French. That was seven long months ago.

Then there are the artillerymen, such as Staff Sergeant William Chick, who fought in Normandy and later at Arnhem. Gunner Ivor Hopkins was at Caen, Falaise and later in Holland and Germany. The one I know best is the baby of the team, at only 90 years old. Gunner Tony Mott was recommended for an award at the time for his exploits, but nothing happened. It would be a pity if he were disappointed for a second time in relation to the *Légion d'Honneur*. Tony served with the 3rd Royal Horse Artillery and was a 19-year-old motorcycle dispatch rider when he came ashore at Arromanches towards the end of June. A few weeks later, he and his sergeant went out under shellfire to repair breaks in the cable to D battery. Sent to battery headquarters with a report, Tony was stopped by a civilian in great distress—many civilians had been wounded by German shellfire. As soon as he had delivered the message, he alerted the local doctor. That enabled help to be got to save the lives of those injured civilians; all the telephone lines had been knocked out, so otherwise they would have received no medical help. Tony's form was sent on 3 July 2014. It was acknowledged in August or September 2014, but further queries on his place and date of birth were made as recently as March 2015. He is still waiting to know whether his award will be made.

Finally, I have been asked by the office of my hon. Friend the Member for Calder Valley (Craig Whittaker), who cannot be here today, to raise the case of one of his constituents. Mr Geoffrey Noble applied for his medal in June 2014 and has still heard nothing. Despite my hon. Friend's writing to the Ministry of Defence and the French embassy several times on Mr Noble's behalf, he is still waiting to hear. My hon. Friend's office tells me:

"Mr Noble is not a well gentleman, is very frail and suffers, amongst other things, from heart failure. He is anxious as he knows that the medal is not awarded posthumously."

With that in mind, can the cases involving particularly frail individuals be given priority? If they can, how do we let the Ministry know of the urgency of those cases?

I know that others wish to speak, so I will close with a final comment. Given his exemplary record of service in the armed forces, the Minister is ideally placed, if anyone is, to ensure that the scheme works and that these people—not superheroes, but ordinary people doing extraordinary things in highly dangerous circumstances—reap the belated benefit of a generous gesture by the French authorities. Let us now ensure that heads are knocked together and that the process is sped up in time for these 90-year-olds to receive the award—one that they so richly deserve and for which they have been encouraged to apply.

11.17 am

Daniel Zeichner (Cambridge) (Lab): I congratulate the right hon. Member for New Forest East (Dr Lewis) on securing the debate and thoroughly endorse all his comments. My attention was brought to this issue by my constituent, Ken Bright, whom I met a few weeks ago with his wife, Bunnie. He is a sprightly 92-year-old and another great D-day veteran. Ken and Bunnie are ever so keen that the medal be passed on to their 14 great-grandchildren. Sadly, many of his colleagues are no longer with us and one of his comrades from Cambridge died just a few weeks ago. The urgency is absolutely clear. I appreciate that hard-pressed civil servants are doing all they can, but I urge the Minister to do everything he can to ensure that the issue is resolved speedily.

11.18 am

Gareth Johnson (Dartford) (Con): I congratulate my right hon. Friend the Member for New Forest East (Dr Lewis) on securing this debate. He is right to bring to the House's attention the individual cases that he mentioned. If I may do something similar, I will mention a constituent of mine by the name of Ronald Perry. He lives in Wilmington. His son contacted me about his application, which was submitted some four months ago. I had the honour of meeting Mr Perry and discussing some of his activities in Normandy during the second world war. He was a member of the 7th Battalion the Parachute Regiment. He landed with 649 of his colleagues on D-day and took part in the fighting there over the subsequent months. Remarkably, of the 650 men who landed as part of that regiment, only 96 came back without being injured, being captured or losing their life. That says something about the huge sacrifice that took place on the beaches of Normandy, and in the subsequent battles, and about the debt we owe those people.

I briefly pay tribute to the French Government for bestowing these honours on our war heroes. I ask the Minister to look at Ronald Perry's case to see whether his application can be expedited so that he can get the recognition that he so thoroughly deserves.

11.20 am

The Parliamentary Under-Secretary of State for Defence (Mark Lancaster): It is a pleasure to serve under your chairmanship, Mr Chope. I congratulate my right hon. Friend the Member for New Forest East (Dr Lewis) on securing this debate and, of course, on his election as Chairman of the Select Committee on Defence. As we

have heard this morning, he and other hon. Members are rightly passionate about this subject, as indeed are veterans and their families. Those who fought so valiantly to help free France from the grip of fascist tyranny, those who put their life on the line, deserve to be honoured, and this morning I hope to be able to offer them the reassurance that they seek.

It is fair to start by acknowledging President Hollande's decision last year, 70 years on from the great D-day battles on the beaches of Normandy, to award the Légion d'Honneur to all living veterans of the campaign to liberate France, which began on 6 June 1944. The Légion d'Honneur is the highest state honour that France can bestow, and it remains an extremely generous gesture. Since then, as we have heard, there has been a series of regrettable delays. My intention this morning is not to apportion blame, but simply to try to ensure that we move forward positively and constructively so that these awards can be presented as soon as possible. There are two principal reasons for the delays, and it is right that I should explain them because veterans will want to know why.

The first reason is unexpected demand. Based on the numbers who expressed an interest in attending the anniversary events in Normandy, it was estimated that only a few hundred people would apply. A single MOD official was therefore assigned to deal with the applications. In the event, as we have heard, more than 3,000 applications were received, and more are coming in all the time. I am truly delighted that such large numbers of UK D-day veterans have come forward to accept this prestigious honour, yet the response was far greater than anyone on either side of the channel predicted. In the autumn of 2014, we increased the number of people working on the scheme, which meant that, by the end of 2014, more than 2,500 applications had been processed and sent to the French authorities for a final decision on the award, but those UK applications alone accounted for a larger total than the French authorities would expect to deal with for all categories of the Légion in any single year under normal circumstances. We must also keep in mind that those are just the UK applications. To answer the question of my hon. Friend the Member for Beckenham (Bob Stewart) directly, the United States, Canada and other allied nations have also been applying. It is easy to see how such an overwhelming volume of work seriously stretched the resources of the French authorities.

The second reason for the delays is sheer complexity. After all, not everyone who served in world war two is entitled to a Légion d'Honneur. The award is not comparable to a campaign medal, which can be handed out relatively quickly; it is an honour, and our nearest comparison is the OBE. There is a defined legal process to be followed, and each individual case must be cleared in accordance with the appropriate procedures laid down in French law.

Bob Stewart: My intervention will be very short. Does Her Majesty the Queen recognise that the Légion d'Honneur is one of the medals that can follow on from presumably British campaign medals and be worn on the chest with pride?

Mark Lancaster: Absolutely, and of course the regulations for wearing the Légion d'Honneur without Her Majesty's permission apply only to serving soldiers, so no permission will be required for these veterans.

[Mark Lancaster]

Once received, the French rightly and legally have a duty to ensure that each nomination receives an appropriate level of scrutiny. I am most grateful to the French authorities for the sensitive way in which they have ensured that the most pressing cases are handled first, such as those of veterans who are about to become centenarians or who are seriously ill—more of that in a moment. None the less, the process takes time. There is an additional complicating factor because, sadly, some veterans passed away after applying. In that regard, the French approach to honours parallels that of the UK. Awards are not made posthumously, hence the urgency, unless the recipient dies between the approval of their individual award and the date of its presentation.

Delays might be understandable for the reasons I have outlined, but I make it clear that that does not make them acceptable, especially not to the families and veterans concerned. One can entirely understand the hurt and upset caused to those still awaiting an outcome, but we are determined to remedy the situation. Our defence and diplomatic staff in London and Paris, alongside their French counterparts, have improved the assurance process for checking bona fides, thereby speeding up applications. To assist the Légion authorities further, we are resubmitting all cases in which awards have not already been made at an agreed rate of 100 a week to avoid over-taxing the system. We hope that those cases will be approved within about three weeks. We fully expect that process to result in a regular flow of awards. Although it will take some time to clear the backlog, we hope to reassure all applicants that the majority of veterans should receive honours this year.

Having spoken to veterans and read the large volume of correspondence received by my Department on this issue, I am under no illusion about the stress and frustration caused by the delays, but we are trying to put right what was wrong.

Kirsten Oswald: Will the Department consider advising veterans of when their case will be resubmitted in order to assure them that there will be progress on this important honour?

Mark Lancaster: We have already received many submissions, and we are now processing 100 applications a week. We have flexibility within the system to fast-track applications where we feel that there is a particular need. Of course, the whole cohort of veterans who are receiving this award are, by definition, elderly and potentially infirm, but we accept that some applications are more urgent than others. I encourage anyone—either veterans themselves or hon. Members—who feels that a particular case should be fast-tracked to contact the MOD. I will read out the email address, which I am sure will magically appear in *Hansard*: People-DSSec-CommemAug1@mod.uk. Fear not, that address will be in *Hansard*. If people contact us directly to suggest an application that needs to be fast-tracked, I will ensure that the Department does just that, because I recognise that time is of the essence.

As my right hon. Friend the Member for New Forest East kindly highlighted, I have a particular interest in this subject, and I am determined to assure hon. Members that I will keep a very close watch on the process and do all I can to ensure a speedy resolution by working closely with our French colleagues. We are determined that those who have given their all for their country receive the honour that they are rightfully due.

Question put and agreed to.

11.28 am

Sitting suspended.

Severn Bridges (Tolls)

[MR JAMES GRAY *in the Chair*]

2.30 pm

Jessica Morden (Newport East) (Lab): I beg to move,
That this House has considered tolls on the Severn bridges.

It is a pleasure to serve under your chairmanship, Mr Gray. I am grateful for the opportunity to debate probably the No. 1 issue on which constituents approach me. Obviously I am not alone in that, as the monster turnout here on the afternoon of the last day before summer recess shows. We have Members from Llanelli all the way across the M4 corridor to Monmouth, from Northern Ireland, and even the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry). That shows how keenly the issue is felt across south Wales and in other places. I hope that other Members' contributions will only strengthen the case for lowering the Severn tolls when the Severn river crossings concession comes to an end.

I should be clear from the outset that we pay the absolute highest tolls in the UK on the Severn bridges. With the concession coming to an end in a few years' time, there is real strength of feeling about the need to reduce the charge to a maintenance-only toll, as recommended by the Welsh Affairs Committee's excellent reports in the previous Parliament. There was cross-party agreement on the Committee that we could get down to a maintenance-only toll of around £1.50. I commend the Committee's work over the years under the chairmanship of the hon. Member for Monmouth (David T. C. Davies)—we have looked at the issue in much detail and done a lot of work on it.

There is now a real need for clarity from the Government on the profits, operating costs and so on, and on where we are going in future. We urgently require some kind of strategy for the bridges, because we have only just over two years to go until they return to public ownership. We need to know the Government's intentions for the future of the bridges. We must have clarity about what discussions the Government are having and what the direction of travel is. I hope that this debate will help us to flesh out those issues a little.

The Government have done incredibly well out of the bridges over the years. I will say a bit more about that later, but people really feel that they have been paying through the nose over the past few years. We need to redress the balance for the future. I know the Minister will argue that the Government are doing something to reduce the tolls—they announced in the comprehensive spending review that they were going to take the VAT off the tolls—but they are doing the absolute minimum. They know that they will have to take VAT off the tolls when the bridges come into public ownership; any Government would have had to do that. They are taking some measures on reducing the costs for cars and vans, but any Government would have had to do that as well. I want to see them go much further.

Along with other Members present, I have spoken in many debates on this issue over the 10 years I have been in the House. I think there have been eight Secretaries of State for Transport over that time, and numerous Transport Ministers. At this point, the Government cannot ignore

the need to offer some light at the end of the tunnel for my constituents. Part of the reason why I have called for this debate early in the new Parliament is that, with the Government's plans for English votes for English laws, who knows where Welsh MPs might be and what say we might have in future negotiations?

Three of the four legs of the Severn bridges are in England, with the other falling in my constituency, Newport East. Control of the Severn bridges and tolling rests falls completely within the remit of the Department for Transport. Aside from the assurances given in last week's debate on English votes for English laws, I hope that the Government can reassure us today that Welsh MPs will have an equal voice on Severn bridge tolls, not least because the tolls are paid going into Wales and the impact is felt most keenly by Welsh commuters and businesses.

As I said, we have the highest tolls in the UK on the Severn bridges—[*Interruption.*] I think the hon. Member for Carmarthen West and South Pembrokeshire (Simon Hart) is demolishing the Chamber. Since the second bridge opened in 1996, the tolls have increased 19 times because of the inflexibility of the concession, which I will come to later. We are now paying £6.50 for a car, £13.10 for a van and £19.60 for coaches and lorries. By comparison, the undiscounted price of a single journey for a car at the Dartford crossing is £2.50, and for the Mersey tunnels it is £1.70. The Humber bridge currently has undiscounted tolls of £1.50 for cars, £4 for medium-sized vehicles and £12 for heavy goods vehicles.

Campaign groups, motorists and businesses have called for the Government to step in and help, but their calls have fallen on deaf ears. There is, however, an example of where the Government have listened to local concerns in the past and stepped in to help: the Humber bridge. In 2011, the Government reduced the debt on the bridge by £150 million, which halved the toll for cars to £1.50. On the Government's own estimates, the accumulated deficit on the Severn bridges will be £88 million in 2018. Why will the Government not step in for a smaller amount?

Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op): I wholeheartedly support the case that my hon. Friend is making, as well as the recommendations made by the Welsh Affairs Committee, on which I also sat.

It is not only the disparity in the tolls that is so shocking; there is also the disparity in technologies. We have not seen the introduction of free-flow technology or contactless payment. Those of us who use the tolls regularly know, as do businesses, that a wait in the queue often lasts ages. It is only recently that credit card payments were introduced. Does my hon. Friend agree that the disparities in technologies are also causing problems for businesses and customers in south Wales?

Jessica Morden: I agree with my hon. Friend wholeheartedly. As I remember, it took a joke on "Gavin & Stacey" and the approach of the Ryder cup for things to get to where they are now. It was like pulling teeth trying to get the decision taken to accept card payments. I will come back to that point, but I agree that we need to consider free-flow technology, which would help the congestion in the run-up to the plazas.

Over the years, various Ministers have argued in their responses to debates like this that the impact of the tolls on the Welsh economy is not clear, but we know from

[*Jessica Morden*]

the Welsh Government's 2011 report that the total cost to businesses and consumers, once VAT is taken into account, is in excess of £80 million a year. Furthermore, they came to the tentative conclusion that removing the tolls could boost the Welsh economy to the tune of around £107 million.

Mr Mark Williams (Ceredigion) (LD): I congratulate the hon. Lady on securing this debate, and on talking about the Welsh economy as a whole. When the Federation of Small Businesses undertook a significant inquiry, "The Severn Bridge: Taking its toll on the Economy?", it did not restrict its work to the economy in south Wales, but looked further west to Swansea, Carmarthenshire, Pembrokeshire and parts of my constituency, Ceredigion. Will the hon. Lady emphasise the effect of the tolls on the whole economy?

Jessica Morden: The hon. Gentleman is quite right. Although the effects are probably felt most keenly in my constituency and that of the hon. Member for Monmouth, the knock-on effect along the M4 corridor and beyond, and up towards places such as Ceredigion, is immense, particularly for businesses using that route.

Nick Thomas-Symonds (Torfaen) (Lab): I congratulate my hon. Friend on securing this important debate. I agree with her point about the effect on businesses, which was also well made by the hon. Member for Ceredigion (Mr Williams), but there is also an effect on commuters. One issue faced by people in south-east Wales, including in my constituency, is that if they need to commute to work in Bristol, the tolls are effectively a weekly tax that must be taken into account. That can often act as a disincentive to people taking such jobs.

Jessica Morden: My hon. Friend is quite right. People in many communities in my constituency, particularly those with low and medium incomes, find it difficult to absorb that cost. Access to jobs in Bristol for which people might like to apply is limited by their having to pay what amounts to an extra tax.

The Welsh Government's report is clear, and, having spoken to small and larger businesses locally, so am I: the tolls have a big impact.

Jim Shannon (Strangford) (DUP): In Northern Ireland, we do not have any toll roads or bridges—I thank the Lord for that—but that is because of their potential impact. Has the hon. Lady considered the effect of reducing the tolls on tourism, which is an important issue in Northern Ireland, and obviously for the hon. Lady as well?

Jessica Morden: I thank the hon. Gentleman for his intervention. Various sectors, particularly transport but also tourism, are impacted by the tolls. Evidence from tourism businesses in the west suggests that the tolls make it more difficult to attract visitors from the south-west of England, for example. The charge also acts as a psychological barrier, as people have to pay to enter Wales.

Wayne David (Caerphilly) (Lab): Support for my hon. Friend's argument is strong and broad and comes not only from the Welsh Government, small and medium-sized businesses and the CBI in Wales, but from Welsh

local government. A letter sent to the Prime Minister by the leader of Neath Port Talbot County Borough Council only a few months ago also made the case strongly, which is indicative of the wider view of Welsh local government.

Jessica Morden: I agree wholeheartedly. There is probably now a case for a broader campaign to make such points, encompassing local government, business, chambers of commerce and so on.

Owens logistics, which is based in the constituency of my hon. Friend the Member for Llanelli (Nia Griffith) but has a main depot in Newport, is a haulage company that has long campaigned for a reduction in the tolls, on which it spends half a million pounds a year. That money just comes off the bottom line. It is an extra cost that the business has to pay that it cannot pass on to its customers. Owens has been quite open with me that it is thinking long and hard about its business decisions, because if it transferred parts of its operation across the bridge, it would avoid the tolls. That is the sort of decision that businesses in our area are making, which is precisely why we need clarity from the Government about further toll reductions.

The South Wales chamber of commerce told me about the impact that the tolls have on the tourism sector and the logistics industry. As I said, if logistics companies choose to pass the cost on to the customer, it adds to the cost of goods produced in Wales, making them less competitive, or increases the costs for businesses buying goods from England. The chamber of commerce also said that its colleagues in Business West say that it is picking up the fact that businesses are choosing to locate on the English side of the bridge due to the tolls.

Small businesses are also affected. I received an email this morning from a business that rents out marquees and employs 38 people. The cost of the tolls to the business over the summer is an extra £1,000, making it difficult for it to compete with companies on the English side of the bridges.

Stephen Kinnock (Aberavon) (Lab): I congratulate my hon. Friend on securing the debate. Does she agree that the policy for the bridges and their tolls is a classic example of a false economy? The tolls may well create revenue, but a huge amount of additional economic activity is being lost. This disincentive to cross-border trade and activity deprives the Exchequer of much-needed tax revenues through corporation tax, business rates and additional economic activity. If the tolls were presented as a classic example of a false economy, we may get some more traction with the Government.

Jessica Morden: I thank my hon. Friend for his well-made point. The Welsh Government certainly agree that lowering the tolls would help to stimulate the Welsh economy.

Other hon. Members mentioned commuters earlier. In my constituency, many people in Magor, Rogiet, Caldicot, Undy and so on commute over to Bristol for work every day. It is a strong commuter area and the tolls' effect is keenly felt, particularly by those who are looking for work in Bristol but cannot absorb the toll cost. Over the years, I have met people facing a bill as part of the Child Support Agency process, for example, who have said to me, "I work for this distribution

company in Bristol, but once I have absorbed the bridge costs, I am on fairly low pay. How am I going to survive?" People's employment opportunities are being limited. The only concession available on the Severn bridges is the TAG system, which allows four free journeys out of 22 in a month. Taking bank holidays and annual leave into account, that is not much of a bargain. We could do a lot more on that.

Some 12,500 people commute to England from Newport and Monmouthshire. Many of them use the bridges, which restricts their access to jobs and acts as an extra tax. My plea to the Minister today is for a consultation. We are just two years away from decisions being made, so I ask the Department for Transport to give bridge users, businesses and hon. Members a say in how we move forward and help our constituents by getting the tolls down. There is not long to go, so it is high time that we had that conversation. Successive UK Governments have failed—the Welsh Government have done the same—to undertake studies into the bridges' economic impacts. It is time that we asked the Department for Transport to collect further evidence so that everyone can have an input.

Moving on to the thorny issue of bridge finances, having lived with the Severn bridges in the capacity of an MP for many years I can say that the finances are as clear as mud. Getting clarity is terribly difficult, so I ask the Minister for some figures today so that we can have an informed debate going forward. The concession was established by the Severn Bridges Act 1992, which, in retrospect, was clearly far too restrictive. It allowed the company to whack up the tolls every year, with no one being able to have a say and the Government arguing that they have little flexibility to step in and reduce tolls without incurring taxpayer liability. However, as I said earlier, they did step in in the case of the Humber tolls.

As we know from previous Welsh Affairs Committee inquiries, the company has done very well over the years. In oral evidence given to the Committee in 2013, we heard that the costs of the bridges for Severn River Crossing plc were some £50 million, including depreciation at £38 million and operational costs of £13 million. That £50 million compares with an annual turnover of £81 million. Will the Minister confirm the latest position and update those figures? Having a clear idea of the company's operational costs and profits would be helpful.

The Government also do pretty well out of the bridges. They receive significant tax receipts from VAT and from the removal of the industrial buildings allowance, which was a tax relief that Severn River Crossing plc used to benefit from. From the answer to a recent parliamentary question, we found out that Severn River Crossing plc paid £154.2 million in VAT to Her Majesty's Revenue and Customs between 2003 and 2014. However, we have been unable to get a specific figure from the Government on how much they have benefited from the removal of the IBA. Will the Minister commit today to providing that figure? Will the Government be straight about how much they have benefited?

I also hope that the Government will remedy as early as possible the situation whereby they and the company are protected from financial pain but my constituents and other users of the crossings are not. Users always end up paying, while the company is always protected. When the industrial building allowance was withdrawn, the company was allowed to extend its tolling mandate to compensate for that. The same was true of the VAT

increase implemented by the coalition Government. In the spirit of fairness, I wonder whether the Government could reduce the tolling mandate given that the Chancellor has announced further reductions in corporation tax, which will further benefit Severn River Crossing plc. The first corporation tax cut will be in 2017-18, before public ownership. How will we ensure that taxpayers do not lose out when the company gets yet another tax reduction?

The main point on which my constituents would like an answer is about VAT. Given that the Government have benefited from the tax income—VAT of £154 million—why are they still arguing for tolling to continue after 2018 at a level high enough to recoup an £88 million debt? Clearly, the Government have done extremely well out of the bridges, so is it not time to pay people back a little by reducing the toll?

I want to allow others to speak, although hon. Members have already raised a lot of issues to do with the bridges. It would be incredibly helpful to know when the concession will end, because that has been a moveable feast—it was 2016, then 2017 and is now 2018. Will the Minister update us on when the Government expect the concession to end and the bridges to come back into public ownership, and on the maintenance of the bridges? A previous Minister said in reply to a similar debate to this that he would keep an eye on what he was inheriting. Will the Minister tell us a little more about what the Government expect to inherit when the bridges come back into public ownership?

May we have a discussion about free-flow technology? In various oral evidence sessions of the Welsh Affairs Committee, the company used to argue that the technology to differentiate between cars and vans was not available. Given that the Government are moving to reduce the cost for vans, surely implementing such technology will be easier. I want a maintenance-only toll, but I also want the Government to add into the mix a re-examination of what concessions might be given locally.

Wayne David: Will my hon. Friend express a view on the suggestion that control of the bridges should pass to the Welsh Government in 2018?

Jessica Morden: My honest answer is that I do not care who runs the Severn bridges, as long as the tolls come down. If the tolls were reduced to a maintenance-only rate, I would not care who was running them.

Among the concessions suggested by business are those for off-peak travel, or free travel for hauliers during off-peak times.

Finally, a more than strong suspicion locally among constituents and businesses, and certainly among hon. Members, is that the Government treat the Severn bridges as a bit of a cash cow. I do not want to see that in two or more years' time, when the bridges return to public control. Will the Minister promise to engage with hon. Members, businesses, commuters and our constituents, to find practical solutions to all the problems and lower the cost considerably for my constituents?

2.53 pm

David T. C. Davies (Monmouth) (Con): I congratulate the hon. Member for Newport East (Jessica Morden) on securing the debate. I associate myself with every

[David T. C. Davies]

single comment that she and others made, with the possible exception of the one about whether we should hand control of the bridges over to the Welsh Assembly—I will keep out of that one for now. The Government should realise that Members of all parties from constituencies throughout south Wales agree on this and that we do not consider the existing situation to be fair. We are looking for more than has so far been on offer.

In fairness, the second Severn crossing has been a huge boost to the local economy. The tolling regime was well publicised, so the tolls going up by slightly more than inflation each year should not have come as a surprise to anyone, including the press, because it was all agreed at the time. However, it was also agreed that, once the original cost of building the Severn second crossing and the debt taken on from the first crossing were paid off, the bridges would revert to public ownership. The implication was that the tolls would then end. Now, however, that is not going to happen.

The hon. Lady talked about the impact on the economy. Welsh Assembly Government reports show that the tolls cost the economy of south Wales £107 million a year in lost business, which I can well believe, and there are other impacts. Companies that rely on transport to and from Wales will be put off investing in Wales—I am not in the least bit surprised to hear that anecdote from one of the haulage companies. There is an impact on tourism, which is vital to my constituency, and on people who are on low wages. They have to pay £6.50 a day simply to travel to and from their place of work—although they will all, I hope, receive a pay boost as a result of the Budget. The tolls are a big dent in people's wage packets.

For the record, I welcome the Government's announcement that the bridges will come back into public ownership. I do not often call for the nationalisation of industry, but in this case, given that it will lead to a big cut in tolls for constituents, I am all for it—I am a pragmatic man. The Government could do better, however, and I want to go back to the financial issues that the hon. Member for Newport East raised.

The Government say that they received an unexpected cost of £88 million for maintenance of the first crossing, and that is the case. In response, I suggest that all around the country, pieces of infrastructure have had unexpected amounts of money spent on them. I had a quick look on my phone now, and some kind of garden bridge in London will get a £30 million boost from the Treasury as the result of a miscalculation of how much it would cost and how much could be raised from the private sector. That is only one example. I am sure that, if I had the time, I could find dozens from all over the country. For the Treasury, £88 million is not a vast sum of money, but it is a vast sum for the users of the Severn bridges if they are expected to pay it back.

Be that as it may, I want to take the argument a bit further. As the hon. Lady pointed out, when the bridge was built it was assumed that VAT would not be payable. There was then some sort of court case, or the European Parliament was involved, and it was decided that, because the bridges were run by a privately operated company, VAT was payable. As a result, the Government began to charge VAT and received a windfall. We do not have the

exact figure, but I have heard various ones, including £120 million, as well as higher figures. In fairness to all users of the bridge, the Minister should first find out exactly how much extra money the Treasury has received as a result of the European decision asking the Government to levy VAT. As the hon. Lady pointed out, it is perfectly reasonable to ask for that information.

With the industrial buildings allowance, again various figures have been floated. I have seen £20 million and £24 million, so presumably the exact figure is of that order. If we take the lower two estimates—only £120 million from VAT and £20 million from industrial buildings—that is still £140 million, which is a lot more than the £88 million that the Government are asking to have back. It is no good the Government's saying, "Oh well, these things are not hypothecated and it could have gone somewhere else", because we know all that. The reality is that the Treasury has received a windfall way in excess of the £88 million being asked of the users of the Severn bridge. If my figures are incorrect, I am happy to stand corrected, but I think that we are roughly right.

Furthermore, as the hon. Member for Newport East correctly said, the revenue drawn in is way in excess of the maintenance costs. I know that those costs are significant, because we visited the bridge ourselves. It is an incredible structure. I had not realised that it is constantly moving and that a whole team of people keep the thing safely upright. The managing director told me that it cost more to keep the bridge upright and to maintain it than it does to maintain a large chunk of the motorway network of south-west England—fascinating stuff. Again, total revenue brought in by the tolls is way in excess of the maintenance costs, and we calculated that a toll of about one third of the existing level would be more than enough to pay them. Again, if we as a Committee are incorrect in that calculation, please tell us that we are wrong. I have been using that figure for the past two to three years, and nobody has yet gainsaid it, so I assume that it is roughly right. If that is the case, although we welcome the fact that the Government will bring the bridge back into public ownership and remove the VAT, I speak for many from all parties when I say that that is simply not enough and we would like a much more generous offer from the Government. Wales, the people of south Wales and the users of the bridge in England and Wales have been treated unfairly, all the more so if one compares the situation of the Severn bridge with what is happening to bridges across the rest of the United Kingdom.

With all due respect to the Minister, the questions asked by the hon. Member for Newport East about the revenue that is coming in, the maintenance costs of the bridge, the amount of VAT that the Government received unexpectedly and the level of industrial buildings allowance are perfectly reasonable. If we do not get answers to them, it is unlikely that anyone will accept as fair any future settlement for the Severn bridge.

3 pm

Nia Griffith (Llanelli) (Lab): I add my congratulations to my hon. Friend the Member for Newport East (Jessica Morden) on raising such an important subject in a timely manner. The beginning of a new Government and Parliament is the right time to look at what we can expect in the next couple of years.

Owens Transport is based in my constituency, but it has depots in Newport East and Aberavon, as well as in other parts of the country. It competes not only with companies that go to and from Wales, but with England-based companies that go to other parts of England or to the continent, and with companies that come over from the continent and take business in the UK. We are talking about an international, cut-throat business. If companies have to pay an additional cost to come back to their home base in Wales, they are at a distinct disadvantage, and £500,000 a year is no small amount of money.

Following the concession that has been given to vans, companies such as Owens Transport are disappointed that absolutely nothing has been done for hauliers. Several suggestions have been made over the years, such as off-peak concessions, but nothing has been done to help hauliers. The company is anxious to have a timetable for what will happen when the concession finally ends. If the Minister cannot give us this information today, we would like a timescale for when he will be able to tell us. When the concession ends, will he confirm that VAT will definitely come off? Can he confirm exactly what moneys are still “owed” to the Treasury? As the hon. Member for Monmouth (David T. C. Davies) succinctly said, it is questionable whether anything is owing when the scheme has been a cash cow for the Treasury in past years. How do the Government intend to recoup the moneys? In other words, will there be a timescale during which the money would be paid back? We have heard various suggestions for how that might work, involving dates from 2017 to 2023. When will we be able to move to a maintenance-only tariff? We would like some form of consultation to take place. Now would be a good time for the Minister to try to set out a full timescale for exactly what will happen and when.

Stephen Doughty: I could not agree with my hon. Friend more about the importance of a timescale. Business requires investment certainty and clear timetables. That is true not only for existing businesses but for businesses that we are trying to attract to Wales. Given the news that we have heard during the past week about possible delays in the electrification of the south Wales main line, is it not crucial for the Government to set out a clear timetable for the road network and for electrification, so that businesses have the certainty they need to invest and grow?

Nia Griffith: My hon. Friend makes a good point, which I would have made myself, about certainty for businesses, particularly those that have to plan a long way ahead. Many businesses that invest in south Wales involve the transport of heavy materials, so they use haulage companies.

We need as much detail as possible. If the Minister cannot give us that today, I would appreciate it if he told us when he can give us a timetable for all the different parts of the process: the consultation, the ending of the concession, what will happen then, how long it will happen for and what he intends to do about moving to a tariff that reflects only maintenance charges.

We are so determined to move to a maintenance-only charge because it already seems unfair to pay even for the maintenance of the crossings when we do not have a pay-as-you-go system for any other roads, with one or

two small exceptions in the UK. To make one road into a pay-as-you-go system when none of the others is seems totally unfair. It would be absolutely monstrous for it to become a cash cow, because that would be a tax raised on one small group of people, which would be totally out of kilter with any other form of taxation.

I would be interested if the Minister gave any indication of whether the Government intend to keep the matter as a UK Government responsibility, or whether he intends to open the discussion about whether it might be devolved. We really want to open a dialogue with the Minister and get as many answers as possible. We want a very clear timetable to be set out so that we all know where we are, and so that our businesses and industry know where they are and can make the necessary investment decisions. That investment would come to Wales much more readily than it will if businesses see no end to the “continual taxation” on the bridges.

3.6 pm

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): It is a pleasure to serve under your chairmanship, Mr Gray. I congratulate the hon. Member for Newport East (Jessica Morden) on securing the debate and on her opening remarks. We in Plaid Cymru have long recognised the importance of the Severn crossings to the Welsh economy, particularly to the public and businesses in the south of our country. The crossings affect the bulk of vehicular movements into Wales, and they are located on a key trans-European route. We believe that future decisions on tolls should not be made by the UK Government, and that it is essential that the tolls be put in Welsh hands following the return of the bridges to public ownership.

As always—as we have just witnessed with the delaying of the electrification of the Great Western line all the way to Swansea—the UK Government’s transport plans for Wales are cloaked in ambiguity. Rather than being straight with the people of Wales about what happens after the end of the concessionary period in 2018, the UK Government have said that they will continue to retrieve costs for an indefinite period.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): Does the hon. Gentleman not accept that the old Severn bridge is entirely on English soil, and that quite a lot of businesses on the English side of the border have an economic interest in the matter? To commence his speech by simply saying that control should be devolved to Cardiff is to disregard completely those who have an equally strong economic argument on the other side.

Jonathan Edwards: I am grateful for that intervention from my constituency neighbour, and I will deal with that subject later. It is the policy of the hon. Gentleman’s party in the National Assembly for the Welsh Government to receive ownership of the bridges after the end of the concessionary period. Indeed, his colleague, the hon. Member for Gower (Byron Davies) made that case in 2013 when he was transport spokesperson for the Conservative party in the National Assembly.

The UK Government are entitled to continue to recoup costs, as I understand it, until 2027, which means that Welsh motorists may continue to be a cash cow for the UK Treasury for nine further years after the

[Jonathan Edwards]

end of the concessionary period. As has been said many times during the debate, the people of Wales deserve some straight answers for a change from the Minister about the UK Government's intentions in relation to the bridges.

Research from the Welsh Government set out that the primary impact of the tolls is on the economy of Wales, rather than on any other part of the UK. The research, entitled, "The Impact of the Severn Tolls on the Welsh Economy", states that the Severn tolls cost the Welsh economy more than £100 million a year. We believe, therefore, that the Government of Wales should have responsibility for future decisions on tolling. The bridges are the gateway to the Welsh economy, and just as Wales is responsible for roads and economic development, so we should be in control of the bridges when they come into public ownership in 2018. The UK Government must move on this issue and commit to devolving it.

A Plaid Cymru-led Government, post 2016, would reduce the tolls to levels that cover maintenance costs. There are other overheads to consider, such as staffing costs, traffic information provision and other externalities. The Welsh Affairs Committee estimated, based on maintenance costs, that tolls could comfortably be reduced to around £2 from 2013. That estimate included the peaks and troughs of maintenance costs, and is not simply based on a flat rate per year. The figure would have to be updated and reviewed in future, but it gives motorists and businesses a close estimate to consider for the time being. Using that estimate, figures from Arup show that a motorist paying the toll once a week could save around £218 a year. It goes without saying that online and smart payments are essential for the future. If they can be introduced for tolling in a city such as London, there is no reason why they cannot be introduced for a single route such as the M4.

The option of abolishing the toll should be kept under review. I recognise that it could help stimulate the economy and tourism. We want it to be a policy choice that can be made in Wales, depending on the financial situation. We need to look at its costs, affordability, and impact on society and the economy. We would also have to bear in mind that abolition will have a more significant effect, in increasing traffic, than reducing the tolls. There would be an effect on the M4 around Newport to deal with; Plaid Cymru has already recognised that that would cost money. There would also be an effect on the amount of haulage using the crossing instead of rail.

People travelling home to see their families, as well as tourists heading to Wales this summer, will be charged £6.50. Smaller businesses with vans will be charged over £13 and businesses with lorries just under £20 a go. The hon. Member for Newport East gave the example of the huge impact the toll has on the business of the haulage firm Owens, a firm that is well known in south Wales. The toll goes against everything the Welsh Government and the UK Government should be doing to improve the Welsh economy.

Representative bodies such as the Federation of Small Businesses are "vehemently opposed"—that is what the FSB said—to any bridge tolls being used to fund Labour's new M4 plan. As for relieving the part of the M4 that is part of the road infrastructure served by the bridge, Plaid Cymru prefers the blue route option to the expensive

black route option favoured by both the Welsh Government and the UK Government. The debacle about that earlier this month shows that the Labour Government in Cardiff may yet be forced to row back on their decision and implement Plaid Cymru's much more viable plan, which would allow future investment throughout Wales rather than pumping all the money into one project in the south-east corner of the country. With that in mind, I make a plea for the Llandeilo and Ammanford bypass in my constituency, which has been waiting many years for funding to progress.

The hon. Member for Newport East has done the people of Wales a great service in securing this debate. However, I fear that her colleagues in Cardiff Bay have no share in her efforts. During the previous Parliament, Plaid Cymru submitted a freedom of information request to the Department for Transport. Between May 2011 and the end of 2013, the Labour Welsh Government failed to raise the issue of the Severn bridge tolls with the Westminster Government on any occasion—a dereliction of duty if ever there was one. There is precious little use in complaining about the tolls if the Labour Welsh Government are not prepared even to bother making representations.

Labour's failure in that regard is symptomatic of the wider malaise in Cardiff Bay. The Government there are tired, sclerotic and devoid of vision and ambition when compared with a Plaid Cymru team full of dynamism, ambition and ideas to develop the economy and benefit the people of Wales.

Plaid Cymru recognises that the Severn tolls have been a burden on motorists, businesses and the public. We want to see them taken into Welsh hands and reduced, for the benefit of the economy.

3.13 pm

Chris Evans (Islwyn) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Gray. I congratulate my hon. Friend the Member for Newport East (Jessica Morden) on securing the debate. In the hours she has spent on this issue I am sure she could have walked to the Severn bridge and back. I had to check for a flying pig when the hon. Member for Monmouth (David T. C. Davies) was speaking; I did not think I would ever hear him advocate nationalisation with a straight face and without coming out in a rash and a cold sweat. I also congratulate the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) on a speech that, once again, raised the ghost of Rebecca—he will know what I mean.

When the Severn bridge was debated in Parliament back in November 1990, it was spoken of as a link between Wales and the south-west of England, laying the foundations for greater growth for both, helping develop both economies to the benefit of all and providing the infrastructure Wales needed for internal and international trade. Today, sadly, the Severn bridge stands as a barrier to business. The tolls on tourists, on trucks transporting goods and on people travelling for work and for leisure are holding Wales back in an ever-increasingly competitive economy.

The Severn bridge is costing Wales a fortune. Tolls do not make sense for the people who have to pay to see relatives and friends or for the companies who lose hundreds of thousands of pounds each year. Put simply, they do not make sense for Wales. One study put the

potential growth of the Welsh economy if tolls were abolished at £107 million a year. To put that in context, the bridge costs £15 million a year to run and raises £87 million a year in revenue.

The tolls are not just holding back potential growth; they are actively encouraging companies to base themselves in the Bristol area and the rest of the south-west rather than coming to Wales, where they are needed. That costs us in employment, taxes and, above all, prosperity. Per mile, the Severn bridge remains the most expensive toll road in the world to travel on, a record no one should be proud of. It is significantly more expensive than the Humber bridge and the M6 toll; it is even significantly more expensive than the next closest international example, the Akashi Kaikyo bridge in Japan—I should get a badge for pronouncing that.

The argument against the tolls is clear. I am pleased to note that, thanks to the work of my hon. Friend the Member for Newport East and others, the Chancellor has to some extent bowed to the pressure, as the category 2 tolls were ended in the March Budget. That was the beginning of the process, but it has been a slow one, and so more must now happen. The Government must once again accept what is needed to boost growth across Wales. Will the Minister say today that VAT will be removed from all tolls on the Severn bridge once it enters public ownership? That call comes not just from me, but from both sides of the House—the hon. Member for Monmouth called for it in his speech. It is eminently sensible, and I hope the Government listen to the Chair of the Welsh Affairs Committee. Conservative Members of the Welsh Assembly have also joined their voices to calls for a cut in the toll.

Beyond the political world, business leaders are also crying out for the change. In my constituency and in those of other hon. Members right across Wales, it is what business wants. I struggle to see why the Government will not commit to the change once the bridge enters public ownership. It is what businesses in Wales need.

Mr Mark Williams: Will the hon. Gentleman take the opportunity to reiterate the importance of the tourism sector? There has traditionally been a flow of people between the south-west of England and all of Wales—not just the south, but mid and north Wales. A speedy removal of VAT or, better still, scrapping the tolls would give a direct and immediate boost to the tourist sector in Wales.

Chris Evans: I agree entirely with the hon. Gentleman. He does great work as chair of the all-party group on the tourism and hospitality industry in Wales. The hon. Member for Strangford (Jim Shannon) mentioned that in Northern Ireland there are no tolls. The Irish have been very good at selling their culture, and telling people to come to Ireland to see the fantastic beaches. How can we do that in Wales if we have a tax on friends and relatives coming to see how great Wales is? When we think of business, we tend to think of heavy industry and rarely think of tourism. I represent a valleys constituency and have always believed that we do not talk up enough the beautiful valleys in Wales. The hon. Member for Carmarthen East and Dinefwr also represents a beautiful part of the country. How can we ask people to come to our constituencies if they are faced with what is clearly a tax when they get to the Severn bridge?

It is time to end the tax on entering Wales that the Severn bridge toll has become. The Conservative party often talks about its desire to rebalance the economy away from London and the south of England, to spread prosperity to all regions. There is merit in that idea, and I agree with it. The Minister today has a chance to put those words into action.

There are not many issues in our politics that unite the Labour party, Plaid Cymru, business, tourists and the Conservative party—the hon. Member for Monmouth sometimes stands alone in the Conservative party—and even rarer are issues that unite north and south Wales, but this is one. The bridge stands as a barrier to trade and growth. I do not often quote or paraphrase Ronald Reagan. He said:

“Mr Gorbachev, tear down this wall.”

I say, Minister, tear down this toll.

3.19 pm

Drew Hendry (Inverness, Nairn, Badenoch and Strathspey) (SNP): I too congratulate the hon. Member for Newport East (Jessica Morden) on securing the debate. As a former user of the bridge and as the Member for Loch Ness—with reference to our earlier monster turnout—I am delighted to take part.

As the Minister will know, transport and infrastructure are devolved matters in Scotland, and that fact has allowed the Scottish Government to abolish tolls. That has been vital for the local economy and has kept money in people's pockets at a crucial time. The Scottish National party said in its 2007 election manifesto that it would abolish the tolls, and within nine months as a minority Government it achieved that. Incidentally, the Abolition of Bridge Tolls (Scotland) Act 2008 was the first primary legislation of the new Government and was passed on 20 December 2007.

Abolishing the tolls means that day-to-day running costs and the costs of long-term capital works are met by the Scottish Government. The Scottish Government also provided a one-off grant of £14.8 million to allow the Tay Road Bridge Joint Board to repay all its outstanding loans. The average commuter, working five days a week and with six weeks' holiday a year, saves a total of £230 a year using the Forth crossing or £184 a year on the Tay crossing. That was widely welcomed by the travelling public and local businesses on grounds of fairness for all.

Jonathan Edwards: Will my hon. Friend explain why the Scottish Government decided to abolish tolls entirely, rather than to move to a maintenance cost level? Was it because tolls were at that level already, or were they set higher than the maintenance level?

Drew Hendry: The tolls were of varying costs across the piece. There were some very high ones. The Skye bridge toll, for example, was punishing—even more so than the Severn bridge tolls—but it was about £1 on the Forth bridge. The issue was fairness and the economy across Scotland, and it was about making sure that there was not inequality. That was why we decided to abolish all tolls regardless of the costs involved. There was no good reason for requiring people to pay out of their own pocket to cross over a bridge to work, or for shopping or leisure, just by virtue of where they happened to live.

[Drew Hendry]

The benefits have been clear. Abolishing tolls has helped the local economy and tourism, as people can access attractions, leisure activities, social events, shops and so on without being deterred by tolls. By doing that, as well as through measures such as freezing council tax, the SNP has ensured that money stays in people's pockets. We ask not for whom the bridge tolls; the bridge tolls are free.

Because the matter is devolved, the Scottish Government were able to make the decision that most suited the local economy. The position of our sister party Plaid Cymru on the Severn bridges is to transfer them to Welsh Government ownership. Given the bridges' position as the gateway to the south Wales economy, it makes sense for Wales to be in control of that strategic piece of infrastructure and to decide on appropriate levels of charging. It has the best understanding of the local economy and its needs. The Severn bridges have the highest bridge tolls in the country, and I believe that Plaid Cymru would like them to be cut to an estimated £1.50 to £2 per vehicle, to cover maintenance costs only. The hon. Member for Newport East has also proposed that.

Decisions about reviewing the price of tolls, what to do with the money raised from them—for instance, investing the surplus in public transport—or indeed whether to have tolls at all may best be made at local level. That has certainly proven to be the case for Scotland.

3.24 pm

Richard Burden (Birmingham, Northfield) (Lab): I add my congratulations to those that have been given to my hon. Friend the Member for Newport East (Jessica Morden) on securing this important debate and on her years of tireless campaigning on the issue. The same is true of other hon. Members, some of whom we have heard from today, including the Chair of the Welsh Affairs Committee, the hon. Member for Monmouth (David T. C. Davies), who made an important contribution. The hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards) praised himself and his colleagues for their dynamism, and my hon. Friend the Member for Islwyn (Chris Evans) managed to achieve what I would have thought the impossible feat of getting Ronald Reagan into the debate. Finally, the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Drew Hendry) managed to work in Robert Graves, so that was great creativity.

This is clearly a cross-party issue. It is clear that the crossings are an important transport link between England and Wales, playing a vital role for businesses and the economy as well as keeping friends and families in our two countries connected. So it is unfortunate that the cost and experience of using the crossings has been a source of such frustration for so long. I had a sense of déjà vu when I heard about this debate; then I recalled that it was almost exactly a year ago when my hon. Friend the Member for Newport East last obtained a debate on the issue. Something that has come across clearly today—I hope that the Minister has heard it—is the frustration shared by many hon. Members about the fact that the debate seems hardly to have moved on in a year. Today's debate is my hon. Friend's third

Westminster Hall debate on the issue in five years, and the issues that have been raised show that there is still a lot more to do.

The Severn crossings provide an important link in Wales's transport and economic infrastructure, and they are essential to the Welsh economy. As we have heard, 80,000 vehicles use the crossings every day. It is important that the toll price should provide a fair balance between the cost of better infrastructure and the benefits to the people using the bridge. It has been made clear in this debate that the costs of the Severn crossing tolls seem unfair. Road users relying on the crossings have been hit hard by an inflexible system and an old-fashioned payment system with annual rises until 2018. The charges are the highest of any crossing on the strategic road network. As my hon. Friend said, the current prices are £6.50 for a car, £13.10 for a light goods vehicle and £19.60 for an HGV. On the Humber bridge, a car now pays just £1.50 and an HGV £12. That is a huge issue for people who are already struggling. Transport is a major part of household budgets—a point that my hon. Friend made powerfully.

The Government may point out their commitment to scrapping VAT on tolls and removing the second tier that penalises vans after 2018. However, that does not solve the problem for private drivers or businesses. Private drivers will still have to fork out thousands before VAT is scrapped in 2018. Even then the toll price will still be significantly higher, as far as we can tell, than comparable tolls in the UK.

There are precedents for things that the Government could do. Since 2014 local people eligible for the resident discount scheme at the Dartford crossing have been able to make unlimited trips across for just £20 a year, ensuring that a toll on the strategic road network does not hinder local mobility. In the debate in 2014, I and other hon. Members recognised that there would be a challenge in defining "local" in relation to the Severn bridge and deciding where any discount would start and end, but that challenge underlines why the UK Government must develop the right kind of dialogue and forum with the Welsh Government and local authorities, so that they can look ahead and find a solution to the issue.

As my hon. Friend the Member for Newport East made clear, such practical issues need to be addressed, and they are certainly not addressed by coming out with a lot of rhetoric about English votes for English laws. The situation is a practical example of the necessity of co-operation. The Welsh Affairs Committee also emphasised that in 2011. Will the Minister set out what assessment his Department is undertaking of introducing a local residents' scheme or some other flexible payment system for the Severn crossings, and what involvement other authorities have had in the matter so far?

Obviously, the tolls not only affect commuters and private drivers but have a significant impact on local businesses and the local economy. Many hon. Members have made that point, including my hon. Friend the Member for Llanelli (Nia Griffith). For local businesses, the excessive tolls are a cost that competitors elsewhere simply do not have to pay. We have heard claims that they can add up to £200,000 to a business's bottom line. Sadly, the benefit of scrapping VAT will be minimal, particularly for HGVs and the freight industry, as they already claim VAT back on the toll. There will be savings only in processing the claims.

Again, the Dartford crossing is a good example of how we could develop best practice, in that it operates an off-peak concession for drivers at night, which benefits HGVs. Surely we can look at some kind of off-peak concession in the case of the Severn bridges. I therefore ask the Government what assessment they are making of waiving tolls for night-time crossings or devising an off-peak concession. I remember that in the debate in March of last year, the Minister's predecessor, the hon. Member for Scarborough and Whitby (Mr Goodwill), said that the Eurovignette directive currently imposes a 13% cap on discounts for HGVs, but that the discount currently stood only at 10%. I would be grateful if the Minister could update the House on whether those rates are still the same.

A number of hon. Members, including my hon. Friends the Members for Aberavon (Stephen Kinnock) and for Islwyn, my hon. Friend the Member for Caerphilly (Wayne David), who mentioned local government, and the hon. Member for Strangford (Jim Shannon), who brings experience from Northern Ireland, have said that tolls can have a big impact on economic growth. The Welsh Assembly has estimated an economic loss just for Wales of about £80 million a year. With the debt expected to be about £88 million in 2018, has the Minister received any representations about offsetting any of the debt with the toll rate in order to boost the local economy?

I have referred a lot to south Wales, but of course this is not simply about south Wales. The tolls have knock-on effects in England, such as congestion in places such as the Forest of Dean, which limit the whole region's economy—something that the Government say they are trying to act on. Will the Minister therefore consider carrying out an economic impact study like the Welsh Assembly's but including south-west England as well as Wales? Does he agree that when the necessary long-term strategy is being developed, it will be important to reach out to local enterprise partnerships and chambers of commerce as well as local authorities?

Next I want to consider the failure to modernise—a point made powerfully by my hon. Friend the Member for Cardiff South and Penarth (Stephen Doughty). We have heard today and in previous debates that the issue is not simply the cost of the crossing but the lack of convenience in how the tolls must be paid. More than a year later, road users without cash still have to enter their PIN into a handheld device, which takes time and slows transit. During last year's debate, the Minister's predecessor refused to consider technology enhancements that could speed up queues because, he said, the long-term future of the charging arrangements was not clear. That, I respectfully put to him, is the point that we have been making in this debate and previous debates—that is what needs to be sorted out. It is obvious that some form of toll charge will be in place after 2018 to cover maintenance costs, but I hope that the Minister will commit today to taking account of technological developments in considering how the tolls will be paid and in the long-term strategy.

Simpler solutions could be adopted. I have mentioned the Dartford crossing, and although I do not want to diverge too much from the subject of the debate, Mr Gray, I will just ask the Minister as an aside whether he has any news about the problems there, not with free flow itself but with unpaid notices. What discussions has he

had with Highways England and Severn River Crossing plc on introducing contactless payment on the Severn bridge?

The questions that I have for the future are as follows. We have talked about reforms to pricing and payment that could benefit users, but they do not fundamentally address the main issue—that the concession will soon end. I reflected on the debt standing at £88 million. Can the Minister clarify that that is still the case? Can he also offer a more transparent breakdown of the debt, as well as the maintenance costs of both bridges?

The end date for the concession, as we know, is 2018. At that stage the crossing will revert to public ownership, and a decision about how the debt will be recovered and about future toll charges must therefore be made. When will the Government make those decisions? How, in practice, will they work in partnership with the Welsh Assembly and Severn River Crossing plc to prepare for that? The longer we wait, the longer users will have to endure the high charges and inconvenience that they have been enduring for too long.

I hope that the Minister will leave the debate having given us some reassurance on the important questions that my hon. Friends and other hon. Members have asked, and having given a commitment that there will be regular updates on what the Government are considering, whom they are talking to, what ideas are being developed and how the technology will be improved. We do not want to end up in yet another debate, at this time next year, asking the same questions but without any further information about what the Government will do in practice. The crossings are vital for the Welsh economy, the English economy and the co-operation that is so important between our two countries, so I hope that this time the Minister will give the House rather firmer information about how we will go forward than has been the case in the previous four debates.

3.36 pm

The Parliamentary Under-Secretary of State for Transport (Andrew Jones): It is a pleasure to serve under your chairmanship again, Mr Gray. I congratulate the hon. Member for Newport East (Jessica Morden) on securing this debate about tolls on the Severn crossings. It has become extremely clear, from contributions from hon. Members on both sides of the Chamber, just how important the crossings are to the economy of Wales and to the whole of the west of England. The argument has been made very strongly, particularly with reference to the high volumes of people crossing for tourism or for the manufacturing industry, reflecting key strengths of the Welsh economy.

I am pleased to respond to this Adjournment debate on a subject of great importance to the hon. Lady and her constituents. I know that she has campaigned on the matter for a considerable time. I was quite surprised, but very pleased to find the interest from right across the UK. Lessons from different parts of the UK can always be considered. I was also delighted to hear colleagues argue for less cost on business as a driver of economic growth. That is music to Conservative ears. I also recognise how it links firmly with the Government's plans to drive infrastructure investment as a key lever of economic growth. I will just say a little, if I may, about how that will work.

[Andrew Jones]

The Government have announced increased funding to deliver improvements on our road infrastructure network targeted entirely at delivering economic growth. Our commitment to deliver a step change in our transport infrastructure was made clear by my right hon. Friend the Chancellor of the Exchequer in his statement on 26 June 2013, when he announced the conclusions of the spending review of that year. I am sure that everyone will be aware of the Government's announcement on 1 December 2014 of the road investment strategy. As part of that strategy, the investment plan outlines how we will invest in the strategic road network between now and 2021 to make the improvements that will put us on the path to delivering all our long-term economic goals. In total, the Government are investing £15.2 billion in more than 100 major schemes, which will enhance, renew and transform the network.

Of course, the strategic road network is solely in England and roads are a devolved responsibility in Wales, but the Government have also provided the Welsh Government with the borrowing powers to fund the new M4 relief road, which I hope will address the congestion that has long plagued that section of the M4. I am highlighting that, because it shows one way of working together—the principle of partnership that I consider to be very positive and that will be most important as we take forward the Severn crossings and their future.

More than 220 million Severn crossings have been paid for since 1992, and traffic has increased by more than 50% over that period. More than 13 million crossings were paid for last year, which is a significant increase of 3.7% on the previous year. We should also note that those figures cover only crossings into Wales—people pay a return toll—and not journeys in the opposite direction. It is reasonable to surmise that the total traffic figures are double the recorded tolls, which highlights the importance of the crossings to the economies of both countries and the role the crossings play in strengthening the bonds that already exist between the two nations, which is of course a key objective of many parties in this House.

The hon. Member for Newport East has raised several issues regarding the Severn crossings, including the tolls that are charged for using them. As she knows, for decades successive Governments of all persuasions have held the view that crossings on estuaries should be paid for by the user, rather than by the taxpayer. They have taken that approach because of the outstanding savings in both time and money that such expensive infrastructure projects make possible. It is important to make that point at this stage, and it should be remembered.

I hesitate to provide a historical context, because I know that the hon. Lady is acutely aware of all the history, but it is relevant. The first Severn bridge was tolled when it opened in 1966 to pay for its construction, and it enabled a direct link from the English motorway network into Wales. However, it was not long before the first crossing operated significantly above its designed traffic capacity, and it became clear that further capacity would be required. In order to fund a second crossing, a concession agreement was signed with Severn River Crossing Ltd, which took on the operation and maintenance of the first bridge and the construction of the new bridge. The second bridge subsequently opened in 1996.

As is the norm with concession agreements, Severn River Crossing Ltd is authorised to collect tolls to meet its financial obligations. Those tolls are in place to repay the construction and financing costs of the second Severn crossing, to repay the remaining debt from the first river crossing and to maintain and operate both crossings, and the tolls form the company's only source of income. The concession agreement was structured so that certain risks, such as costs relating to latent defects on the first crossing, were borne by the Government, rather than by Severn River Crossing Ltd. By taking on those risks, the Government were able to finance the construction of the second crossing and the maintenance of both crossings at much lower cost than they could otherwise have achieved. If those risks had been included in the concession arrangements, the tolls that users have paid for many years would necessarily have been considerably higher, which would have pushed back the concession further than the current projected end date of 2018.

Members have asked when the concession will finish. That will happen when it has achieved total income of £1.029 billion at 1989 prices, so it is not possible to give an exact date for when it will finish. We are able to project ahead based on current usage but, as I mentioned earlier, usage is going up, so the date may come forward.

Jessica Morden: Will the corporation tax cut have an impact? Does the Minister anticipate that that will bring forward the date when the concession ends?

Andrew Jones: The corporation tax cut should be viewed as part of a broader economic package to drive growth. The more economic activity we have, the greater the use of the crossings will be. The corporation tax rates paid by individual companies are not part of this process, but the overall activity that the Government are seeking to create through a vast focus on economic growth will certainly bring things forward, as more economic growth means more crossings, and more crossings mean more revenue, which means that the target will be reached earlier.

The Severn Bridges Act 1992 sets out the tolling arrangements and the basis for yearly increases in the toll rates. New toll rates are introduced on 1 January each year and are increased in line with the retail prices index using a formula that is then rounded up to the nearest 10p. I stress that the Secretary of State for Transport does not have the authority to reduce Severn tolls without amending primary legislation and obtaining the concessionaire's agreement. The concessionaire is extremely unlikely to agree to anything that would affect its net revenue without compensation and agreement from its shareholders and lenders. That is a key point, because we are talking about what happens after the concession ends.

At the end of the concession, as everyone has noted, the crossings will revert to public ownership. As the Chancellor stated in his March Budget, once the crossings are in public ownership, VAT will no longer be payable on the tolls, which will be reflected in the toll prices. Members have asked for clarity on that, and I am happy to confirm that VAT on the tolls is going.

Jessica Morden: The Minister will know that, as the tolls go up automatically in 2016 and 2017, by the time the toll increases are applied in 2018, taking off the VAT will return the tolls to about £5.60, according to

my back-of-an-envelope calculation, which means that about 90p will come off in two and a half years' time. Does he appreciate that that is no great shakes?

Andrew Jones: Removing VAT will result in a significant cost reduction. Of course, like all Members, I would like cost reductions in all sorts of areas of our economy, but to say that VAT reductions are matters of great insignificance is simply wrong. It should be remembered that further reductions in tolls for some vehicle classes once the crossings return to public ownership were also announced in the March Budget. The Chancellor announced that, when the concession to toll the crossings ends, the higher toll rate for vans will be reduced to the same rate as for cars, which will be a significant benefit to smaller businesses on both sides of the crossings. So we are considering some toll reductions, which is significant.

Our intention is to continue tolling after the projected end of the concession in 2018 simply to recover the costs that have been incurred in relation to the crossings that fall outside the agreement. The current projection of those costs stands at £88 million. We have not made any decisions about the operation and tolling arrangements for the crossings once the current regime ends. The road investment strategy contains the Government's commitment to working with the Welsh Government and others to determine the long-term future of the Severn crossings. The Under-Secretary of State for Wales, my hon. Friend the Member for Vale of Glamorgan (Alun Cairns), who is sitting next to me, has done excellent work in highlighting the economic impact that the toll reduction for vans and the VAT reduction will have on the area and in explaining the importance of the crossings overall. We have already met to discuss that subject, and I anticipate that we will meet again shortly.

Stephen Kinnock: The Minister says that the Government have not yet made a decision, and 2018 is not that far away. As hon. Members said earlier, business abhors a vacuum. Business needs certainty, and it needs to know where its costs will be. Can we please have clarity on when the decision will be made and why it cannot be made within a defined period of time?

Andrew Jones: Although 2018 is not that far, it is still three years away. Work on what happens next is under way. We are looking at a potential end date for the concession of around 2018. It is a financial target, rather than a fixed date, which means that we have a requirement to plan appropriately, and I will address that next.

Jonathan Edwards: As I said in reply to an intervention during my contribution, the Minister's party in Wales is campaigning for the Assembly elections, which are less than a year away, on the basis that the Welsh Government will have control of the Severn bridges and that, under his party's control, the costs will be reduced. He has clearly not made up his mind on the ownership of the bridges following the end of the concessionary period. Is it not the case, therefore, that the pledges his party is making in Wales are not worth the paper they are written on?

Andrew Jones: One aspect of devolved government, which is what we have now in the UK, is that the same party will hold different views in different areas, reflecting

local circumstances. That happens throughout the UK, and I think that it is a positive rather than a negative that people are arguing, lobbying and making the case for their area. It happens, and we should get used to it, because it is here to stay while we have a United Kingdom with devolved Assemblies and Parliaments.

I mentioned that we have not yet made any decisions about the arrangements after the concession finishes, but the Government have been clear that we will need to make proper provision for the repayment of debt and for future maintenance.

Nia Griffith: I appreciate that we cannot expect to have all the answers today, and that there are difficult decisions to make and things to work out. However, can the Minister set a timetable in the very near future for when all those things will be done, so that come September, we will know what is likely to happen and when we are likely to get certainty? That is what we really want to know.

Andrew Jones: I cannot give the hon. Lady a final date, but I can tell her that that work has started and is taking place in the Department, with colleagues in the Wales Office. Let me leave hon. Members in no doubt that the Government are committed to the successful operation of the crossings. They are vital, and the economies on both sides have benefited greatly from their presence.

Richard Burden: I think that the Minister may inadvertently have misunderstood my hon. Friend's question. She was not asking him when the Government will make their final decision; we understand that that will take some time. She was asking for a timetable or road map of the process whereby decisions will be made. Who will be talked to at which stage? Which agenda items will be discussed at which stage—the debt, toll levels, the technology, off-peak reductions? In the autumn, can the Minister give some kind of timetable for when those things will be considered?

Andrew Jones: I mentioned earlier that we are already committed by the road investment strategy to work with the Welsh Government, and we are more than happy to continue with all the strategy commitments. As I said, I have already started work with my colleagues in the Wales Office. I am expecting more work to be done over the summer and in the early autumn by my officials in the Department, and will be more than happy to share it more widely as we go forward, but I cannot yet give a specific date. However, it is work in progress, and we are starting that work. It will certainly involve wide co-operation and consultation.

David T. C. Davies: Can the Minister supply an answer in this debate to the questions about how much extra money the Government have received in VAT and industrial buildings allowance, and the costs of maintenance? If he cannot give those exact figures today, can he commit his Department to providing them before the autumn? Otherwise, I suspect that hon. Members might decide that they want to apply for another debate, and I will certainly support them if they do.

Andrew Jones: The annual accounts for the Severn river crossings will be published shortly, and I will consider what other information can be made available. However, we must be a little cautious about hypothecating the amount of VAT raised, but on general principles of transparency, I am more than happy to supply that figure. I cannot stand here and give my hon. Friend large amounts of data this afternoon, but we will approach all investment issues on principles of transparency and collaboration, including data transparency.

Numerous questions were asked; I will answer some of them now. It was asked whether the Severn crossings could be handed over to the Welsh Government. I have absolutely no plan whatever to change ownership, but I have every intention of working together on future operation of the crossings. We will take that forward in partnership and consultation. The publication shortly of the annual accounts was mentioned. Many requests about consultation have been made. I am happy to commit to all that and to hear from all parties, including from local councils in the area and any local enterprise partnerships. The key point is that nothing has been decided. All policies are still under consideration.

Several colleagues mentioned technology. The opportunities presented by technology are significant, and it can make an enormous difference. I have started to consider whether we can take lessons from other free-flow schemes in our country, notably the DART tag scheme, which has made a significant time saving for commuters on the Dartford crossing. We are considering whether that could be used on the Severn. I am also considering whether it could be made collectable both ways; technology frees up opportunity, and I think that it would prove popular.

When the concession ends, we have a significant opportunity. I am extremely keen to ensure that we take it, because the whole project matters. We know full well, as has been made clear in this debate by colleagues from across the House, just how important the crossings are to the local economy and nationally. The people of the area have been paying to cross the Severn, but I remind colleagues that we are in a period of significant infrastructure investment. This Government are delivering the most ambitious road investment scheme since the 1970s. I view the Severn crossings as an integral part of our transport infrastructure, which is why we are taking

forward work in my Department. We have three years to ensure that we get it right and to improve the situation for the area. This is a fantastic opportunity, and I look forward to working with colleagues here and locally to ensure that we get it right.

3.56 pm

Jessica Morden: I am grateful to the Minister for that response, although I suspect that hon. Members and Friends will have more questions to ask him. I thank colleagues for coming today; I counted about 15 in the Chamber, which shows the high level of interest in the topic.

In thanking the Minister for his response, I reiterate to him the list of points raised in this debate, and I suggest that he writes to all Members here to outline the answers to some of the questions asked, not least to spare him from having to come back yet again for another 90-minute debate on the Severn bridge tolls. To reiterate, the wish list from this debate includes financial information about the Severn bridge tabled for hon. Members to scrutinise—I am sure that the Select Committee on Welsh Affairs will return to that in its work—and a clear timetable about where we will be in future, as mentioned by my hon. Friend the Member for Llanelli. Perhaps the Minister will also commit to meeting groups of us to give us regular updates, not least to spare himself another debate.

Andrew Jones: I am happy to make that commitment.

Jessica Morden: I thank the Minister for that. To reiterate what the hon. Member for Monmouth and I said earlier, this Government have done extremely well out of the bridges; they have been a cash cow. The Government's assertion that they might keep on tolling rather than reduce the high tolls after the concession ends—we know that although the debt will be £88 million, the Government have already recouped £154 million in VAT response—will not go down well. I would appreciate it if the Government reconsidered reducing the tolls further.

Question put and agreed to.

Resolved,

That this House has considered tolls on the Severn bridges.

Avro Vulcan XH558

3.59 pm

Sir Gerald Howarth (Aldershot) (Con): I beg to move,

That this House has considered the end of service of the Avro Vulcan XH558.

I welcome you to the Chair, Mr Gray. Oh no, you're about to leave!

[**SIR DAVID AMESS** *in the Chair*]

I welcome you, Sir David, to the Chair. I also welcome my right hon. Friend the Minister. *[Interruption.]* It is only a matter of time before he is elevated to the Privy Council. I welcome my hon. Friend the Minister, with whom I shared some experiences at the weekend of which I will speak later, and his most excellent Parliamentary Private Secretary, my hon. Friend the Member for Plymouth, Sutton and Devonport (Oliver Colvile).

I am grateful for the opportunity to place on record in the House the story of one of the most remarkable heritage projects of recent years. In doing so, I am extremely proud to declare my interest as a trustee of the Vulcan to the Sky trust and president of the British Air Display Association, which represents the interests of those who organise and participate in air shows across the country. Essentially, Vulcan bomber "X-ray Hotel five five eight", as it is pronounced in the phonetic alphabet, which I shall use throughout the debate, last saw service in 1992, and 15 years later she was restored to flight by a band of highly professional volunteers. Since then she has dominated the air show circuit, drawing massive crowds everywhere she appears. Incredibly sadly, this display season looks like being her last, but of that, more later.

The Vulcan was the brainchild of aero-engineer Roy Chadwick, designer of the famous Lancaster bomber, immortalised through its role in "The Dam Busters". Only 11 years separate the first flights of the Lancaster, in 1941, and the Vulcan, which was then led by Stuart Davies following Chadwick's death in 1952. What an extraordinary testament to British aeronautical ingenuity. Designed as a high-level bomber to deliver Britain's nuclear deterrent through the tense years of the cold war, before the deterrent became submarine-based in 1969, the Vulcan, of which 134 were delivered to the RAF, was only deployed once in anger. That was during the Falklands campaign when it, too, became immortalised in that amazing operation—Operation Black Buck—to bomb the runway at Port Stanley. It involved a 6,800 nautical mile round trip, lasting nearly 16 hours, with 18 air-to-air refuelling operations. Although the Army tend to be rather dismissive of the one bomb that landed in the middle of the runway—

Bob Stewart (Beckenham) (Con): Objection!

Sir Gerald Howarth: Objection not taken. I hope my hon. Friend is not seeking to intervene.

That bomb put the runway out of action. More importantly, it sent a clear message to Argentina that if we could pinpoint the runway in Port Stanley, we could rearrange Buenos Aires in a big way.

It is hardly surprising that with that pedigree, the public lamented the scrapping of the Vulcan fleet when, in 1992, XH558 made her last display flight in RAF

service. A petition signed by more than 250,000 people calling on the Government to save her sparked a campaign that led to today's feast of aeronautical brilliance. Sold for £25,000 in 1993, the aircraft was bought by C. Walton Ltd at Bruntingthorpe in Leicestershire. However, one man decided that the public should not be denied the chance to see XH558 take to the skies again. Step forward a nuclear physicist and IT company director, Dr Robert Fleming. In 1997, he and David Walton agreed to determine the feasibility of returning the aircraft to flight, based on sound management practice and a professional approach. Robert's credibility won over the aircraft's design authority, British Aerospace—now BAE Systems—which, in 1998, identified that Marshall Aerospace and Defence Group of Cambridge had the skills, capabilities, quality control and experience in one-off aircraft projects to satisfy the Civil Aviation Authority that the work required on XH558 would be done properly.

Jim Shannon (Strangford) (DUP): Obviously, we can look back on that era. The Vulcan signifies the triumph of British engineering, and that is something to be proud of for us as the nation of Great Britain and Northern Ireland. The British people loved it. The hon. Gentleman may be coming to that point.

Sir Gerald Howarth: The hon. Gentleman is absolutely right; it is a triumph of British engineering. I hope that he can see the Vulcan when she displays in Northern Ireland, for that is one of our most important displays.

Marshall Aerospace agreed to act as the engineering authority for the restoration project in 1999, supporting and overseeing the trust's own professional engineering team, led by Andrew Edmondson, throughout. The race was on. Dr Fleming built a team that included Air Chief Marshal Sir Mike Knight, who commanded No. 1 Group during the Falklands war, and our former colleague—himself a Vulcan pilot—Keith Mans, then the Member for Wyre in Lancashire and now deputy leader of Hampshire County Council. Their professionalism resulted in the award of a £2.75 million grant from the Heritage Lottery Fund, which proved a major contribution to the eventual £7 million cost of restoration. In March 2007, I took Margaret Thatcher to see the project for herself and to introduce her to our chief pilot, Squadron Leader Martin Withers DFC—the man she had sent on that epic raid to the Falklands. It was a wonderful encounter.

The fundraising was always hard graft. Not infrequently were the team of engineers and support staff issued with redundancy notice threats. Things were particularly tight in about 2006, when I received a number of calls from Sir Mike Knight imploring me to solicit funds to keep the project going, and that moved me into action. I asked the then treasurer of the Conservative party, Jonathan—now Lord—Marland if he would give me the names of three wealthy Thatcherite Tories. In writing to the three, I suddenly realised the significance of the project. The aircraft had been at the forefront of the cold war battle to deter the Soviet threat and had been deployed only once in anger, in the Falklands. What connected the two? Margaret Thatcher. She played a huge part in ending the cold war and, as I mentioned, she ordered the Vulcan into the air to help recover the Falklands.

[*Sir Gerald Howarth*]

I had one response. That late and great patriot, Sir Jack Hayward, true to his “Union Jack” soubriquet, rang me late one night from the United States and said, “So sorry to hear that those chaps might be out of a job; count me in for half a million.” I immediately called Sir Mike and said, “Hold the P45s!” Sir Jack had saved the project. It was a magnificent tribute to individual philanthropy that Sir Jack Hayward just responded like that. I had never taken a phone call like that before, nor have I since, and I savour it to this day. The trust made me a trustee on the strength of that one contribution. I have enjoyed being there ever since.

Thus it was that on October 18 2007, Al McDicken, Dave Thomas and Barry Masefield took XH558 to the skies once more, where she has been the star of the air show circuit ever since, performing more than 175 displays before a total audience of 12 million people. Roads are blocked around the display sites, and my parliamentary colleagues text me excitedly that they have just seen the Vulcan pass low over their homes. Other colleagues ask if I can arrange for their children—and of course themselves—to visit the aircraft. Luke Osborne, the Chancellor’s son, is among those keen young supporters. The Minister will be delighted to know that I am not going to be asking Luke’s father for more money for the project.

It costs more than £2 million a year to run the Vulcan. The professional side of the operation employs just 20 people, including our team of six superb full-time engineers—all experienced on Vulcan work when the aircraft was in service with the RAF—and the aircrew of Martin Withers, Bill Ramsey, Bill Perrins, Kev Rumens, Phil Davies and Jonathan Lazzari, and Phil O’Dell, the Rolls-Royce test pilot. The money is raised overwhelmingly from the general public, masterminded by our fundraising man, Michael Trotter. As colleagues know, I constantly sport the Vulcan lapel pin and never cease to be amazed by the number of people I meet who tell me quietly, “I give a few quid to keep that aeroplane flying.” It is genuinely the people’s aeroplane.

The Vulcan to the Sky club has 5,000 members and a crew of some 60 volunteers, who raise money through selling merchandise, including such things as original engine compressor blades mounted on a small block of wood at a bargain price of £125. At the royal international air tattoo last weekend, we had to rush in extra supplies. The weekend’s takings topped £75,000. A long queue of enthusiasts paid £5 a head to get up close to the aeroplane.

There are also corporate supporters and original equipment manufacturers who must be included in this roll of honour: Airbus UK and its indefatigable former chief executive officer, Robin Southwell; Eddie Forrester of Aerobytes; Goodrich; Meggitt; Eaton Aerospace; Dunlop Aircraft Tyres; General Electric; Kidde Graviner; Martin-Baker; Serco; Ultra; and Beagle Aerospace. I could go on and on, but of course at the end of the list must be Marshall Aerospace, which supports us so magnificently on the engineering side. The Minister will be pleased to know that we also acknowledge the enthusiastic support that we receive from the Royal Air Force, which clearly enjoys seeing one of its own commanding such universal public respect.

The Vulcan to the Sky Trust recognises that over the eight years that Vulcan XH558 has been flying, she has generated a huge level of interest and support across the country, bringing a “once seen, never forgotten” experience to thousands of youngsters. When she stops flying, the trust plans for her to become the focal point for a number of skills initiatives at her home base, Robin Hood airport Doncaster Sheffield, formerly known to those of us with RAF connections as RAF Finningley.

The trust has announced plans to create the Etna project, an Eden project for aviation, engineering and technology, the first phase of which is already well under way in collaboration with the Aviation Skills Partnership. Why “Etna”, people may ask. Well, unknown to me before I became involved with this project, Mount Etna is the location of the mythical god Vulcan’s workshop. The Etna project will encompass an aviation academy, a heritage centre and the Etna centre, an innovative new facility aimed at inspiring youngsters in aviation, engineering and technology.

Under the leadership of the Aviation Skills Partnership, the Vulcan aviation academy will cater for all aspects of aviation skills across the ASP’s six areas of aviation: pilot; air traffic; airport operations; operations; crew; and aviation engineering. The Vulcan heritage centre will continue to provide the Vulcan experience for visitors and will introduce exciting new elements to the tours. The heritage centre will also represent a unique environment for business meetings and conferences. Vulcan XH558 will be maintained as a live, taxiing aircraft, and in addition, the trust aims to continue its involvement with heritage aviation by leading efforts to fly other iconic aircraft, to continue to inspire new generations of aviation professionals.

I want to put it on the record that I do not think any man could have done more than Dr Robert Pleming to epitomise an extraordinarily professional and competent approach to the management of complex former military aircraft, which has required the most amazing range of skills. The fact he was a nuclear scientist may have assisted him in developing those skills, but he has made a significant contribution. I do not think anybody could do better than to follow the example of how he brought this complex aircraft—the Vulcan bomber—out of disuse and back into the air, and then managed its operations in such a professional way. There is a lesson there for others who are engaged in the management of the warbirds that entertain the public around the country so much.

The objective of the exciting Etna centre is to help to solve the engineering and technical skills challenge that the country faces. The centre will build on XH558’s inspirational qualities to change the perceptions of the young, and those who influence them, about engineering and technology. Working examples of both heritage and modern technologies, and the stories of the people behind them, will show how interesting and rewarding careers in aviation and technology can be, for women as well as for men, and regardless of what an individual’s level of academic attainment might be.

The first phase of the academy and heritage centre is intended to operate within the current Vulcan hangar at Robin Hood airport. It is planned that from September 2017 all three elements will be co-located on a new single site on the edge of the airport, with access to the taxiways.

I hope you will agree, Sir David, that this has been a most astonishing story, and one with which I and my fellow trustees—John Sharman, our chairman; Sir Donald Spiers, former Controller Aircraft at the Ministry of Defence; Ken Smart, former chief inspector at the air accidents investigation branch in Farnborough; Dr Steve Liddle, senior aerodynamicist at Lotus Formula 1; Air Commodore Edward Jarron, who is himself a former Vulcan pilot; and Richard Clarke, the former supporters club chairman—are proud to have been associated.

As I have said, this season marks the end of an era. On current plans, XH558 will cease to fly in the autumn. It is not because we have no money; it is not because of a lack of spares; and it is not because of the Civil Aviation Authority, whose chief test pilot stated after flying the aircraft in 2013 that XH558 was in the best condition she had ever been. The reason is that the original equipment manufacturers—BAE Systems, the successor to the Avro company, and Rolls-Royce, the engine manufacturer—have decided that they no longer feel able to accept the risk, because the retirement of staff means that the companies lack the technical competence to certify the aircraft.

That is disappointing for two reasons. First, we had asked only to complete the 10-year flight programme, which would mean that the last surviving all-British four-engine jet could fly through the 2016 season and, of course, display at Farnborough in my constituency. Secondly, there are many other vintage aircraft flying today that will be able to continue thrilling the crowds for years to come. Indeed, many people ask me how it is that aircraft far older than the 63-year-old Vulcan can continue flying while the Vulcan is due to be grounded. The Meteor, Britain's first combat jet aircraft, the Vampire, not to mention the many Spitfires and Hurricanes, and that other Chadwick legend, the Lancaster, will all continue to enthral the crowds in their own way. And across the Atlantic, the B-52 looks like remaining in military service for 100 years.

Last weekend at the royal international air tattoo, XH558 taxied slowly to the runway threshold at RAF Fairford. As on so many occasions in the past, the 60,000-strong crowd stood up and moved forward as one to hear the famous Vulcan howl, as the four mighty Rolls-Royce Olympus engines wound up to propel this massive aircraft into the sky. They marvelled at the agility of this monster, with a wingspan of 110 feet; the magnificent wingover performed by Bill Ramsey and Kev Rumens; and her vast open bomb bay, which revealed her capacity to deliver awesome military air power. And they applauded loudly as she landed.

Our late colleague, David Taylor, the former Labour and Co-operative Member for North West Leicestershire, summed up the mighty Vulcan in an early-day motion in 2008 as

“an icon of British heritage and an invaluable asset in assisting today's students to better understand British science, engineering and history”.

Alternatively, as XH558 proclaims on its nose cone:

“Honouring the Past—Inspiring the Future”.

Even at this late hour, perhaps we can persuade the manufacturers of today's state-of-the-art technology that their masterpiece of the past, XH558, should serve one more year before we say farewell and the skies over the United Kingdom become a quieter place.

4.18 pm

The Minister for Defence Procurement (Mr Philip Dunne): Sir David, I am sure you will join me in congratulating my hon. Friend the Member for Aldershot (Sir Gerald Howarth) on securing this debate and on paying such a moving tribute to this magnificent aircraft, which, as we can all tell from the tone of his remarks, he holds in very high regard indeed.

My hon. Friend also told us how he originally became a trustee of the Vulcan to the Sky Trust; I suspect that on the back of that public explanation, he may be invited to become a trustee of several other aviation charities in the future. He has been a doughty advocate for the trust. I share his respect and admiration for the dedicated enthusiasts, many of whom he named, whose tireless efforts returned this iconic aircraft to flying condition so that another generation might witness it in the skies over the UK. I met several of those volunteers at the royal international air tattoo last year, and was impressed by their dedication and commitment to this remarkable aircraft, which I enjoyed seeing again, albeit static, at RIAT this year.

The Avro Vulcan was introduced into service with the RAF in 1957. As we heard, 134 were produced for the Royal Air Force by Avro at its Woodford aerodrome site near Macclesfield between 1956 and 1965. It was designed as a long-range bomber capable of reaching targets far into the then Soviet Union. On its introduction, it represented the cutting edge of aviation and was a step change in technology from its wartime predecessors. It was a clear, iconic demonstration of the quality and vision of British engineering. The last operational Vulcan squadron disbanded in 1984, but the Vulcan continued with the RAF in a display role until it finally left service in 1993.

The Vulcan bomber was a stalwart of the so-called V-force, which comprised Vulcan, Victor and Valiant aircraft. The V-force provided Britain's strategic nuclear deterrent during the dark days of the early cold war. The RAF's Vulcan fleet was held in a state of continuous readiness to respond to any nuclear threat from potential aggressors. It required continuous training and dedication to maintain aircraft and aircrew at a constant state of peak readiness.

Bob Stewart: I want to challenge my very good friend the Member for Aldershot slightly on one point. My hon. Friend stated that there was only one operational attack by a Vulcan on the Falklands; as the Minister just outlined, the Vulcan fleet was operational from about 1957 to '69, flying in the cold war on operations, defending our freedom and our right to exist. I should like to point that out. I slightly disagree on that small point.

Mr Dunne: My hon. Friend is right to emphasise the role played by Vulcan crews during the cold war, but of course my hon. Friend the Member for Aldershot is also correct in saying that the aircraft was only ever used once in a strike capacity, during the Falklands war. I will mention that in a moment.

The state of high readiness continued for many years, until the nuclear role of Vulcan bombers was replaced in 1969 by the Royal Navy's fleet of Polaris and later Trident submarines. It is precisely because of the deterrent capability that it provided to our country that the

[Mr Dunne]

Vulcan was never called on to use its nuclear capability in anger against the Warsaw pact. I am sure that my hon. Friend the Member for Aldershot agrees that that is precisely why the Government remain committed to the provision of a continuous at-sea deterrent today.

As we have just discussed, Vulcans did see action during the 1982 Falklands conflict. At that time, the Vulcan was already a 25-year veteran, approaching the end of its service life. There was no expectation that it would shortly be thrust into a critical role in the Falklands war. In the Black Buck raids, RAF Vulcan aircraft flying from Ascension Island carried out what were then the longest-distance bombing raids in history, covering a return distance of some 7,700 nautical miles. A total of five successful raids were made by Vulcan aircraft against the airfield and Argentinean radar installations at Port Stanley. A Vulcan bomber cratered the runway at Port Stanley and denied Argentinean fast jets a base from which to attack the taskforce. It also sent a clear strategic message to Argentina that Britain would take any necessary steps to defend its sovereign territory and protect the islanders' right to determine who governed them—a policy that this Government still hold dear today. The House will be interested to know that Vulcan XM607, which completed the first of the Black Buck raids, is preserved at RAF Waddington, is much prized and can be seen by members of the public from the Waddington aircraft viewing enclosure.

The Black Buck raids were a testament to the courage of the men who flew all the aircraft involved and to those who supported them. I know that my hon. Friend will share my admiration for the Handley Page Victor tanker crews that assisted with the raids: a remarkable relay of some 12 tanker aircraft that ensured that the Vulcan was refuelled in mid-air five times per mission. That is a remarkable example of improvisation, professionalism, airmanship and military logistics.

Vulcan XH558 made its maiden flight in May 1960 and has flown more hours than any other Vulcan. It first served with 230 Operational Conversion Unit, providing training for pilots new to the Vulcan type, before transferring to front-line service with the Waddington wing. In 1973 it transferred to the maritime radar reconnaissance role and in 1982 was converted for use as a refuelling tanker. It finished its RAF career with the Vulcan display flight before making its final RAF flight in 1993.

Retiring from the RAF after many years of sterling service, the Vulcan was taken into private ownership, as we heard, thanks to the work of the Vulcan to the Sky Trust. It was returned to flying condition in 2007, since when it has been seen at many air shows across the UK. Although the preservation of the aircraft is not a core defence requirement, the RAF has in the past assisted

where it could with this project to restore and maintain Vulcan XH558. It seconded a number of skilled RAF engineers to the restoration project and provided hangar space, notably at RAF Lyneham.

As I said, I saw the aircraft on the ground at RAF Fairford on Friday. Although it was static, it was the air platform subject to the greatest intensity of interest at the show. I saw the video of it flying in formation with the Red Arrows on Sunday, which must have been an utterly thrilling sight for the thousands of spectators present. I cannot think of a more fitting way for the RAF to mark its affection for this fine aircraft, with two icons of British aviation flying side by side. Even more appropriately, the Vulcan was once based at RAF Scampton in Lincolnshire, now home to the Red Arrows—evidence, if any was needed, of the great heritage of the RAF and the comforting ebb and flow of the past giving way to the future.

The MOD takes its commitment to the aviation heritage of this nation very seriously and is proud to do so. It is RAF heritage strategy, where possible, to preserve one of every aircraft type in the national collection at the RAF Museum. In the financial year that ended in April '14, the MOD donated just over £9 million pounds in grant in aid to the RAF Museum, which preserves many of the nation's finest military aircraft, including two Avro Vulcans, which can be viewed by all who visit the RAF Museum sites at Hendon or at Cosford, just outside my constituency in Shropshire—a good visit for all. The Imperial War Museum, which received a £21 million grant from the Department for Culture, Media and Sport last year, also has a Vulcan aircraft at its site at Duxford.

Many will share my hon. Friend's disappointment that the Vulcan will not continue to fly and that we will not be able to spot it in the skies of the nation that it served and protected so diligently. But as we have also heard, it is encouraging to learn that the Vulcan will continue to play a pivotal role in the future, just it has in our past, albeit in a heritage capacity.

I was delighted to hear my hon. Friend mention the plans for the XH558 to be a living centrepiece for a Vulcan Aviation Academy and Heritage Centre at Robin Hood airport, near Doncaster, providing inspirational opportunities for the next generation to learn about aviation and help prepare them for future jobs in the aviation world. I am sure the House will welcome this admirable initiative, and I wish the project the very best.

I congratulate my good friend the Member for Aldershot on his fine championship of the Vulcan through his work on the trust. I also congratulate him on securing this debate and on giving us this opportunity to highlight the role that the Royal Air Force has played in serving this nation so well, using various aircraft types for close to 100 years.

Question put and agreed to.

Euro Area

4.30 pm

John Redwood (Wokingham) (Con): I beg to move,

That this House has considered the UK's relations with the Euro area and further Euro integration.

I am grateful to have secured this debate, because it is time that our Parliament discussed the big moves under way on the continent of Europe, which take the form of a major policy statement by the five presidents of the European Union on how they wish to make rapid progress to a more comprehensive union, including a political union. The document is a well-kept secret. It has been on the European Union website since the end of June. I have raised it a couple of times in the House and in interviews, but for some reason the British media do not seem to have realised that there is this radical prospectus, which is now official European Union policy, written and endorsed by the five presidents.

Some people in the United Kingdom will not have quite caught up with the idea that there are five presidents, but they are: the president of the European Council, who is the senior minister representing the member states' ministerial teams; the president of the European Parliament, who represents the elected MEPs; the probably better known President of the Commission, who is Mr Juncker for the time being; the president of the European Central Bank, Mario Draghi, who is a bit better known thanks to the comings and goings over the Greek banking system and the Greek state debt problem; and the president of the Eurogroup, who is a little better known on British television screens because he has from time to time had to do the crisis response when we have had another difficult day in the relationships between Greece and the rest of the eurozone.

Those five very powerful men represent all the branches of the European Union. It is tempting to think that only three of the five presidents apply to the United Kingdom, because the UK, by common consent across the parties, is not a member of the euro and is therefore in a more independent position than EU member states that are members of the eurozone. The United Kingdom is a very small shareholder in the European Central Bank and has a non-paid-up, rather bigger shareholding ominously sitting there. CX—Clearly the United Kingdom does not attend the Eurogroup meetings—it is right that we do not—but we have seen in the case of Greece that the Eurogroup cannot always deal with its financial problems. The European group of Ministers wished the UK to give consent to an emergency loan to Greece from outside the Eurogroup.

The problems that have emerged with Greece give the United Kingdom an important warning, as well as a sign that this period of change in the European Union gives us an opportunity. I hope our Prime Minister will utilise it to the full, both for the benefit of a happier United Kingdom in its relationships with the rest of the European Union and for the sake of the Eurogroup, which has its own need to drive further towards common financing and common decision making.

My first wish is that Her Majesty's Government not be taken on a wild ride to political union. Some people in the proto-debate on what our relationship with the European Union should be seem to claim that staying in the European Union as it is currently constituted is a tolerable status quo that we need not worry about,

because we know what it is like. However, there is nothing stable about it and no status quo. This is a wild ride to political union. The euro has been living through an intense and tragic crisis, which has highlighted to the custodians of the euro the need to go much further and faster in the direction of completing the creation of a comprehensive union that will look much like a federal state.

Richard Drax (South Dorset) (Con): I congratulate my right hon. Friend on securing this wonderful debate. His speech highlights to me and many others just what a disaster the eurozone is. On that issue and the plight of Greece, does he agree that the more the disaster unfurls, the more the eurozone tries to patch things together? Now, we have news of a eurozone parliament. That is exactly the sort of thing that my right hon. Friend is warning about.

John Redwood: Indeed. After I secured the debate, no less a figure than the President of the French Republic made an important speech saying that the recommendations of the five presidents of the European Union do not go far enough. I thought theirs was a blockbuster recipe for pretty comprehensive union, but the President of France has said that he would like them to go further and faster. He would like to supplant the current European Parliament, or put alongside it a euro area parliament, to provide some democratic accountability to the increasingly large and important decisions that the Eurogroup makes.

Sir William Cash (Stone) (Con): Will my right hon. Friend also note that according to the press release I have here, President Hollande said that the eurozone needed a specific budget as well as its own government and parliament? In other words, they are going for political union or bust in the eurozone.

John Redwood: My hon. Friend is exactly right. The President of France has gone even further than the five presidents. I will briefly highlight what is in the rather lengthy and important report, because it has escaped most comment and attention in the United Kingdom. The five presidents say:

"For all economies to be permanently better off inside the euro area, they also need to be able to share the impact of shocks through risk-sharing within the EMU. In the short term, this risk-sharing can be achieved through integrated financial and capital markets".

That is pretty comprehensive union, which they call "private risk-sharing". Those markets would be

"combined with the necessary common backstops, i.e. a last-resort financial safety net"—

presumably that is public finance. They continue:

"In the medium term, as economic structures converge... public risk-sharing should be enhanced through a mechanism of fiscal stabilisation for the euro area as a whole."

That is rather wordy and slightly opaque, but I think the meaning is clear. The five presidents have recognised that to have a successful single currency, taxpayer money needs to be standing behind the financial institutions—the banks and others—and the states involved in that financial union. That is exactly the issue that the tragedy of Greece has highlighted.

[John Redwood]

Euro banknotes have no symbols of French or German taxpayers in the way that our banknotes have the Queen as a representation of the full power of the sovereign in Parliament and the revenues going into the Treasury. Euro banknotes do not have that, for the good reason that the symbols could not be agreed and there was a bit of reluctance to put the full power of taxpayers behind the banknote. They have a misleading symbol on them: the European Union flag. One has to ask why that is, when the United Kingdom—the largest country in the “outs”—has made clear that we have no wish to put any taxpayer money or finance behind the euro, because it is not our project and we are not part of it. That illustrates a much bigger problem that the eurozone is grappling with: who stands behind its banks? Who stands behind the member states when they get into financial difficulties? That problem has come out in the Greek struggle.

The five presidents go on to say:

“Progress must happen on four fronts: first, towards a genuine Economic Union...Second, towards a Financial Union that guarantees the integrity of our currency across the Monetary Union and increases risk-sharing...This means completing the Banking Union and accelerating the Capital Markets Union. Third, towards a Fiscal Union that delivers both fiscal sustainability and fiscal stabilisation”—

that means sharing tax revenues, basically—and

“finally, towards a Political Union that provides the foundation for all of the above through genuine democratic accountability”.

They go on to say that there will have to be a lot more common decision making or shared sovereignty, although I would call that the gift of sovereignty to a higher body. They say that

“this would require Member States to accept increasingly joint decision-making on elements of their respective national budgets and economic policies. Upon completion of a successful process of economic convergence and financial integration, this would pave the way for some degree of public risk sharing”—

that is, countries using other people’s taxes to sort out their own problems—

“which would at the same time have to be accompanied by stronger democratic participation”.

Sir Gerald Howarth (Aldershot) (Con): My right hon. Friend is making some incredibly important points. Would what he just quoted not be more accurately described as the “United States of Europe”?

John Redwood: I hope that it would be the United States of Euroland, but my hon. Friend is right. I hope that the Minister will say that we will not be part of it and that a plan exists to negotiate a new relationship for the United Kingdom. We will clearly need such a relationship, because no party in this House wants the UK to risk-share on that basis, putting in British taxpayer money to help Greece, Portugal or whoever is in trouble due to the euro.

The five presidents want a euro area system of competitiveness authorities that will try and create commonality of policy and outturn across the Union. They claim to have largely achieved the goal of bank supervision with the setting up of the single supervisory mechanism, but the single resolution mechanism is not fully implemented, and they want to complete a financial union, launching a common deposit insurance scheme and a full capital markets union. They want to

get on with those immediately and not await treaty change, which they will need for some of their other proposals.

The five presidents ultimately want a single European capital markets supervisor, which would have great implications for the City of London and the conduct of our markets and our regulatory system were we to take part. They say that

“regulation creates incentives to risk-pooling and risk-sharing and ensures that all financial institutions have sufficient risk management structures in place and remain prudentially sound.”

Even more importantly, they go on to say, referring to the capital markets union:

“Taxation can also play an important role in terms of providing a neutral treatment for different but comparable activities and investments across jurisdictions.”

Will the United Kingdom be able to opt out of this capital markets union? If we sign up to it, does that mean that we would have to accept common European taxation on this rather important business interest for the UK?

Last, but by no means least, the report contains a heading referring to a euro-area treasury, under which it states:

“The Stability and Growth Pact remains the anchor for fiscal stability and confidence in the respect of our fiscal rules. In addition, a genuine Fiscal Union will require more joint decision-making on fiscal policy”—

in other words, a euro-area treasury.

Sir William Cash: My right hon. Friend knows this, but there is benefit in getting it on the record. The Germans and the French broke the stability and growth pact three years in succession with impunity when it suited them. On the question of how far our Government would go in accepting the proposals, does he agree that the creation of a eurozone is only a de facto organisation and not a legal one? We are caught up in this. When the fiscal compact was proposed, our Prime Minister, having listened to us, decided that he would veto. Would we not want him to veto all this as well and to make it clear that that is the case now?

John Redwood: My hon. Friend is right to draw attention to the legal complexities that the euro area and the EU face. He is right that there is no formal, treaty-backed legal entity of the euro in full. There is the relatively informal euro-group of Ministers, who meet monthly just before the full economic affairs council, to settle euro business.

The process has gone a bit further, because of course there is a separate legal entity called the European stability mechanism, which is a formal entity for bailing out or offering loans to euro states in need of additional money. It is currently the object of the entreaties of the Greek state as the Hellenic Republic seeks a long-term loan to replace the short-term loan that the European financial stabilisation mechanism has just provided to see it through July. Greece is currently in negotiation over €86 billion—Germany would like it to be less—of possible money from the ESM. There is a legal structure to do some of the financing but, as my hon. Friend rightly says, they probably need treaty modification and a firm legal basis for the euro. In recognition of that, the five presidents suggest that they may need to move towards having an elected-President of the eurozone,

which I imagine would have full legal authority and would therefore give personality to the zone as a legal entity and which would make things easier from their point of view.

I am conscious that several colleagues have turned up to join in this debate and, with your permission Sir David, I would like to see whether they can be accommodated, so I will move rapidly on to my questions to the Minister. It seems that much of what the five presidents want is perfectly reasonable in the context of people who have set up a currency that does not yet have a country to love it or back it. They desperately need to make a lot of progress to create a political union, to create a flow of tax revenues and to provide the financial solidity that a main currency usually has, so I can see their agenda. We have already heard the French President say this week, "Let's go further and faster", so we know the direction of travel.

Will my hon. Friend reassure us that the UK could not conceivably travel that route? Having made the crucial decision not to join the euro, the British people and Parliament are not going to want to go down the route of political union. Will he also say where the British Government will now stand on the challenge or opportunity of full banking and capital markets union? There would be great hazards in the UK signing up to the full banking and capital markets union, because that would, by implication, drag us into the financing of the euro area and involve us in decisions that it would properly want to make for itself, as we are not a full member. I would be grateful to hear the latest Government thinking on how we can have our own independent markets but co-operate with and work alongside the euro area as it creates its capital markets union.

It seems to me that there will definitely have to be treaty change. The five presidents are suggesting that they can get by without treaty change until 2017, after which they will need it. From the UK's point of view, that is an inconvenient date, because we would like treaty change as a result of our renegotiations. As the gap between the likely date of our referendum and the date for the euro area considering treaty changes is quite narrow, might one part of our renegotiation be to say to our partners in Europe, "As you need treaty changes quite soon and we would like them now, let's bring the thing together"? Is it not the case that the treaty changes we need relate not only to the fact that the EU already has more power than we would like over aspects of our lives, but to the fact that it is about to take a lot more power to consolidate the euro? That is a step that we could not conceivably take.

The detailed issues under all that relate to who is responsible for recapitalising failing banks—for example, who is going to recapitalise the Greek banks? Are we fully insulated from all that? Are we now happy that the formulation from the European financial stabilisation mechanism is watertight so that there is no recourse to British taxpayers in the temporary loan to Greece? Can we ensure that all future bailout loans and other advances to euro states come entirely from euro funding and not from EU legal structures, which have added complications? Can we urge the euro area to ensure that it completes its banking arrangements as quickly as possible? It would be much to the convenience of not merely the Greeks but everyone else who needs to deal with Greece that its banks do not shut down for several weeks and can

reopen, as they have done partially today, with a full service, so that they can be a proper part of the European market and the world economy.

This is a great opportunity for the UK from which the Prime Minister should take heart. I admire the honesty of the five presidents coming out with all this now, despite the Greek crisis and the knowledge that the UK wishes to negotiate a new relationship. I think it makes things much easier for us, and we should share that fact with the British public, which is what I am trying to do in my modest way today. We must say that there is a big plot afoot—a wild ride to political union that is not something to which the UK can sign up. We should not get in their way, but the price of our happy consent to their new arrangements must be a new set of arrangements for us to get back powers that insulate us from all this. We need to try to find a way to work alongside the euro without being part of it.

Several hon. Members *rose*—

Sir David Amess (in the Chair): Order. The wind-ups will start at 10 past five. I want to call everyone who wants to speak, so I hope that colleagues will bear that in mind.

4.49 pm

Sir William Cash (Stone) (Con): It is a great pleasure to serve under your chairmanship, Sir David. Perhaps I should put on the record the fact that this morning I was re-elected as Chairman of the European Scrutiny Committee.

In a nutshell, everything that my right hon. Friend the Member for Wokingham (John Redwood) said is completely true. The current situation represents both a massive challenge and an opportunity for the Government. On a number of occasions, when the Prime Minister has been confronted with such difficult, challenging questions, he has decided to do the right thing. This debate, however, demonstrates that there is another new opportunity because of the disarray in the European Union.

The question of the relationship between the eurozone and the rest of the EU provides us with an opportunity, in particular given what President Hollande has said about wanting a eurozone budget, Government and Parliament, as I said in my intervention. That is completely inconceivable for the United Kingdom, the Government and our Parliament. We would be driven inexorably into all the nooks and crannies of those arrangements, because we are bound to be affected by them, as we already have been in the crisis that has engulfed Europe for the past five or six years and that I believe has been apparent since the Maastricht treaty in 1990.

The question of what President Hollande said a few days ago is important. In my judgment, what is significant is that he has a real problem with Germany—I will come on to Germany—because the question for France is one of sovereignty and the question for Germany is one of sharing the risk. That will present a significant problem between France and Germany, which is why Angela Merkel and President Hollande clearly had severe differences of opinion. This is a moment when it is imperative for the British Government to make their position clear. With France and Germany at loggerheads

[Sir William Cash]

over the question of sovereignty and sharing economic risk, we have a classic Waterloo moment, when we should simply go straight through with our cavalry and say through the Financial Secretary to the Treasury and the Prime Minister what we will not have, that we want clarity and that this is not the time for fudge. This is the time for decisive action and to make it clear what we cannot possibly accept.

Other matters to be looked at include the purposes that lie behind what Wolfgang Schäuble has been edging and pushing, nudging and driving, during the Greek crisis. My right hon. Friend the Member for Wokingham and I each wrote essays in a recent book called “Visions of Europe II”, following on from “Visions of Europe”, which came out in 1993 and in which I quoted myself. I said, I hope not immodestly, that

“the answer to the German question lies primarily in Germany itself”,

but to

“hand her the key to the legal structure of Europe with a majority voting system gravitating around alliances dependent on Germany simply hands to”

Germany

“legitimate power on a plate.”

We can say that that is exactly what has happened since I wrote those words in 1990.

Furthermore, because I wanted to be positive, I wrote:

“Britain wants to work together with Germany in a fair and balanced relationship, based on free trade, co-operation and democratic principles. She does not want to be forced into a legal structure dominated by Germany. Plans for a united Europe stray into the darkest political territory, and must be firmly rejected.”

That was in 1990, and here we are now.

I added that

“if Germany needs to be contained, the Germans must do it themselves...now is the time for the Germans to prove themselves”—

I am afraid that they have. Given the treatment of Greece, irrespective of whether there was culpability on the part of the Greeks, the really big landscape—the manner in which the whole European project has been driven forward since Maastricht—the really big landscape—the manner in which the whole European project has been driven forward since Maastricht—is that the Germans are now in control of the eurozone. No one doubts that. I have a whole stack of cuttings here, from Germany, including from *Bild*, and from French newspapers. I do not have time to go through them all, but every single newspaper throughout the whole of Europe—rather curiously, there was a fairly muted response from the British press—has made the assumption that it is now effectively a German eurozone, if not a German Europe.

It is not in our interests to allow that, or to allow ourselves to be affected by this situation. We will be driven into the second tier of a two-tier Europe. The eurozone is part of the over-arching legal framework of the EU as a whole, of which we are a part. That is what is driving us towards the exit of the European Union.

John Redwood: I wonder, Sir David, whether, if my hon. Friend agrees, it might be helpful to know how many colleagues would like to speak, so they can all have a fair amount of time.

Sir William Cash: On that point, I will sit down so that others can have their shot. I simply wanted to get that point about Germany across.

4.56 pm

Craig Mackinlay (South Thanet) (Con): I pay particular tribute to my right hon. Friend the Member for Wokingham (John Redwood) for bringing this issue into the public arena. The words of the five presidents need to get out there.

The euro needs to work. It exists much as I foresaw, many years ago. In '99, when the first 11 got together to have it as their currency—the number has expanded to 18—I foresaw the problems that would arise. On the Floor of the House this morning we heard that we have an adverse balance of payments situation, not least because sterling is strengthening thanks to difficulties in the eurozone. The situation may provide the impetus we now need even more to look rather further afield to our friends and the growing markets outside the EU, which are untainted by the euroland crisis and are more linked to the dollar world.

Some years ago, an insurance company had the strapline, “We never make a drama out of a crisis.” It seems to me that whenever there is a crisis, in the EU generally and in euroland in particular, there is an attempt to make an opportunity out of it. However, it is not used as an opportunity to argue for what we would say is sensible—that perhaps the EU ought to do less; the argument is always that the EU wants more. I suppose that is the new logic. If there is a single currency, then given the pressures and strains of such divergent economies, the logic will be what the five presidents have come up with: there has to be more of the same, and words like “divergence”, “difference”, “independence” and “democracy” have no place in that.

My right hon. Friend mentioned that there are five presidents across the EU. Dombrovskis is the Vice-President for the Euro and Social Dialogue—I must say I had not heard of him before—and his words encapsulate what the situation is moving towards:

“The Economic and Monetary Union has been strengthened in recent years, not least in the light of the financial and economic crisis. Yet it remains incomplete.”

These people want more. They want a competitiveness authority so that there are common wage agreements across borders and a European deposit insurance scheme. Then they claim that Europe needs strengthened democratic accountability. I truly wonder how the people of Greece can reconcile the idea of strengthened democratic accountability with what they have just gone through.

Richard Drax: My right hon. Friend the Member for Wokingham made the point that we should not get in the way, because things are going down a path that he rightly identified as the correct one under the circumstances. Perhaps I am being naive, but should we not be screaming from the rooftops, “Stop,” for all the reasons my hon. Friend the Member for South Thanet (Craig Mackinlay) has just mentioned—should we not tell them to get out of this experiment before millions more suffer?

Craig Mackinlay: My hon. Friend makes a good point. Unemployment in many parts of euroland is now beyond any measure we have seen in respectable parts

of the western world since the crises of the 1930s. For Greece, sadly, that unemployment is perhaps here to stay for a generation, if not more.

I mention Greece, but the people who need to ask themselves where they are going—perhaps they have not yet read the five presidents' document—are of course the people of Germany. The recipe that the presidents propose is one of massive fiscal transfers guaranteed by the German taxpayer. Such transfers may work in the United States, and the people of Texas may be happy to support their colleagues, friends and family in Dakota, but I wonder whether that really holds true between Germany and Greece, which describes its supposed friends and colleagues in Germany in terms that I have not heard for a very long time.

I again pay tribute to my right hon. Friend the Member for Wokingham, but we need to recognise that what the presidents propose beyond 2017 requires a grand treaty change for the eurozone. If that is for them, fine, but it is certainly not for Britain. We have an opportunity to wrap together what we require, which is a proper treaty change to get a relationship that is in tune with the British people—a return to the free trade and friendship that we thought the EU was all about. Perhaps 2017 can be an excellent year for those who feel as many of my Conservative colleagues do, and they are in tune with many people outside this place and across the country.

I ask the Minister to consider that in the round. A crunch time has come, and it is obvious what our European colleagues want. They have not asked their people, and they dare not ask their people, but it is clear that this is becoming a Euro-state that is not right for Britain. I am in favour of a new relationship that I hope can be found for the good of Europe and for the good of Britain.

5.2 pm

Mr Steve Baker (Wycombe) (Con): It sometimes feels like we need a new language in which to have this conversation about the European Union and our relationship with it. I am grateful that, over the course of his career, my right hon. Friend the Prime Minister has on many occasions given us that language by saying things such as:

“It is the last gasp of an outdated ideology...that has no place in our new world of freedom”.

I agree with him.

A new nation state is hovering into view, and people should be clear about what we are discussing. The question is: should we continue on the path into that new nation state? There can now be no doubt that that is the trajectory of the eurozone. Advocates of European Union membership on substantially the current basis are in danger of being blindsided. We can see from this debate's attendance that people are not paying close attention to the important issue of what the five Euro-presidents have said. By the way, the “five Euro-presidents”—the ridiculousness of it is palpable.

The five Euro-presidents have set out a new nation state, and it is clear that those who advocate membership on a substantially unreformed basis have not kept up with events. Too often it seems that people complacently assume that there will be a yes vote and that things will go on as before in a kind of status quo, but there will be

no status quo on the ballot paper when the referendum comes. The choice will be either to continue on a substantially unreformed basis, if the Prime Minister does not get what he wants, or to say no and continue on a fundamentally different basis. Of course, I hope that the Prime Minister succeeds in delivering everything that he has ever set out. When the day comes, I would like to see yes meaning a fundamentally different relationship with the European Union that we and the Prime Minister can wholeheartedly support, and I would like no to turn out to be something that we do not need to consider.

The five Euro-presidents have set out a path to a new European nation. I fear that the truth is that they will not be willing to allow us to move to a fundamentally different path and that, in due course, the choice will be either the wild ride to political union that my right hon. Friend the Member for Wokingham (John Redwood) set out or the conservative, moderate choice of sticking with our Parliament, our British courts, our British Lords and our ability to govern ourselves in the way that seems fit to us and that is accountable to the British people.

Dr Julian Lewis (New Forest East) (Con): I am grateful to my hon. Friend, and to my right hon. and hon. Friends who spoke earlier, for their efforts in delving so deeply into the questions without completely losing the will to live, but can he explain to me how, despite all their sufferings, the Greek people seem to regard membership of the euro as the addict regards the use of heroin? It does them enormous harm, yet they do not seem to be able to give it up.

Mr Baker: My right hon. Friend makes a good point, and it may be that through the euro system Greece has done rather well in the past, through the fact that money was very easy for Greece—probably much easier than it should have been—and a nation that had probably been quite parsimonious was encouraged to take advantage of cheap credit and get into bad debt problems. It may well be that that system encouraged Greece to believe that a new way of living beyond one's needs was possible; but as good Conservatives we will recognise that one must live within one's means and balance the books. One must have low taxes, small government and sound money. However, I do not want to divert my remarks too far down that path.

I want to pick up on something that my hon. Friend the Member for Stone (Sir William Cash) said about Germany. It has been an interesting journey, considering how people reflect on Germany. I am inclined to think that German commitment to the EU project is not malicious or controlling. It is not a problem, except that, perhaps because the EU is perceived as an anti-war project, the German people and their leaders have pursued the project far beyond what was reasonable, just and right, out of a sense of war guilt and a historical sense of shame. We as good individualists, in rejecting collectivism, may have to look at today's generation of German people and say that they are not responsible for the horrors of the past. They must forgive themselves and move beyond the corrupting view that they have the responsibility to take forward, in a way that is quite dangerous, a project that can now be seen to have failed. History may not repeat itself, but it sometimes rhymes. We have had a horrible financial crisis.

John Redwood: My hon. Friend made a funny remark about the apparent absurdity of the five presidents, but does he agree that they are not figures in a Gilbert and Sullivan opera, but are enormously powerful figures commanding billions and influencing the lives of hundreds of millions of people across Europe? Just as they took the exchange rate mechanism well beyond the point at which it did untold damage, they could do untold damage with their euro scheme. Is not that a reason why we should try to let them get it right, rather than making it more difficult for them?

Mr Baker: My right hon. Friend is right, and it is not for us to choose the destiny of the other peoples of Europe. We might offer them our advice in different ways, but since they now have the euro as a currency they had better make the best of it—although, again, I do not want to be drawn too far off into ideas about money and banking. We are in a fix. I agree with my right hon. Friend that since those people are extremely powerful, they had better make the best of it, and we should not get in their way.

I was saying that history, while not repeating itself, sometimes rhymes. We had an enormous credit expansion, which broke the banks and led us into a position of desperation in several countries of Europe. We should not in such circumstances cast aside democracy and assemble a supranational state that is not accountable to its people. There we would be running the risk of a tragic rhyme in history—a cataclysmic mistake, possibly, should it go wrong—and it really might. The evidence of history is that it might.

I want to mention four things: we should undo what I would call the spell of Plato—the idea that a guardian class can look after us, free of democracy. We should get off the road to serfdom. We should make sure that we reject the omnipotence of government, and we should overturn this managerial revolution. I refer of course to books by Popper, Hayek, Mises and Burnham, all books written during the period of war in the first half of the 20th century. They are books that I would commend to anyone, lest, while not repeating history, we rhyme with the tragic events of the past.

5.9 pm

Stuart Donaldson (West Aberdeenshire and Kincardine) (SNP): The right hon. Member for Wokingham (John Redwood) has a track record on these issues. I might describe it as history, given that his first European rebellion occurred during my pre-school years. Indeed, the book mentioned by the hon. Member for Stone (Sir William Cash), “Visions of Europe”, was written almost before I was born, but I will be sure to read the sequel, the slightly unoriginally titled “Visions of Europe II”.

It is good to have the opportunity to explore the questions of the UK’s relations with the euro area and further euro integration. As Members know, the Scottish National party won the European elections in Scotland with a clear manifesto commitment not to seek to join the euro, and that remains the case. There was a time, I am told, when the SNP agreed with the then UK Government that a decision on future euro membership would be subject to democratic and economic tests:

membership could happen only if it was right for our economy and the people voted for it. Clearly, times have changed.

I think it is important to give some context for the debate. At the weekend, the latest opinion survey by Panelbase was published. The poll of more than 1,000 people in Scotland and just under 1,000 outwith Scotland found that support for staying in the EU, along with eurozone and non-eurozone partners, is higher in Scotland than elsewhere in the UK: 66% of Scottish respondents supported continued EU membership, compared with 51% in England being in favour of British exit. Those numbers will please some right hon. and hon. Members, but they highlight the importance of having a double majority rule for the forthcoming EU referendum to ensure that Scotland, and other UK nations, cannot be ripped out of the EU against our will.

The EU is far from perfect, but we must recognise that some 330,000 people in Scotland are involved in jobs related to trade with the EU and the continuation of the single market. We value that economic link and will seek to protect it. As set out by Scotland’s First Minister, the SNP is focused on two areas of reform. The first is straightforward: the EU should focus on economic and social policies that make a tangible difference to the lives of its citizens. Member states should, for example, have more flexibility in areas such as public health. We should work to complete the digital single market and focus efforts on creating a more integrated and connected energy market. Getting those issues right will bring benefits across eurozone and non-eurozone member states.

The second focus for the SNP is regulatory reform. The SNP Government in Scotland have already demonstrated what that can mean with reforms to the common fisheries policy. The reforms involve changes to allow more decisions to be made at a regional rather than an EU level.

Mr Andrew Turner (Isle of Wight) (Con): The hon. Gentleman is very helpful in allowing me to intervene, but I am not concerned about the things to come that he has mentioned. He must explain how Europe will head more in a euro direction over the next couple of years, just as my right hon. Friend the Member for Wokingham (John Redwood) discussed, rather than talk about where we are now.

Stuart Donaldson *rose*—

Sir David Amess (in the Chair): Order. Before the hon. Gentleman responds to that intervention, I must remind him that he has only a minute and a half left.

Stuart Donaldson: Given the short time remaining, I will continue my speech.

I mentioned the possibility of British exit, but, of course, much of the strains in the eurozone today are centred on the possibility of Greek exit, as Members mentioned. As the Scottish Government have said, it has been, and remains, incumbent on all parties to work together to find an effective solution that allows the Greek economy and the Greek people the time and stability required to recover, and that also avoids unnecessary damage to the eurozone. As the IMF has acknowledged, some debt relief is an essential part of the recovery

package. Ultimately, the key to recovery will be promoting growth to ensure an end to austerity.

During the Scottish independence referendum last year, much was made of the idea of solidarity. The SNP certainly supports the idea of solidarity within the EU and the eurozone. We also look for the eurozone states to work to promote stability and opportunities for growth, because a successful eurozone area is vital for our own economic opportunity and success. I am sure that we can all unite in supporting that outcome.

5.14 pm

Mr Pat McFadden (Wolverhampton South East) (Lab): Thank you, Sir David, for your chairmanship. I congratulate the right hon. Member for Wokingham (John Redwood) on securing the debate. It is a particular pleasure to end the term by debating some of these issues with my old friends on the Government Benches.

The right hon. Member for Wokingham chose his usual neutral language to describe the report of the five presidents as a plot to take us on a wild ride to a European superstate. I want briefly to discuss the report and pose two questions, not so much directly to the Minister but for consideration in the debate. First, is what the report outlines a threat to the UK, and secondly, will the measures in it happen? Let me elaborate on both of those points for a couple of minutes.

Of course, it is timely to be discussing how the eurozone moves forward in the wake of what we have seen in Greece in recent weeks, but it is also instructive, as has been said, that throughout all the difficulties, and even in the wake of the referendum that was held a couple of weeks ago in Greece, a majority of people both on the yes side and on the no side wanted to stay in the euro and the eurozone. That was not a referendum about breaking with the European Union.

The discussion about how the eurozone moves forward and tries to resolve some of the difficulties—weaknesses, one might say—in its architecture that have been exposed by the crisis is not a plot. It is not surprising that this discussion is happening. Indeed, the Chancellor of the Exchequer himself has said time after time that members of the eurozone will inevitably come closer together in the wake of the crisis and what it has exposed. The report does set out major changes—I will not detail them all, because the right hon. Member for Wokingham set them out—such as convergence, mutualisation, risk sharing and so on, but it is not a plot, and the direction of travel it sets out for the eurozone is not surprising in the wake of the crisis. As I said, the question for us is whether it is a threat. Surely it is in our interests that the eurozone sorts itself out, eases the unemployment that Members have referred to, secures better economic growth and becomes a stronger trading partner for our exporters and businesses. In fact, whether we were inside or outside the European Union, it would be in our interests for the eurozone to resolve its economic difficulties.

Sir William Cash: Will the right hon. Gentleman give way?

Mr McFadden: I would love to give way to the hon. Gentleman, and I do not want to be discourteous to him, but I have only a couple of minutes, so I ask him to forgive me for not giving way to him today.

The right hon. Member for Wokingham and many others Members who have spoken in the debate have used language about seeing all this as a dastardly plot and a threat to the UK. I will not comment on each of the specific items in the five presidents report, but I argue that in a general sense, it is in our interests for the eurozone to sort itself out economically and become a stronger trading partner for the British economy. I do not see this as a zero-sum game in which a stronger eurozone is somehow a threat to the UK—not given that we have been a member of the EU for 40 years and it is our biggest trading partner, our biggest source of exports and the source of half our inward investment. However, continued economic weakness in the eurozone and a failure to resolve the problems that have been exposed in recent years would certainly not be in our interests. I therefore take a different view from the right hon. Gentleman.

The second point, which is related to whether the report represents a threat, is that although most of the report concentrates on the eurozone, some of the measures apply to all 28 member states. An example is the capital markets union, to which the right hon. Gentleman referred. That is being governed by Lord Hill, our own Commissioner and his party colleague. The UK is the member state with the strongest financial sector, and it has a world-class cluster of associated services such as accountancy, so that poses opportunities for the UK, not just challenges. We must not see everything that happens as a threat.

Let me move on to my second question—whether all this will happen. To an extent, I echo the question that the hon. Member for Stone (Sir William Cash) asked. Germany may well resist mutualisation because it involves taking on risk in other states, and other countries may resist subscribing to common rules. Although the five presidents report has a grand title, I suspect that the issues that it raises will be debated for some time to come, and it is not at all certain yet that everything it sets out will happen.

5.20 pm

The Financial Secretary to the Treasury (Mr David Gauke): It is a great pleasure to serve under your chairmanship, Sir David. I congratulate my right hon. Friend the Member for Wokingham (John Redwood) on securing this debate, and I thank all participants. It has been enlightening. I particularly congratulate my hon. Friend the Member for Stone (Sir William Cash) on his election—I am surprised that anyone would dare challenge him—and am delighted that he has been returned in place as Chairman of the European Scrutiny Committee.

As previous speakers have said, the UK's relationship with the euro area and further euro area integration raise important challenges. That is particularly the case in the context of the situation in Greece. By not joining the euro, the UK retained the economic flexibility to adjust to shocks. This Government cannot be clearer: we are committed to keeping the pound and staying out of the euro area. Under protocol 15 of the treaties, the UK has a permanent opt-out from the euro area, so we are

“under no obligation to adopt the euro”.

That said, it seems likely that the euro area—I stress “the euro area”—will need further integration to stabilise

[Mr David Gauke]

its economy. That is the premise of the recent five presidents report. Our position is simple: the EU must be flexible enough to meet the interests of both those inside the euro area and those outside it. The single currency is not for everybody, but the single market is, so it must work for all of us. My right hon. Friend the Chancellor has made it clear that, as the euro area integrates, we will need to reconcile the integrity of the EU as a collection of 28 member states with the integration of the euro area as a currency union of 19 economies. Our interests as a euro-out must be protected.

The immediate outlook for the euro area is improving. Its first-quarter growth was 0.4%, the fastest rate of quarterly growth since 2011. Nevertheless, the outlook for growth remains sluggish, which should be of concern to us all. The lesson from our own experience in the United Kingdom is that what is needed to embed recovery is a mutually reinforcing mix of active monetary policy to stimulate demand, maintain price stability and support the flow of credit to the economy, clear commitments to medium-term fiscal discipline that provide a firm anchor for market confidence and a focus on growth-enhancing structural reforms to rebalance and strengthen the economy. We therefore welcome the European Central Bank's recent actions to stimulate the economy and tackle the potentially damaging threat of deflation. However, as the latest forecasts show, ECB action alone is not sufficient to change materially the euro area's growth trajectory. Structural reforms are crucial to support the effectiveness of the ECB's action.

The Chancellor has long made clear his view that there is a remorseless logic meaning that the euro area, like any currency area, needs closer economic and fiscal integration to secure its future. The recently published five presidents report is part of an ongoing process to identify next steps to better governance in the euro area.

Dr Lewis: Is it our Chancellor's view that there should develop in the eurozone a single state with a single Government?

Mr Gauke: The logic of the position—this point was made by numerous right hon. and hon. Members before the formation of the euro—is that if there is a currency union, certain other things flow from it. Indeed, we are seeing the consequences of that. In a way, it is the background to the five presidents report. It is part of an ongoing process to identify the next steps to better governance in the euro area. There is a clear appetite for reform demonstrated by the process, which echoes the conversations that the Prime Minister and Chancellor have had in their bilateral discussions. The Government have submitted two written contributions to the five presidents' process. We note the report's proposals and have set out its content and implications in an explanatory memorandum. Therefore the Government do not currently plan to issue a further formal response. However, although the report's focus is on the euro area, many issues it covers affect the interests of all member states. The UK will therefore remain fully engaged in discussions in this area.

So far, other member states have expressed a range of views on the report's proposals. It is worth noting that these reviews have been mixed. As I said, it is in our

interests that the euro is a successful, strong currency area, so we do not want to stand in the way of the euro area resolving its difficulties. However, we will not let integration of the euro area jeopardise the integrity of the single market or in any way disadvantage the UK. The Government are pushing for further reform to improve the single market, focusing on the digital single market; further liberalisation of sector-specific services; and better regulation for small and medium-sized enterprises.

In return for supporting the euro area's efforts to stabilise its economy, we want a settlement between the UK and the euro area that protects the single market, that is stable and fair and that lasts. This is in the interests of everyone—it is the basis for stable and sustainable governance of a reformed and prosperous EU—and is one of the UK's important objectives in its renegotiation with the EU.

It has been 40 years since the British people last had a say on our EU membership. The organisation has changed vastly since then and it is time that we addressed this matter. The British public are clear that they are not happy with the status quo. My right hon. Friend the Prime Minister is determined to address those concerns. He has already talked about four areas where he wants change: sovereignty, competitiveness, immigration and fairness. For example, ever-closer union—a theme that runs through the five presidents report, to some extent—may be right for others, but it is not right for Britain, and change should include increasing economic competitiveness to create jobs and growth for hard-working families, and reforming welfare to reduce the incentives that have led to mass immigration from Europe. Those things are important to us. These reforms will improve fairness, which cuts to the heart of today's debate: protecting Britain's interests outside the euro. They will also improve the EU's effectiveness as a whole. We want a dynamic, competitive, outward-focused Europe, delivering prosperity and security for the benefit of every country in the EU, with the UK playing its role.

Sir William Cash: In a nutshell, on current account transactions, the UK runs a deficit with the other 27 member states of well over £60 billion a year. Germany, on the other hand, runs a surplus in the same year. How on earth can we continue on that basis?

Mr Gauke: In the time available, I will not attempt to address that point in great detail. I hope my hon. Friend will forgive me.

A key part of the UK's response to the five presidents' process was the need to focus reforms, as well as the work of the institutions that the presidents represent, on the important priorities of delivering jobs, growth and stability to the European economy. Working alongside national Parliaments to drive competitiveness and streamline costly processes should be at the heart of the EU's mission. That will be the foundation of public support and legitimacy for the EU.

Efforts to improve competitiveness go hand in hand with improving our own productivity. We support the euro area in sorting out its own problems so it can function more effectively. We will not allow further integration of the euro area to jeopardise the integrity of the single market, or in any way disadvantage euro-out countries like the UK.

5.29 pm

John Redwood: I think that the debate illustrates that we need rather more time to do justice to these mighty issues. I hope that the Government take away from this short debate our enthusiasm for a new relationship with the EU and the opportunity that the five presidents report proposes. Let me reassure the Labour representative, the right hon. Member for Wolverhampton South East

(Mr McFadden), that I said clearly that I wanted Labour to succeed and did not want to get in their way, but we ourselves must opt out of the wild ride to political union.

5.30 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

Written Statements

Tuesday 21 July 2015

BUSINESS, INNOVATION AND SKILLS

Independent Verification Body

The Secretary of State for Business, Innovation and Skills and President of the Board of Trade (Sajid Javid):

I am pleased to announce the appointment of the Regulatory Policy Committee (RPC) as the independent verification body that will carry out the statutory obligations in relation to the business impact target set out in the Small Business, Enterprise and Employment Act 2015 (the Act). The appointment will be for this parliamentary session.

The Act requires an independent body to be appointed to verify the assessments of economic impact in respect of all qualifying regulatory provisions within the business impact target (the target), and to verify the regulatory provisions that qualify and do not qualify for the target.

The RPC is advisory non-departmental public body (NDPB) sponsored by the Department for Business, Innovation and Skills. It provides the Government with external, independent scrutiny of the quality of evidence and analysis supporting new regulatory and deregulatory proposals. The RPC has experience and expertise in assessing the likely economic impact of regulation on business activities that is necessary to meet the statutory requirements of the verification body as set out in the Act.

[HCWS158]

Higher Education Student Support

The Minister for Universities and Science (Joseph Johnson): I am today confirming the student support package for higher education students undertaking a course of study in the 2016-17 academic year beginning in August 2016.

Tuition fees and fee loans

For all new full-time students and eligible continuing full-time students who started their courses on or after 1 September 2012, maximum tuition fees and maximum fee loans will be maintained in 2016-17 at the £6,000 and £9,000 levels which apply in 2015-16.

For continuing full-time students who started their courses before September 2012, maximum tuition fees and maximum fee loans will be maintained in 2016-17 at the £3,465 level which applies in 2015-16.

For all new part-time students and eligible continuing part-time students who started their courses on or after 1 September 2012, maximum tuition fees and maximum fee loans will be maintained at the £4,500 and £6,750 levels which apply in 2015-16.

Maintenance support for new full-time students in 2016-17

In the Budget earlier this month the Chancellor announced that, for new full-time students starting to attend their courses on or after 1 August 2016, all maintenance grants will be replaced by maintenance

loans. Eligible students on low incomes will qualify for a maximum maintenance loan that is 10.3% higher than the maximum maintenance grant and loan support available in 2015-16.

For new students living away from home and studying outside London, the maximum maintenance loan available for 2016-17 will be £8,200, a £766 increase compared to the maximum maintenance support in 2015-16. I can confirm that the equivalent loan rates for students living away from home and studying in London will be £10,702; for those living in the parental home during their studies, £6,904; and for those studying overseas as part of their UK course, £9,391.

Maintenance support for new full-time students entitled to certain benefits in 2016-17

For eligible new full-time students starting to attend their courses in 2016-17, who qualify for certain benefits, all special support grants will be replaced by maintenance loans. The maximum maintenance support package for eligible students on low incomes who qualify for certain benefits will be increased by forecast inflation (2.41%) in 2016-17 when compared with the maximum special support grant and maintenance loan support available in 2015-16. Students who qualify for benefits will continue to receive more maintenance support than other students.

For new students who qualify for benefits who are living away from home and studying outside London, the maximum maintenance loan available for 2016-17 will be £9,347, a £220 increase compared to the maximum maintenance support in 2015-16. I can confirm that the equivalent loan rates for students who qualify for benefits who are living away from home and studying in London will be £11,671; for those living in the parental home during their studies, £8,144; and for those studying overseas as part of their UK course, £10,453.

Maintenance support for new full-time students aged 60 or over at the start of their course in 2016-17

For new full-time students aged 60 or over who are starting to attend their courses in 2016-17, special support grants will be replaced by maintenance loans. The maximum maintenance loan for eligible students on low incomes who are aged 60 or over at the start of their course will be increased by forecast inflation (2.41%) in 2016-17 to £3,469 when compared with the maximum special support grant available in 2015-16.

Maintenance support for full-time students continuing their courses in 2016-17

MAINTENANCE GRANT/SPECIAL SUPPORT GRANT

For continuing full-time students who started attending their course on or after 1 September 2012 but before 1 August 2016, the maximum maintenance grant and special support grant will be maintained at 2015-16 levels in 2016-17, £3,387.

For continuing full-time students who started their courses before 1 September 2012, the maximum maintenance grant and special support grant in 2016-17 will be maintained at 2015-16 levels in 2016-17, £3,110.

MAINTENANCE LOANS

Maximum maintenance loans for eligible students who started attending their courses on or after 1 September 2012, but before 1 August 2016, will be increased by forecast inflation (2.41%). For students who are living

away from home and studying outside London, the maximum loan for living costs will be £5,878. I can confirm that the equivalent loan rates for students living away from home and studying in London will be £8,202; for those living in the parental home during their studies, £4,675; and for those studying overseas as part of their UK course, £6,984.

Maximum maintenance loans for eligible students who started attending their courses before 1 September 2012 will be increased by forecast inflation (2.41%). For eligible full-time students who started attending their courses before 1 September 2012 and are living away from home while studying outside London, the maximum loan for living costs will be £5,292. I can confirm that the equivalent loan rates for students living away from home and studying in London will be £7,404; for those living in the parental home during their studies, £4,102; and for those studying overseas as part of their UK course, £6,299.

Long courses loans

The maximum long courses (maintenance) loans for new and continuing students who are attending full-time courses that are longer than 30 weeks and three days during the academic year will be increased by forecast inflation (2.41%).

Dependants' grants

Maximum amounts for dependants' grants—adult dependants' grant, childcare grant and parents' learning allowance—will be maintained at 2015-16 levels in 2016-17 for all new and continuing full-time students.

The maximum adult dependants' grant will be £2,757 in 2016-17.

The maximum childcare grant payable in 2016-17, which covers 85% of actual childcare costs, will be £155.24 per week for one child only and £266.15 per week for two or more children.

The maximum parents' learning allowance payable in 2016-17 will be £1,573.

Part-time grants and loans

For those students who started part-time and full-time distance learning courses before 1 September 2012 and who are continuing their courses in 2016-17, maximum fee and course grants will be maintained at the levels that apply for 2015-16. Maximum fee grants will be maintained at £1,285, depending on the intensity of study of the course. Maximum course grants will be maintained at £280.

Income thresholds

Household income thresholds for grants for fees, maintenance and dependants and those for maintenance loans, will be maintained at 2015-16 levels for 2016-17.

Disabled students' allowance

Lastly today, I can confirm that maximum grants for full-time, part-time and postgraduate students with disabilities will be maintained at 2015-16 levels in 2016-17.

Regulations

I expect to lay regulations implementing changes to student support for 2016-17 later this year. More details of the 2016-17 student support package will be published by my Department in due course.

[HCWS160]

The Insolvency Service

The Minister for Small Business, Industry and Enterprise (Anna Soubry): I have set performance targets for the Insolvency Service for the financial year 2015-16.

The targets reflect a rise in stakeholder confidence in the agency's enforcement action and in its timeliness in reporting to creditors, but also the challenges that it continues to face.

The Insolvency Service has reduced its costs significantly to reflect a continuing reduction in demand for its official receiver services, which handled fewer than 23,000 cases in 2014-15 compared to 27,000 in 2013-14. The number of redundancy claims has also fallen, with 62,000 claims in 2014-15 compared to 75,000 in 2013-14. The numbers of official receiver cases and redundancy claims are expected to fall still further in 2015-16.

The Insolvency Service annual plan 2015-16 will be available from 15 July at: <http://www.bis.gov.uk/insolvency/about-us>. The plan continues the agency's focus on deficit reduction and actions that will support long-term resilience.

<i>Insolvency Service published targets</i>		<i>2014-15 Target</i>	<i>2014-15 Actual</i>	<i>2015-15 Target</i>
Value for Public Money	Deliver against agreed budget, with sound financial management and robust governance	Achieved	Achieved	Achieved
Customer/ Stakeholder Satisfaction	Customer satisfaction sustained in upper quartile of comparable public bodies (survey)	90%	95%	90%
	Confidence in enforcement activity (survey).	69%	73%	73%
	Per cent of reports issued to creditors within eight weeks (bankruptcy/ company cases)	92% / 85%	98% / 95%	95%
	Per cent of disqualification cases in which proceedings are instigated under 23 months.	95%	98%	97%
Operational Effectiveness	Per cent of bankruptcy restrictions authorised within 11 months of insolvency	80%	86%	80%
	Action redundancy payment claims within three weeks.	80%	87%	80%
	Action redundancy payment claims within six weeks.	92%	97%	92%

Attachments can be viewed online at:
<http://www.parliament.uk/writtenstatements>

[HCWS157]

CABINET OFFICE

Cabinet Committees

The Chancellor of the Duchy of Lancaster (Mr Oliver Letwin): Today I am publishing an updated Cabinet Committees list. It includes the new Economic Affairs

(Airports) Sub-Committee created by the Prime Minister. I have placed a copy of the new list in the Libraries of both Houses.

Attachments can be viewed online at:
<http://www.parliament.uk/writtenstatements>

[HCWS173]

Ministerial Responsibilities

The Minister for the Cabinet Office and Paymaster General (Matthew Hancock): The new “List of Ministerial Responsibilities” has been published today. Copies have been placed in the Vote Office and the Libraries of both Houses. Copies will also be sent to each hon. Member’s office in this House.

The list can also be accessed on gov.uk at:
<https://www.gov.uk/government/publications/government-ministers-and-responsibilities>

Attachments can be viewed online at:
<http://www.parliament.uk/writtenstatements>

[HCWS169]

TREASURY

Relief Deeds

The Exchequer Secretary to the Treasury (Damian Hinds): At Budget 2013, the Government announced they would begin signing decommissioning relief deeds. These deeds represent a new contractual approach to provide oil and gas companies with certainty on the level of tax relief they will receive on future decommissioning costs.

Since October 2013, the Government have entered into 72 decommissioning relief deeds. Oil & Gas UK estimates that these deeds have so far unlocked more than £3.5 billion of capital, which can now be invested elsewhere.

The Government committed to report to Parliament every year on progress with the deeds. The report for financial year 2014-15 is provided below.

1. The number of decommissioning relief agreements entered into: the Government entered into 16 decommissioning relief agreements in 2014-15.

2. The total number of decommissioning relief agreements in force at the end of that year: 66 decommissioning relief agreements were in force at the end of the year.

3. The number of payments made under any decommissioning relief agreements during that year, and the amount of each payment: no payments were made under any decommissioning relief agreements in 2014-15.

4. The total number of payments that have been made under any decommissioning relief agreements as at the end of that year, and the total amount of those payments: no payments had been made under any decommissioning relief agreement as at the end of the 2014-15 financial year.

5. An estimate of the maximum amount liable to be paid under any decommissioning relief agreements: the Government have not made any changes to the tax regime that would generate a liability to be paid under any decommissioning relief agreements. The Government will recognise a provision of £230 million in respect of decommissioning expenditure incurred as a result of a

company defaulting on their decommissioning obligations. The date of recognition is dependent on the date of default, however our current planning assumptions assume the amount will be included in HM Treasury’s 2015-16 accounts.

[HCWS162]

Office of Tax Simplification

The Financial Secretary to the Treasury (Mr David Gauke): The Office of Tax Simplification (OTS) has been established today on a permanent basis as an independent Office of the Treasury.

The OTS was established as a temporary Office of the Treasury in 2010 to advise the Chancellor on options for addressing existing complexity in the tax system. It will be established on a statutory basis in Finance Bill 2016, as announced at summer Budget 2015.

A new framework document setting out the structure within which the OTS will operate has been published on the OTS website today, alongside terms of reference for two upcoming reviews.

[HCWS166]

COMMUNITIES AND LOCAL GOVERNMENT

Local Plans

The Minister for Housing and Planning (Brandon Lewis): We are committed to a planning system that provides communities with certainty on where new homes are to be built. Local plans produced in consultation with the community are therefore the cornerstone of our planning reforms.

During the previous Parliament, the Government enabled this locally controlled, plan-led approach by abolishing the top-down regional strategies and by replacing over 1,300 pages of central Government guidance with the 52 page national planning policy framework (NPPF).

These changes have already achieved significant results. Local plans adopted since the NPPF was published allocate substantially more housing than those adopted before the NPPF, and 261,000 homes were granted planning permission in the year to March—the highest annual total since before the 2008 economic crash.

Since the Planning and Compulsory Purchase Act 2004, local authorities have had more than a decade to produce a local plan. Most have done so—82% of authorities have published a local plan. Action is required to ensure that all local authorities meet the standards already achieved by the best.

As stated in the productivity plan we will publish league tables setting out local authorities’ progress on their local plans. In cases where no local plan has been produced by early 2017—five years after the publication of the NPPF—we will intervene to arrange for the plan to be written, in consultation with local people, to accelerate production of a local plan.

Local plans that are brought forward should meet local needs by being produced in good time and being kept up to date. They should be sufficiently clear and concise to be accessible to everyone with a local interest.

Local authorities cannot plan in isolation. They must work together to provide the land for the housing needed across housing market areas. The NPPF is clear that where local authorities cannot meet their housing needs in full, they should co-operate with other local authorities to do so. We will strengthen planning guidance to improve the operation of the duty to co-operate on key housing and planning issues, to ensure that housing and infrastructure needs are identified and planned for. It is particularly important that this co-operation happens where our housing needs are greatest.

We will continue to support local planning authorities in plan making, through the Planning Advisory Service, with support from officials of my Department and the Planning Inspectorate.

We recognise that those councils who produce a local plan have committed considerable resources, as have others contributing to its development. They should be able to rely on planning inspectors to support them in the examination process. I have made it clear to the planning inspectorate that this support must be provided. In particular, inspectors should be highlighting significant issues at an early enough stage to give councils a full opportunity to respond.

As we have made clear in planning guidance a commitment to an early review of a local plan may be appropriate as a way of ensuring that a local plan is not unnecessarily delayed by seeking to resolve matters which are not critical to the plan's soundness or legal competence as a whole. The Planning Advisory Service has published a note on where local plans have been found sound, subject to early review, which local authorities should consider.

The Secretary of State has today written to the chief executive of the Planning Inspectorate, and a copy of the letter placed in the Library of the House. The Planning Inspectorate will also be reviewing its procedural guidance to ensure that all local plan examinations take full account of the overarching approach we have set out.

The package of measures set out in this statement will help to accelerate house building over the next five years, provide certainty for local residents and enterprises, and contribute to the Government's long-term economic plan. I will update Parliament as appropriate on the work the Government is undertaking in support of plan-making progress, and how we will take these measures forward.

[HCWS172]

DEFENCE

Future Reserves 2020

The Secretary of State for Defence (Michael Fallon): I have today placed in the Library of the House a copy of a report into the condition of the reserves and delivery of the FR20 programme compiled by the Future Reserves 2020 external scrutiny team. This is the first report to be published under the statutory obligation imposed by the Defence Reform Act 2014 and follows the voluntary publication of reports that were commissioned by the Ministry of Defence in 2013 and 2014.

I am most grateful for the work of the team. I will take some short time to consider the report's findings and recommendations and will provide a full response in due course.

[HCWS167]

FOREIGN AND COMMONWEALTH OFFICE

EU Referendum

The Minister for Europe (Mr David Lidington): At Committee stage in this House I committed to share electoral administration rules (conduct rules) with hon. Members. Today I have published them in draft form, and deposited copies in the Libraries of both Houses. We intend to consult the Electoral Commission on the draft rules over the summer and would welcome views from hon. Members during this period.

The draft rules are modelled on the rules used for the administration of the parliamentary voting system referendum in May 2011 and those used for elections more generally, in particular UK parliamentary elections, adapted as necessary for the referendum.

They include the range of provisions that are necessary for the administration of the referendum, including the manner of voting—which covers voting in polling stations, voting by post or by proxy—the form of the ballot paper and other forms used by voters, the appointment of polling and counting agents, the arrangements for the counting of votes and declaration of results, and the disposal of ballot papers and other referendum documents after the poll.

The draft rules take into account recent changes to electoral law and are designed to support the effective administration of the poll. This includes changes to enable ballot papers to be sent to overseas voters further in advance of polling day. Alongside practical steps we are taking elsewhere, this will address some of the issues faced by electors abroad at the 2015 general election.

The rules largely cover the administration of the referendum in the United Kingdom though in some areas the provisions apply to Gibraltar.

Attachments can be viewed online at:
<http://www.parliament.uk/writtenstatements>

[HCWS168]

Hong Kong

The Secretary of State for Foreign and Commonwealth Affairs (Mr Philip Hammond): The latest six-monthly report on the implementation of the Sino-British joint declaration on Hong Kong was published today. It covers the period from 1 January to 30 June 2015. The report has been placed in the Library of the House, as has the previous six-monthly report covering the period 1 July to 31 December 2014. A copy is also available on the Foreign and Commonwealth Office website: <https://www.gov.uk/government/organisations/foreign-commonwealth-office>. I commend the report to the House.

Attachments can be viewed online at:
<http://www.parliament.uk/writtenstatements>

[HCWS159]

HEALTH

Arm's Length Bodies

The Parliamentary Under-Secretary of State for Life Sciences (George Freeman): The Department of Health has completed its triennial reviews of the Advisory Committee on Clinical Excellence Awards (ACCEA), the Medicines and Healthcare Products Regulatory Agency (MHRA), the National Institute for Health and Care Excellence (NICE), and the NHS Litigation Authority (NHSLA), and is today publishing the associated review reports.

The four reviews, which commenced on 15 January 2015 (ACCEA), 30 October 2014 (MHRA and NICE) and 16 October 2014 (NHSLA), consulted with a wide range of stakeholders. Their key conclusions are that all the organisations perform necessary functions. However, all the review reports make a number of recommendations—primarily around communications and engagement, efficiency and governance—that aim to improve performance further.

Copies of all four reports and associated annexes can be viewed online at:
<http://www.parliament.uk/writtenstatements>

[HCWS170]

NHS Modernisation

The Secretary of State for Health (Mr Jeremy Hunt): The health and care reforms came into operation on 1 April 2013. They reshaped the NHS to give patients a stronger voice and give doctors, nurses and elected councillors more power to decide how best to use local resources to significantly improve services and patients' health.

The National Audit Office subsequently reported that the transition to the reformed health system was successfully implemented and the savings in administration costs would far outweigh the implementation costs.

The Department of Health originally forecast the total cost of transition to be £1.5 billion. On publication of the Department's annual report and accounts for 2014-15, I can today announce that the actual costs to 31 March 2015 are £1.38 billion, and total costs are forecast to be under £1.43 billion. The costs to 31 March 2015 comprises:

£473 million on staff redundancies;

£75 million on IT for the new organisations;

£88 million on estates costs of closing bodies and setting up new organisations;

£29 million on internal Departmental costs (e.g. programme management);

£323 million on setting up clinical commissioning groups (excluding items above); and

£395 million on other costs of closing bodies (e.g. PCTs) and setting up new organisations.

The Department of Health also originally forecast that between 2010-11 and 2014-15 the reforms would save the NHS £4.5 billion in lower administration costs,

as well as a further £1.5 billion a year thereafter. I can today also announce that actual savings were far greater, in cash terms at £6.9 billion over this period, including £2 billion in 2014-15—and in 2010-11 prices comparable to the impact assessment £6.5 billion, including £1.8 billion in 2014-15. This means the Government have successfully achieved their aim to reduce NHS bureaucracy costs by a third.

By removing excessive layers of bureaucracy, the NHS has significantly reduced the number of managers it employs. For example, the reduction of central administrative staff by 18,000 since 2010 has helped the NHS to increase the number of professionally qualified clinical staff by over 23,500, including over 8,500 more nurses and over 9,000 more doctors. These extra clinicians are treating record numbers of patients. For example, compared to 2012-2013, in 2014-2015 the NHS admitted 600,000 more patients to hospital, saw 3.4 million more outpatients, and did 2.2 million more diagnostic tests.

[HCWS161]

NHS England

The Secretary of State for Health (Mr Jeremy Hunt): Today, I am laying before Parliament my annual assessment of the NHS Commissioning Board (known as NHS England) for 2014-15. The NHS Commissioning Board Annual Report & Accounts 2014-15 were also laid (HC109). Together these documents show an improving picture of performance, both in terms of delivering the Government's mandate and more widely as an organisation. Copies of both documents will be available to hon. Members from the Vote Office and to noble Lords from the Printed Paper Office.

NHS England's annual report sets out the progress that has been made in the last year in delivering the Government's mandate as well as acting to reduce health inequalities, improve quality and encourage greater public and patient involvement in the health service. I am encouraged by its focus on improving efficiency and delivery across the health service and its plans to tackle those areas where improvement is required.

My annual assessment recognises the progress that NHS England has made, I have been impressed by the way in which NHS England has worked with organisations across the health system to develop the NHS Five Year Forward View. We are committed to this vision for a better NHS, which has generated consensus across the health system about how care needs to change to meet patients' needs.

The assessment also sets out my expectations of NHS England for the year ahead. In particular we want to see the NHS make further progress on achieving parity of esteem for mental health and to address winter pressures including restoring and sustaining performance all year round against access standards. We also want to see NHS England strengthen commissioning assurance as well as working with the health system to deliver the productivity and efficiency savings identified within the NHS Five Year Forward View.

Overall NHS England has made good progress during 2014-15. We will continue to work closely with NHS England to address the significant challenges ahead

that will require NHS England to work with organisations across the health system to deliver the new care models, along with the productivity and efficiency savings articulated in the NHS Five Year Forward View.

[HCWS165]

HOME DEPARTMENT

EU REFIT Regulation

The Minister for Immigration (James Brokenshire): The UK has opted in to the regulation (COM (2014) 715 final) repealing certain acts in the field of police co-operation and judicial co-operation in criminal matters to the extent that it applies to the European evidence warrant (EEW).

This regulation originally repealed several acts in which the UK does not participate. However, the proposal was revised to include the EEW, a measure in which the UK also does not participate, but which remains partially in force between some member states. The Government therefore decided to opt-in to the part of the regulation that repeals the EEW under protocol 21 to the EU treaties.

This gives greater legal certainty around the UK's non-participation in the EEW given the revised terms of the proposal.

[HCWS163]

Police Funding: England and Wales

The Minister for Policing, Crime and Criminal Justice (Mike Penning): Today I have launched a consultation on reform of the current arrangements for allocating central Government funding to the 43 police force areas in England and Wales.

Police reform is working. Over the last five years, front-line services have been protected, public confidence in the police has gone up and crime has fallen by more than a quarter since 2010, according to the independent crime survey for England and Wales.

However, if we want policing in this country to be the best it can be, then we must reform further, and that includes putting police funding on a long-term, sustainable footing.

The current model for allocating police funding, the police allocation formula (PAF), is complex, opaque and out of date. Following a comprehensive review of the PAF by the Home Office, the Government believe that the formula should be replaced by a simplified model as soon as it is appropriate to do so. This consultation seeks views on the principles underpinning this model, including around transitional arrangements with a view to implementation for the 2016-17 financial year.

A copy of this consultation will be placed in the Library of the House. It will also be available on the Home Office website: www.gov.uk

[HCWS164]

Wanless and Whittam

The Secretary of State for the Home Department (Mrs Theresa May): The House will recall that the Cabinet Office released a file containing information about Sir Peter Hayman to The National Archives in January this year. That file should have been submitted to Peter Wanless and Richard Whittam QC in their review of "An Independent Review of Two Home Office Commissioned Independent Reviews looking at Information Held In Connection with Child Abuse from 1979-1999" which was published on 11 November 2014. As a result of the discovery of the Sir Peter Hayman file, the Cabinet Office undertook further searches of the Cabinet Secretary's private papers collection. Officials identified four additional relevant files. The then Minister for the Cabinet Office, Francis Maude, informed Members about these papers in a written ministerial statement to the House on 4 February, *Official Report*, column 275.

Peter Wanless and Richard Whittam QC have now reviewed this additional material and produced a supplementary report. They have found nothing in these additional files and papers which leads them to alter the conclusions drawn in their original report, which was published in November 2014. They found

"nothing to support a concern that files had been deliberately or systematically removed or destroyed to cover up organised child abuse"

and saw

"no evidence to suggest PIE was ever funded by the Home Office because of sympathy for its aims".

Nor do they alter their previous recommendations made in their report published in November. The Home Office accepted all three of these recommendations last year and continues to ensure they are being implemented across the Department.

The supplementary report refers to a letter from the Home Office's director of safeguarding informing Peter Wanless and Richard Whittam QC that, following a separate enquiry, the Home Office had also uncovered some unregistered papers. Wanless and Whittam chose not to examine this additional material because although these papers contained search terms relevant to their original review they were unregistered. As a result they did not appear on the Department's record management system and were therefore outside the scope of the search process agreed at the time.

The supplementary report concludes that the discovery of these papers shows the need for all Departments to be able to search material both on and off record managements systems. This is particularly important given that the independent inquiry into child sexual abuse will be asking for Departments to produce relevant documents in the near future. I have been clear that it is vital that the whole of Government fully co-operate with the inquiry on its important work and ensure that Departments have the systems and processes in place in order to do so.

I will arrange for a copy of the supplementary report to be placed in the Libraries of both Houses and on the gov.uk website.

[HCWS171]

Ministerial Correction

Tuesday 21 July 2015

EDUCATION

Sure Start

The following is an extract from questions to the Secretary of State for Education on 20 July 2015.

Mr Gyimah: Our plan to give 30 hours a week of free childcare to working parents of three and four-year-olds would apply to 75% of children.

[Official Report, 20 July 2015, Vol. 598, c. 1202.]

Letter of correction from Mr Gyimah:

An error has been identified in the answer given to the hon. Member for Glasgow North West (Carol Monaghan).

The correct answer should have been:

Mr Gyimah: Our plan to give 30 hours a week of free childcare to working parents of three and four-year-olds would apply to 75% of **eligible** children.

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